

# Fiscal pillars strengthened

## Budget 2024 has a lot of goodies, tempered by some strict measures

**KUALA LUMPUR:** Holding to its pledge to improve the livelihood of the average Malaysian, Putrajaya has unveiled the largest Budget on record with an allocation of RM393.8bil.

While outlining the need to upgrade the living standard of the rakyat, Prime Minister Datuk Seri Anwar Ibrahim reiterated the government's other primary objective for Budget 2024, which was to consolidate its fiscal position through a number of anticipated measures.

He announced that RM58.1bil has been allotted for the betterment of the rakyat, covering subsidies, incentives, and assistance, in the second "Madani Budget" following the re-tabling of Budget 2023 in February.

Half of the allocation would be used for price controls and for the benefit of the public, such as the RM225mil set aside for the distribution costs of basic necessities like fuel, flour, rice and oil.

A Trade and Investment Coordination Committee would be set up to monitor and report on the status of foreign and domestic direct investments to the National Investment Council, chaired by Anwar himself.

He also proposed the Service Tax be increased from 6% to 8% in a move to widen the government's tax base, although the food and beverage as well as telecommunications sectors will be spared.

As suggested by several economists, the government would also be carrying out the oft-mentioned targeted subsidy initiative in stages from early 2024, with the savings to be channelled to the Rahmah Cash Aid (STR) pro-



**Improving livelihood:** Anwar holding up Budget 2024 after the tabling of Budget 2024 at Parliament.  
- AZHAR MAHFOF/The Star

gramme, whose allocation would be increased to RM10bil.

The targeted subsidy move would cover chicken and eggs, power, as well as diesel use.

However, Anwar - also the Finance Minister - said courier services companies would continue to enjoy diesel subsidies.

"This approach would reduce the government's subsidy burden, but at the same time would have minimal impact on the public as the cost of goods would be controlled," he said in tabling Budget 2024 in the Dewan Rakyat yesterday.

Noticeably missing in an otherwise people-friendly Budget, however, was any elaboration on the Progressive Wage Model, long

touted as a resolution to the minimum wage issue.

Other prominent features of Budget 2024 include the excise duty of 50 sen per litre that would be imposed on sweetened beverages, up from the current 40 sen.

Anwar also said the New Industrial Master Plan (NIMP) is targeting investments of up to RM95bil by 2030, while creating 3.3 million jobs with a median monthly income of RM4.510.

This is in tandem with Putrajaya's proposed introduction of a tiering system for investment incentives, especially in "high-growth, high-value" (HGHV) industries where a tax allowance of between 70% to 100% would be allocated for the purpose of faci-

lating the creation of new economic clusters and to balance the country's economic sustainability.

The government has also allocated RM44bil for loans and financing guarantees for micro, small and medium enterprises (MSMEs). This includes RM100mil to be set aside for a digitalisation grant of up to RM5,000 each for more than 20,000 MSME entrepreneurs.

For the education sector, up to RM6.8bil would be allocated for technical and vocational education and training (TVET).

As of Oct 5, 17 government-linked companies (GLCs) and 44 private corporations have signed 61 memorandums of understanding for TVET curriculum develop-

ment and improvement, said Anwar.

"RM100mil would be allocated for industry-recognised professional certification of TVET graduates and as an incentive for industries to cooperate with public TVET institutions," he added.

Having said that, Anwar said the incentives proposed for MSMEs are meant to improve the business capacity and competitiveness of such enterprises, which would result in the income growth of Malaysians.

In line with its commitment to a green economy, the government is also introducing a Skim Galakan Penggunaan Motosikal Elektrik (a scheme to encourage the use of electric motorcycles) for Malaysians earning RM120,000 or below annually, which takes the form of a RM2,400 rebate for each motorcycle purchase.

Appearing to be in high spirits and adorned in a light pink baju Melayu, Anwar summed up his Budget 2024 in true muhibbah spirit, with a commendable attempt to recite Mandarin and Tamil quotes.

He cited Chinese philosopher Mencius' four moral pillars of *ren, yi, zhi* and *li* - translated as benevolence, righteousness, wisdom and gift respectively - in illustrating his administration's determination to execute reforms to improve living standards, eliminate corruption and reduce bureaucracy.

He also cited *iyatralum, eetalum, kaathalum, kaatha vaguthalum vallatharasu*, from Thirukural, which translates as: "He who is able to improve, gather, protect and manage riches is the ruler."