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Putin Calls for Rise in Incomes, Stronger Economic Growth

By Reuters

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The issue of real disposable in come has become socially sensitive. **Kirill Zykov / Moskva News Agency**

Russian President Vladimir Putin on Monday described Russia's economic growth as insufficient, telling the head of the Central Bank and top government officials to come up with ways to boost real-income growth.

The issue of real disposable income has recently been one of the most socially sensitive in Russia, where economic growth has slowed from an average of about 7% a year from 2000-2008, coupled with a steep drop in the ruble amid Western sanctions and lower oil prices.

Putin raised the issue of falling incomes at a meeting with Central Bank Governor Elvira Nabiullina, Economy Minister Maxim Oreshkin, Finance Minister Anton Siluanov and presidential aide Andrei Belousov.

Praising a slowdown in annual inflation to 4.5% from double-digit levels a few years ago, Putin, who has been in power for nearly 20 years, said that was not enough to improve the living conditions of Russian citizens.

"Even against this background, and given the increase in wages in the economy, people's real incomes are growing slowly. This state of affairs cannot but cause concern," Putin said.

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Households' real disposable incomes, or the money they have left after taxes and inflation are taken into account, rose 0.1% in 2018 after falling for several years in a row. In the first half of 2019, they dropped again by 1.3% compared with a year ago.

Putin, who has repeatedly ordered attempts to boost Russia's economic growth to make the country one of the world's top five economies, said gross domestic product growth of 0.7% in the first six months of 2019 was not sufficient.

"The pace is certainly positive but the overall dynamics can't be satisfactory for us. We need to make economic growth more sustainable and dynamic," Putin said.

Putin's comments came less than two weeks before a Central Bank's board meeting where analysts expect it to cut the key rate, lowering the cost of borrowing amid sluggish economic growth and slowing inflation.

For the whole of 2019, the Russian economy is expected to grow by 1.0-1.5%, the Central Bank projects, below the global average of 2.6%, calculated by the World Bank.

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