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'Inflation will exceed 10pc without subsidies'

HELPING B40 HOUSEHOLDS

'INFLATION WILL EXCEED 10PC WITHOUT SUBSIDIES'

Anwar says govt will spend RM64 billion this year to ensure people continue to benefit

KUALA LUMPUR

THE inflation rate could go beyond 10 per cent if the government removes subsidies for essential goods such as rice, sugar, fuel and electricity, said Prime Minister Datuk Seri Anwar Ibrahim.

He said the government would spend RM64 billion this year to ensure the people, especially those in the Bottom 40 per cent

income group (B40), could continue to benefit from subsidies.

Malaysia's inflation in January eased to 3.7 per cent compared with 3.8 per cent in December last year, said the Department of Statistics Malaysia.

Other measures, said Anwar, included targeted social assistance, including Sumbangan Tunai Rahmah (STR) cash assistance and the Rahmah sales programme, which were carried out to ease the impact of the rising cost of living.

"The government has disbursed cash aid under STR phase one, totalling RM1.67 billion, from Jan 17.

"STR will be continued with changes to ensure affected households benefit more from it," he said in a written reply to a question from Datuk Seri Shahi-

dan Kassim (PN-Arau).

Anwar, who is also finance minister, said micro-credit and financing schemes were available for micro, small and medium-scale enterprises to help them recover post-Covid-19, with an allocation of almost RM40 billion.

In addition, 2.4 million ratepayers would receive an excess tax refund of up to RM1,300 following the two per cent tax-cut for three income bands from RM35,001 to RM100,000, he said.

"The tax rate reduction and enhancement in health tax breaks will hopefully help the M40 (middle 40 per cent income group) affected by the overnight policy rate (OPR) hike.

"The government, through the expansionary fiscal policy, will continue to drive economic



The Rahmah sales scheme seeks to ease the impact of the rising cost of living. BERNAMA PIC

growth, especially by strengthening the domestic market to ensure that it remains stable and ready to cushion any shock due to the global economic uncertainty."

On the OPR hike, he said only borrowers with floating-rate loans were affected.

Up to December last year, half, or 50.3 per cent, of borrowers in the household sector were individuals with fixed-rate loans.

"Meanwhile, 54.8 per cent of loan accounts for low-income

borrowers with a monthly income below RM5,000 are on a fixed rate.

"The government, through Bank Negara, understands the concerns of the people burdened by the rising monthly loan instalments."

He said the central bank encouraged affected borrowers to consult financial institutions for assistance, and those with financial difficulties could seek the advice of the Credit Counselling and Debt Management Agency.