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## MULTIPLIER EFFECT

# 'BUDGET IS PEOPLE-FRIENDLY'

What's important now is the execution and to measure the outcome, says economist

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**E**CONOMISTS say the 2021 Budget is "expansionary, people-friendly, aggressive and impactful" as it takes into consideration people's predicaments, especially those who lost their jobs or whose income is reduced.

Bank Islam chief economist Dr Mohd Afzanizam Abdul Rashid said the participation of Bank Negara, Export-Import Bank of Malaysia Bhd and Perbadanan Usahawan Nasional Bhd suggested that the government was mobilising its machinery for the betterment of Malaysians.

"What matters now is the execution and to measure the outcome. This is crucial as it will determine the extent of the multiplier effect arising from the expansionary budget," he told the *New Straits Times*.

Maybank Investment Bank Bhd chief economist Suhaimi Ilias said in terms of spending allocation, the budget maintained and even boosted the targeted assistance for people to deal with the social, financial and economic fallout from the Covid-19 pandemic.

He said there was at least RM43 billion in initiatives that provided financial relief and income support, boosted social welfare and safety nets, as well as protecting and creating jobs, includ-



ing training, reskilling and upskilling.

Suhaimi said the measures also had incentives for investment and businesses to tap opportunities and address issues arising from the pandemic, namely supply chain security and resilience.

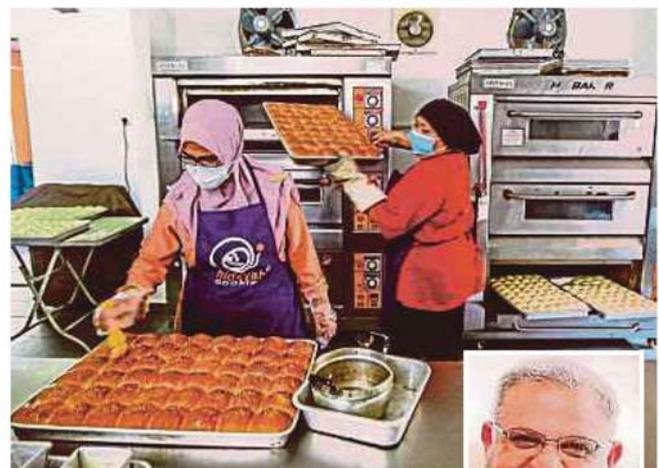
"Therefore, incentives are geared to attract relocating foreign direct investment, especially in high-value and high-technology manufacturing and services, develop and promote local supplies and production, including that of pharmaceutical products, including vaccines, medical devices and agrofood, as well as accelerate technology adoption via automation and digitalisation to boost productivity.

"At the same time, the budget ensures continued access to financing, especially for micro, and small- and medium-scale enterprises."

Suhaimi said as usual, the concern was whether the budget was enough, especially when there had been several economic stimulus packages this year.

He said to provide space for additional measures in the future, the budget had proposed that the Covid-19 Fund limit be raised by RM20 billion to RM65 billion.

"This can be used, for example, to initiate additional targeted support measures for people and businesses badly affected by the return of the Conditional Movement Control Order. For example, domestic tourism, school canteen and bus operators, leisure,



The 2021 Budget ensures that micro and small- and medium-scale enterprises have continued access to financing. (Inset) Shan Saeed. FILE PIC

entertainment, arts and culture industry, retraining oil and gas workers to be human capital in renewable energy, and helping aviation industry employees who want to be micro-entrepreneurs."

Sunway University Economic Professor Dr Yeah Kim Leng said it was too early to withdraw expansionary fiscal support as the country was facing the third wave of the pandemic.

He said the budget was crucial to ensure that the fiscal support continued.

The budget had rightly focused on three areas: ensuring people's wellbeing, creating an environment for business continuity, and building a resilient economy, he added.

"If implemented well, these measures will boost the economy's recovery. It is an inclusive one with measures that are sustainable over the medium to long term."

Juwai IQI Global chief

economist Shan Saeed said the government would continue to use monetary and fiscal policies as the only economic strategy right now was the amalgamation of both factors.

He said the government was cognisant of the fact that the Bottom 40 per cent of households (B40) were impacted by Covid-19.

"The government has planned how to support this group and its aim is to keep the aggregate demand moving as this will drive the economy.

"This budget can be termed as positive. It is welcoming, especially in supporting the low-income group."

Shan said the government had presented a budget in congruence with market expectation and which could be termed as an investor-friendly budget.

"The budget will provide confidence to local investors whose investment bodes well for international investors."