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Bernama - Government Open To Targeted Stimulus Measures If
Situation Warrants It - Tengku Zafrul

□ Monday, Aug 17 2020

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KUALA LUMPUR, Aug 17 -- The government is open to the idea of targeted stimulus measures if the situation warrants it, says Minister of Finance Tengku Datuk Seri Zafrul Abdul Aziz.

"The government will monitor the economic situation, and if necessary it will provide more targeted assistance," he said.

For now, the Prihatin Rakyat Economic Stimulus Package (PRIHATIN) and National Economic Recovery Plan (PENJANA), which are expected to contribute over three per cent to the Gross Domestic Product (GDP) growth in 2020, are still on-going and their implementation being closely monitored.

Hence, for now there are no plans for any stimulus package, he stressed.

"However, if certain segments of our society need assistance, we will continue to give assistance. My colleagues in the ministry and Cabinet are constantly going down to the ground to understand what is happening, and if there is a need to assist the people, we will be prepared," he said in an interview with Bernama and TV3.

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Ministry of
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Tengku Zafrul said there is still room for targeted initiatives.

"As I said before, the plan to increase Malaysia's statutory debt limit to 60 per cent of the GDP from 55 per cent is part of the RM45 billion government's direct injection into PRIHATIN and PENJANA, and by the end of the year the debt ratio will slightly pass 55 per cent.

"Which means there is still room for any targeted stimulus if needed," he explained, adding that the government wants to ensure that the budget deficit is contained at between 5.8 per cent and 6.0 per cent.

Both the PRIHATIN and PENJANA packages were worth RM295 billion, with RM45 billion in the form of direct fiscal injection by the government.

Bank Negara Malaysia Governor Nor Shamsiah Mohd Yunus said increasing the debt level during a crisis is not something new as Malaysia has done it before.

To recap, Malaysia's debt-to-GDP ratio was 80.7 per cent in 1990 before falling to 31.8 per cent in 1997.

It then rose to 41.4 per cent in 2001 and increased to 52.8 per cent in 2009, and the ratio had remained above 50 per cent from 2009 to 2018.

"The increase is temporary and the bank and government do have the capacity. Our interest rates have come down, borrowings are now much cheaper so the impact on the debt servicing ratio is also going to be much less," she said last Thursday in a senior editors briefing.

Malaysia, she said, has never had a problem servicing its debts, which are mainly ringgit-denominated.

On the 2021 Budget, Tengku Zafrul said the ministry was actively engaging with businesses, the rakyat and non-governmental

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organisations (NGOs).

“The discussions so far are on ways to change business models to face challenges posed by COVID-19. Among the two areas it is crucial for the country to move forward are human capital and technology,” he added.

The 2021 Budget, to be tabled in Parliament on Nov 6, is aimed at revitalising the economy as well as restoring investors’ and consumers’ confidence to drive the economy.

BNM has revised its 2020 GDP growth forecast to -5.5 to -3.5 per cent from -2.0 to 0.5 per cent previously. The bank is expecting the economy to recover from the adverse impact of COVID-19 and post a growth of 5.5 per cent to 8.0 per cent in 2021.

-- BERNAMA

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