

# Budget that supports households

## Anwar's economic plan balances targeted aid with market reforms, say experts

**PETALING JAYA:** Budget 2026 strikes a balance between protecting vulnerable households through targeted aid and advancing long-term market reforms to phase out blanket subsidies, say economy observers.

The Federation of Malaysian Consumers Associations (Fomca) has lauded the government's continued emphasis on supporting families in Budget 2026, particularly through targeted cash and cost-of-living assistance programmes.

Fomca chief executive officer Dr Saravanan Thambirajah said the Sumbangan Tunai Rahmah (STR) and Sumbangan Asas Rahmah (Sara) initiatives will benefit nine million households, with a total support of up to RM4,600 per year for the lowest-income families.

"Single individuals will also receive up to RM600 annually, while e-Kasih households will receive up to RM200 per month," he said in a statement yesterday.

Saravanan added the government has committed RM1bil to address cost-of-living pressures, including RM600mil for Payung Rahmah and Jualan Rahmah programmes to widen access to affordable essentials across all state constituencies.

"For rural Sabah and Sarawak, the RM250mil in logistics support will help reduce transport costs and lower food prices," he said.

He said the ongoing rationalisation of subsidies - covering electricity, diesel and RON95 petrol -



will generate savings of RM15.5bil annually while ensuring that 85% of consumers are not affected by tariff hikes.

"This allows subsidies to be better targeted while protecting vulnerable households," Saravanan said.

Meanwhile, the Centre for Market Education (CME) welcomed the government's contin-

ued shift towards targeted subsidies, saying reforms such as the Budi95 fuel scheme and diesel-subsidy rationalisation were "less distortionary" than universal transfers.

"Targeted subsidies instead of blanket transfers are preferable.

"Universal subsidies have historically fuelled over-consumption and rent-seeking, whereas narrower targeting at least limits moral hazard and waste," CME said in a statement.

"To move towards a sounder, market-based trajectory, a gradual phase-out of subsidies and co-investment funds is essential,"

it said adding that these should be replaced with tax neutrality and open competition.

When tabling Budget 2026 in the Dewan Rakyat yesterday, Prime Minister Datuk Seri Anwar Ibrahim announced a RM15bil allocation for the STR and Sara initiatives.

He also announced RM1bil allocation for cost-of-living support which includes RM600mil for Payung Rahmah and Jualan Rahmah, and RM250mil for rural Sabah and Sarawak logistics support to lower food prices.

Anwar said the government's targeted subsidy rationalisation

### Welcome

**news:** A filepic showing consumers buying items with the RM100 one-off aid from the government. Anwar announced a similar initiative for mid-February 2026.



### RM15bil for Rahmah initiatives Cash Aid

- Sumbangan Tunai Rahmah (STR) & Sumbangan Asas Rahmah (Sara).
- **Nine million** households to benefit.
- Up to **RM4,600** yearly for lowest-income families.
- Singles: up to **RM600** annually.
- e-Kasih households: up to **RM200** monthly.
- Sara one-off aid for **22 million** Malaysians (18+) in mid-Feb 2026, ahead of Ramadan and Chinese New Year.

### RM1bil allocated for cost-of-living support

- **RM600mil** for Payung Rahmah & Jualan Rahmah (cheaper essentials nationwide).
- **RM250mil** for rural Sabah & Sarawak logistics support to lower food prices.

has generated annual savings of RM15.5bil, including RM2.5bil from RON95 petrol and RM5bil from diesel subsidies.

A further RM6bil, he said, was saved through electricity tariff restructuring, while the floating of chicken and egg prices contributed another RM2bil in savings.