

**Budget Helps Malaysians Cope With Higher Costs**  
**Bernama**  
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KUALA LUMPUR, Oct 8 (Bernama) -- United Overseas Bank says the 2012 Budget has great focus on rural development and helps Malaysians cope with higher costs.

"High inflation has made it difficult for Malaysia to scale back on its subsidies.

"The government estimates a slight increase in subsidy spending to RM33.2 billion in 2012 from RM32.8 billion in 2011, suggesting no plans to cut subsidies significantly in the near term," it said in a statement today.

It also noted that the narrowing of the budget deficit in 2012 came mainly from an expected increase in government revenue.

"And therefore a sharper-than-expected slowdown in the developed economies, resulting in lower tax revenue and GDP, could bring the budget deficit above 5.0 per cent of GDP in 2012 and further pushes back the fiscal consolidation in Malaysia."

The projected lower deficit of 4.7 per cent in 2012 from 5.4 per cent this year showed that the budget was less expansionary than the bank had expected ahead of an election before March 2013.

On growth estimates of 5.0-5.5 per cent 2011 and 5.0-6.0 per cent for 2012, the bank said this was more optimistic than its forecasts of 4.8 and 4.9 per cent for 2011 and 2012 respectively.

On the increase in the Real Property Gains Tax (RPGT) to 10 per cent on disposal of property within two years, it said: "This policy move is within market's expectation arising from concerns over property speculation which is making home ownership beyond the lower-to-middle-income group."

Meanwhile, Courts Malaysia applauded the 2012 Budget announcement made by Prime Minister Datuk Seri Najib Tun Razak, saying that it "embodies the spirit of the people".

With the theme of "Welfare for the People, Well-Being of the Nation", the government's aim was increase disposable income and encourage savings, it said.

The Malaysian Foundation for Innovation said it was ready to play a greater role to enhance innovation including working together with the Science, Technology and Innovation Ministry on its many activities.

Najib who is Finance Minister had announced an allocation of RM100 million in the 2012 Budget to carry out several strategic initiatives under the National Innovation Movement to promote innovation which has been identified as the enabler to shift the economic value chain to a higher level.

Source: <http://www.bernama.com/bernama/v5/newsindex.php?id=618671>