

Biggger deficit after

second stimulus

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**KUALA LUMPUR:** Malaysia's projected budget deficit for 2009 will be revised upwards to account for the second stimulus package to be announced soon, the deputy prime minister said.

Datuk Seri Najib Razak, who is also finance minister, said the fiscal deficit now stood at 4.8 per cent due to last November's RM7 billion in additional spending.

The packages are meant to reinforce and stimulate the economy in response to the global financial crisis.

Najib said the increase in the deficit depended on how much would be included in the second stimulus package, which is currently being put together by the government.

"It (the fiscal deficit) all depends on the fiscal pump-priming that we are going to do," he said, adding that the government recognised that the deficit should not be "too high".

Asked about the possibility that the fiscal deficit would rise to six per cent, Najib said: "I am working on it. I will let you know when we present the second stimulus package."

He said this after launching the new locally-assembled Peugeot 308 by Nasim Sdn Bhd.

Najib declined to comment on speculation that the second stimulus package would exceed the first package's RM7 billion, of which he said more than 70 per cent had been disbursed.

He said a total of 4,667 projects identified in the package for education and health had been awarded.

Of the number, 2,224 are



Datuk Seri Najib Razak says the size of the deficit will depend on how much is included in the second stimulus package

education projects valued at RM200 million involving upgrading, rehabilitation and maintenance of schools, while the remaining 2,443 are health-related projects costing RM200 million.

Najib said the relevant ministries and agencies had been directed to ensure all the projects identified for implementation under the stimulus package are completed within the year.

"Procedures are being streamlined for speedy implementation of the projects, which have a high impact and high multiplier effect to stimulate the nation's economic growth and resilience," he said.

On accountability, Najib said the head of the Project Monitoring Unit (PMU), Datuk Mohamad Othman Zainal Azim,

## DISBURSEMENT OF FIRST STIMULUS PACKAGE OF RM7b

**RM200m**

Education projects

**RM200m**

Health-related projects

**RM5b**

Small construction and development projects

**RM1b**

Human capital development

would report regularly to him on the status of all projects.

Najib also revealed that RM5 billion of the RM7 billion stimulus package had been allocated to small construction and development projects, including a RM1.2 billion allocation for building low-cost houses, schools, police stations and army barracks.

A sum of RM1 billion has also been allocated for human capital development to enhance Malaysia's competitiveness and labour efficiency.

These include RM150 million for the Youth and Sports Ministry, RM50 million for the Human Resources Ministry, RM42.4 million to the Entrepreneur Development Ministry, and RM180 million for pre-school and early education programmes.



A worker inspecting newly-made gloves at a factory outside Kuala Lumpur. Most retrenched workers in the construction and plantation sectors are expected to be foreigners, while it is the other way round in the services and manufacturing sectors.