

Najib: Country needs M40 to spur economy

KUALA LUMPUR: Malaysia needs a strong and growing middle class group or M40 to catapult the nation into achieving the high-income, advanced economy status by 2020, said Datuk Seri Najib Tun Razak.

The Prime Minister said in any capital market enterprise economy like Malaysia, the middle class is the driver of the economy.

He said the middle 40% of the household income group or M40 is extremely important as this group is central to the country's consumption spending and private investments.

It also serves as a critical pool for

talent, investment and entrepreneurship, he said in a posting on his blog *NajibRazak.com* yesterday.

Najib said plans were afoot to flourish the M40 group in Budget 2016, which was tabled three weeks ago, as well as in Budget 2015.

"No country can reach progressive growth, economically and socially, without the full participation of the middle class," he said.

"The size and strength of the middle class is the quintessential measurement of a country's economic strength. The middle class social and cultural habits and value system can essentially determine the

course of a country's history."

The Prime Minister said tax relief measures were among the highlights in next year's budget to alleviate the financial challenges faced by the M40 group, as well as an allocation of RM200mil for the First House Deposit Scheme for home ownership under the Urban Wellbeing, Housing and Local Government Ministry.

On the minimum wage increase, he said it would help increase the income of those who were struggling to break into the middle class bracket, as well as prompt employers to raise wages through spillover

effects throughout the wage spectrum.

In addressing issues confronting the M40, the private sector also played an important role in ensuring Malaysians are paid fairly, he added.

"Currently in Malaysia, wages as a percentage to GDP (gross domestic product) stands at 34% in 2014, and this is considerably lower than the level of developed nations, which we aspire to become," he said.

"With this, employees can expect a more equitable salary from their companies so long as they do not compromise on productivity."