

12 SEP 2003

Abdullah-Budget

2004 BUDGET AN EXERCISE IN PRUDENT FINANCIAL MANAGEMENT, SAYS ABDULLAH

KUALA LUMPUR, Sept 12 (Bernama) -- Deputy Prime Minister Datuk Seri Abdullah Ahmad Badawi said that the 2004 Budget is an exercise in prudent financial management and fiscal consolidation.

He said that external factors such as the United States economic downturn, the war in Iraq and Severe Acute Respiratory Syndrome (SARS) had affected Malaysia and prevented the government from achieving a balanced budget.

"But we have shown restraint in keeping the deficit at well-accepted levels while at the same time ensuring that all sectors of the Malaysian society reap the benefit of our success.

"This should address concerns of those who felt the deficit level could be high but it also displays that the small man continues to be looked after," Abdullah told Bernama when commenting on the 2004 Budget tabled by Prime Minister and Finance Minister Datuk Seri Dr Mahathir at the Dewan Rakyat today.

Dr Mahathir unveiled the 2004 Budget which features bold policy initiatives that take cognizance of Malaysia's half-a-century of rapid social and economic progress and the well-being of Malaysians in the 21st century.

Dr Mahathir said that the Budget had adopted a five-pronged strategy which took into account the performance of the first half of the eighth five-year development plan to ensure the full implementation of development policies and strategies for the country.

The 2004 Budget, with an expenditure of RM112.5 billion, is a reduction of 1.6 per cent from the RM114.3 billion expenditure in the 2003 Budget.

Based on an estimated revenue of RM95.6 billion, the 2004 Budget will see a smaller budgetary deficit as the overall Federal Government deficit is expected to be reduced to 3.3 per cent of the gross domestic product (GDP) compared with 5.4 per cent in 2003.

Describing Dr Mahathir's last budget before his retirement in October as a "caring budget", Abdullah said the large allocation for education showed that the government was serious about ensuring that Malaysians continue to produce human and knowledge capital for the future development of the country.

The government has proposed an allocation of RM20.2 billion for education, which makes up a quarter of the total expenditure allocation.

The Deputy Prime Minister said that the 2004 Budget caters to all groups which needed help and assistance such the small traders, small- and medium-sized enterprises, students, researchers, sick people, the handicapped, single mothers, veteran independence fighters (Dana Merdeka), Felda settlers, to name a few.

Abdullah said that it was actually a budget which took into account the well-being of the people.

"The measures and strategies in the budget will stimulate the domestic economy and contribute to the expansion of the domestic market.

"The approach is to turn our country into a truly trading nation and also to produce high quality local products which could compete in the international market," he said.

The Deputy Prime Minister said that the strategy to encourage domestic direct investment was a wise move in view of the decline in foreign direct investment.

He said that the move would help boost domestic enterprises especially small and medium industries which would be injected with capital for their expansion.

-- BERNAMA

MFJ MFJ RM