

## EXTRA RM548 MILLION ALLOCATION

# Govt okays 25pc rise in state grants

**KUALA LUMPUR:** The federal government has approved a 25 per cent increase in the Capitation Grant to state governments, raising the total allocation by RM548 million.

This marks the first revision since 2002.

Datuk Seri Anwar Ibrahim's senior press secretary, Tunku Nashrul Abaidah, said yesterday the decision was made at the 2025 National Finance Council Meeting, which was chaired by the prime minister and finance minister.

"Overall, federal government allocations to state governments have been raised to RM9.8 billion for 2025, compared with RM9.3 billion last year," he said during the Prime Minister's Office daily press briefings.

Tunku Nashrul said Anwar believes the increased allocation to be crucial in assisting state governments to enhance services for the people.

He said Anwar reaffirmed the federal government's commitment to maintaining strong relations with state governments to ensure the wellbeing of all

Malaysians.

The annual council meeting was attended by both deputy prime ministers, alongside the Sarawak premier, chief ministers and menteri besar of each state.

Meanwhile, Anwar said the Northern Corridor Implementation Authority (NCIA) must leverage strategic partnerships to drive Malaysia's semiconductor industry, particularly in high-value manufacturing and artificial intelligence.

Tunku Nashrul said Anwar had highlighted RM64.7 billion in investments and over 14,000 jobs created in the Northern Corridor Economic Region (NCER) in 2024.

"This underscores the importance of swift decision-making in securing domestic and foreign investments," he said.

A key milestone was the launch of a partnership between the government and Arm Holdings, the world's leading chip architecture designer.

"This collaboration is expected to elevate Malaysia's semiconductor and AI industries," Tunku Nashrul added.

To capitalise on this opportunity, NCIA must strengthen the development of the Advanced Packaging (AP) semiconductor industry, boosting high-value manufacturing (HVM) applications, and enhancing the supply chain ecosystem to attract high-impact investments.

As part of its role in the National Semiconductor Strategy (NSS), NCIA will work with private sector stakeholders to promote high-tech semiconductor industry growth in NCER and Malaysia.

Anwar also highlighted the need for a talent development ecosystem, including skills development programmes at the tertiary level, strategic intervention initiatives to improve graduate employability, and upskilling programmes for industry workers.

On Wednesday, Anwar had launched Malaysia's collaboration with the United Kingdom's Arm Holdings, set to transform Malaysia's artificial intelligence (AI) and semiconductor sector.

The collaboration would see the semiconductor giant estab-

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**TUNKU NASHRUL  
ABAIDAH**

PM's senior press secretary

lishing its first Asean office in the city centre, strengthening its outreach to the Asean, Australian and New Zealand markets.

The partnership would also see the establishment of a training programme to produce 10,000 integrated circuit design engineers, privileged access for selected Malaysian companies to Arm's technology and IP, and the development of locally designed semiconductor products.

On another matter, Tunku Nashrul said Anwar decided not to prolong his dispute with Kuala Terengganu member of parliament Datuk Ahmad Amzad Mohamed @ Hashim following the latter's decision to retract his defamatory statement.

Tunku Nashrul said Anwar made the decision in the spirit of Ramadan, urging restraint in making accusations.