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2021 Budget to revitalise the economy, restore confidence – Zafrul

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KUALA LUMPUR, July 4 – The 2021 Budget, to be tabled in Parliament on Nov 6, is designed to revitalise the economy as well as to restore investors and consumers’ confidence to drive the economy, says Finance Minister Tengku Datuk Seri Zafrul Aziz.

“The main focus will be to drive new sources of growth and future-proofing Malaysia, because 2021 will be the year where we want to sustain the growth that we hope to achieve in the third quarter and fourth quarter of this year.

“The World Bank, International Monetary Fund (IMF), ratings agencies and analyst are all projecting that Malaysia will post a strong growth in 2021. So, the national budget must be there to accommodate and facilitate this growth,” he said in TV3’s programme ‘Money Matters’ today.

On mega projects, such as the Light Rail Transit Line 3, Mass Rapid Transit 2, East Coast Rail Link and the National Fiberisation and Connectivity Plan, he said the government planned to continue with these projects, given their potential contribution to the country’s gross domestic product (GDP).

Tengku Zafrul said the country needed to spend and invest to stimulate the economy, and these mega projects would add one per cent to the country’s GDP, just like how the Prihatin Rakyat Economic Stimulus Package (Prihatin) and the National Economic Recovery Plan (Penjana) added at least three per cent to the GDP.

He noted the budget deficit would increase to between 5.8 per cent and 6.0 per cent this year as a result of the stimulus measures introduced to combat the challenges posed by the COVID-19 pandemic.

“Good thing about Prihatin and Penjana is that the measures are very much ‘one-off’ and temporary. That fiscal injection of about RM45 billion will not appear again in next year’s budget.

“So mathematically, our borrowings will go down and GDP will grow next year. Once companies do better, the government’s tax revenue will be better and hopefully this help us to go back to a budget deficit of below four per cent,” he said.

Moving forward, Tengku Zafrul said he was optimistic that Malaysia is on track to achieve a V-shape recovery with the gradual opening of the economy, following the announcement of the Conditional Movement Control Order on May 5.

“The World Bank, IMF and ratings agencies alike have also indicated that Malaysia will have a V-shape recovery. Bank Negara Malaysia expects Malaysia’s GDP growth to be between -2.0 to 0.5 per cent this year.

“Next year, the consensus is at five per cent GDP growth for Malaysia. To me, that is a positive sign that our economy will improve,” he added.

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