Permai will ease people, businesses' financial burden, say experts

KUALA LUMPUR: The Perlindungan Ekonomi dan Rakyat Malaysia (Permai) stimulus package is vital for Malaysians as the Movement Control Order (MCO) and Conditional Movement Control Order (CMCO) are posing a significant bearing on the local economy, said economists.

Bank Islam chief economist Dr Mohd Afzanizam Abdul Rashid said the various initiatives in Permai would alleviate the financial hardship of those affected by Covid-19.

"Therefore, what they need to do is to make full use of it to find other opportunities for those who have lost their jobs or businesses which have been badly affected," Afzanizam told the *New Straits Times.*

Prime Minister Tan Sri Muhyiddin Yassin, in a special address yesterday, announced the Perlindungan Ekonomi dan Rakyat Malaysia (Permai) assistance package worth RM15 billion.

Prior to Permai, the government had announced four economic stimulus packages worth RM305 billion.

Afzanizam said under the circumstances, Malaysia should not be dogmatic in respect of keeping the fiscal deficit in check as the present situation warranted a swift and flexible approach when deciding the type and quantum of fiscal intervention.

"There must be a plan to reduce the budget gap once the economy has recovered. The government will need to relay this message to its citizens effectively so that there will be buy-in," he added.

Putra Business School business development manager Associate Professor Dr Ahmed Razman Abdul Latiff concurred that Permai was necessary, although the country had not reached one week into the second round of the MCO.

"It is important for the government to be committed to start dispensing the allocations approved under the 2021 Budget. This ensures the objectives under the budget are achieved," he said.

Ahmed Razman said initiatives under Permai covered a wide range of assistance, from direct fiscal injection, such as the Employees Provident Fund withdrawal and lower monthly commitments under loan moratorium, to ensuring continuous employment with salary intact under the wage subsidy programme and other incentives in the form of tax relief and online business support.

"These will ensure that the economic recovery will be spread across all type of groups and no one will be left behind," he said.

He added that continuous efforts to implement all initiatives under the 2021 Budget with the monitoring under Laksana would be crucial for the government to be more proactive in helping the economy to recover.

Sunway University Business School economics Professor Dr Yeah Kim Leng said Permai would be a relief for low-income households and affected businesses, particularly small and medium enterprises.

"The package will help to alleviate the impact of the Covid-19 resurgence and the latest MCO on first quarter gross domestic product growth and support the recovery from the second quarter of 2021 onwards," he said.

Yeah said the fiscal deficit and debt to GDP was expected to increase by half a percentage point while both debt metrics remained manageable but elevated. **By Aylsy Yusof and Azanis Shahila Aman**