Stimulus package delayed: Pridiyathorn

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Thailand's economic growth this year is likely to fall short of its target of 1.5 per cent, as Deputy Prime Minister MR Pridiyathorn Devakula, who is in charge of the economy, conceded that a proposed Bt324-billion stimulus package is yet to be released to kick-start the economy by the year-end.

The Fiscal Policy Office recently cut its GDP growth estimate for the year to 1.4 per cent while the University of Thai Chamber of Commerce has maintained its growth forecast of 1.3 to 1.5 per cent. The Bank of Thailand is expected to revise its recent growth forecast of 1.5 per cent.

Speaking at a seminar arranged by the Economic Society of Thailand and the National Institute of Development Administration yesterday, Pridiyathorn said the economy in 2014 had slowed due to a lack of real public investment in the past 10 months along with the uncertainty surrounding the global economic recovery. He also said the government stimulus package, which aimed to create more jobs via maintenance projects, was delayed.

He admitted that some parts of the government's implementation of the stimulus package worth Bt324.47 billion are slower than expected by two to three months. But, there was no need to introduce other measures at the moment as the package was sufficient.

"Has the stimulus package produced any effect? My answer is not yet and it is slower than what I expected," he said.

Pridiyathorn explained that job-creation measures worth Bt23 billion were delayed because the projects identification process was finished only at the end of October. He said that of the total, Bt8-billion leftover budget was yet to be approved by the Budget Bureau and Bt15 billion from the "Strengthening Thailand Project" had still not gone to the Cabinet for approval before it could be disbursed.

"Not even one baht have been disbursed and no contract has been signed, but it is okay. I will make sure that it will be out by December and that would be even better, as the rice farmers will be done with their harvesting period and there will be more workers to work on maintenance projects," he said.

Pridiyathorn explained further that there was also delay in the investment budget that was left over from the fiscal 2013-14 budget worth Bt149 billion, of which only Bt14 billion has been used since the acceleration.

But he expected that the leftover budget and the new investment budget from the 2015 fiscal budget, worth Bt129 billion, would be implemented by December and its effect would be more apparent in the first quarter of next year.

"Next year, the country will definitely grow by more than 4 per cent when the effects from the stimulus package will

start to show in the first quarter of next year and government spending will be in full force starting new year," he stressed.

The Deputy Prime Minister also insisted that the stimulus measures were sufficient because they were aimed at creating jobs. In the meantime, the direct subsidy policy, worth Bt40 billion, currently being provided to rice farmers was the best way to stimulate the grassroots economy, he said, adding the policy has capital limits and it guarantees that the money will find its way into the farmers' bank accounts.

According to the Ministry of Finance, about Bt2.22 billion has already been paid to 184,057 rice farmers in 57 provinces as of November 5.