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Comment



Getting a boost: A woman printing her EPF statement at a kiosk in Kuala Lumpur. Freeing up EPF cash has worked well in the past to get consumption up. — AZHAR MAHFOF/The Star

NOT a day goes by when Malaysians are reminded of the widespread hardship that has reverberated throughout society as a result of the Covid-19 pandemic.

News of the high number of Covid-19 cases has shaken the confidence in job security and tighter spending has become a detriment to the people and companies.

For those who are struggling to make ends meet, there was no surprise when the government earmarked RM305bil from the time the pandemic started affecting Malaysia and the world, and the Budget tabled yesterday contained many proposals that continue with the ongoing efforts to combat the many facets of lives and livelihoods of Malaysians and companies in the country.

This is not a time for fiscal responsibility, and that has been the reaction the world over. Governments have pumped in trillions of dollars to keep economies all around the world afloat as the world is facing its worst crisis since the Great Depression.

Malaysia is not alone in this and has planned to spend RM322.5bil in 2021, with its expenditure estimated to hit RM314.7bil this year.

Government revenue has taken a hit and is estimated to be RM227.3bil this year and will rise to RM236.9bil in line with a bounce in economic growth to between 6.5% and 7.5% next year after contracting by 4.5% this year.

The development expenditure the government has allocated is RM69bil, the largest in history.

The quantum of the Budget goes to show what is needed to keep the economy going into 2021 and not slip back into a slump that will have negative implications on everyone.

However, the order in which the proposals were tabled was telling.

The Budget is thick with proposals that aim to continue with much that has been done in fighting the disease and preserving the welfare of Malaysians, and it also aims to do more to get the economy back on the Recovery and Revitalise path of the 6R approach adopted to steer Malaysia out of the ill-effects of the pandemic.

In raising the Covid-19 Fund by RM20bil to RM65bil and also allocating RM1bil to fight the third wave of the pandemic, money is being directed to keep the disease in check.

A lot of money is allocated to preserving jobs and the extension of the targeted repayment assistance after the blanket loan moratorium has ended shows that special attention is needed to help the most vulnerable group, the B40.

Allowing people to withdraw from Account 1 of their EPF accounts is a difficult decision to reach as there are consequences in their retirement package but now is not the time to worry about any bliss post-working life if people cannot make ends meet today.

Cutting personal income tax by one percentage point will also free up cash that people can spend to go along with the reduction in the mandatory employee contribution to the EPF.

Freeing up EPF cash has worked well in the past to get consumption up, which is important as domestic consumption generates 60% of economic growth.

The strategy to generate jobs is preserving employment.

As 300,000 Malaysians enter the workforce every year, the government needs to ensure that not only the unemployment rate falls below the 4.7% that it was in August, but is also able to provide gainful employment for Malaysians.

The proposals to provide 500,000 jobs under the Skim Jaminan Penjanaan Pekerjaan next year are also important with skills development and retraining programmes worth RM3.7bil.

A high technology fund worth RM500mil to aid with jobs and the relaxation of tax incentives for the establishment of the Global Trading Centres are some of the needed incentives to keep job creation going.

The massive projects announced in the Budget, like the resumption of the Kwasa Damansara project that will create 100,000 jobs and the MyStep programme in which RM700mil will be spent to generate 50,000 jobs by GLCs, many of them in the technical field, are what are needed to move towards the recovery and revitalisation of the domestic economy.

Budget 2021 is pragmatic in keeping with the times. Its steely focus is to ensure we are all right and fulfil the basic but most important needs of Malaysians during these trying times.