

## **Najib's Admin Successfully Boosts Household Income In Five Years**

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KUALA LUMPUR, (Bernama) -- Concerted efforts by Prime Minister Datuk Seri Najib Tun Razak's administration have churned out many success stories within five years.

While some economies are 'cracking their heads' grappling with their huge debts, rising jobless heads, Malaysia is forging ahead with its own 'steady melodious rhythm'.

One of the not-to-neglect factors that should be made known was the increase in the household income amid steady Gross Domestic Product (GDP) growth since 2009, supported by the 'inclusive' economic planning.

"If Malaysia can sustain decent economic growth going forward, it will likely see further improvements in the household income," said Chief Economist of Malaysian Rating Corp Bhd (MARC), Nor Zahidi Alias.

"The 7.2 per cent annual increase in the average monthly income of our households is quite encouraging, considering the inflation rate, which rose by an average 2.2 per cent per annum on a Cumulative Annual Growth Rate (CAGR) basis.

"Food prices increased by 3.3 per cent per annum while transport costs climbed by 2.3 per cent per annum in the same period.

"So, the increase in household income has generally outpaced the increases in the cost of goods and services that households have to incur," Nor Zahidi told Bernama.

The 2012 Household Income Survey recently found the average monthly income of Malaysian households rising from RM4,025 in 2009 to RM5,000 in 2012, an increase of 7.2 per cent annually.

The urban household monthly income increased at a rate of 6.6 per cent a year from RM4,705 in 2009 to RM5,742 last year, while the rural household monthly income rose 6.4 per cent annually from RM2,545 to RM3,080.

"That's the positive part of it. In addition, in major cities like Kuala Lumpur, household income rose at a faster pace of 14.9 per cent and this helped compensate price increases which tend to be faster in urban centres," he said.

Nor Zahidi noted that among the major factors that explained the increase in the household income are strong economic growth as evidenced by GDP growth over the past few years.

The other factors are favourable labour market with jobless rate at circa three per cent and government efforts such as Economic Transformation Programme and Government Transformation Programme which created jobs and business opportunities for the unemployed, he said.

Nor Zahidi oversees MARC's macroeconomic research and analysis, focusing on domestic and major economies' fiscal and monetary policy issues and economic outlook.

His insights provide sound macroeconomic perspectives for MARC's credit ratings.

According to the survey, all states also recorded a better average monthly household incomes with Kuala Lumpur leading with the highest growth of 14.9 per cent from RM5,488 to RM8,586.

This was followed by Labuan with 12 per cent from RM4,407 to RM6,317, Perlis with 10.1 per cent from RM2,617 to RM3,538, Terengganu 9.1 per cent from RM3,017 to RM3,967, and Negeri Sembilan and Sabah from RM3,540 to RM4,576 and from RM3,102 to RM4,013, respectively.

On the ethnic breakdown, Indians recorded the highest increase in monthly household income at nine per cent from RM3,999 to RM5,233, followed by the Chinese at 8 per cent from RM5,011 to RM6,366 and Bumiputeras, 6.9 per cent from RM3,624 to RM4,457.

Meanwhile, UOB Malaysia Managing Director and Country Head of Personal Financial Services, Kevin Lam, said the bank found that customers' income was actually growing very strong.

"In a growing economy, there'll be naturally a need for spending, a need for taking out some debt in order to finance good spending.

"We do hope that the household income is growing at the same time, especially among our target market," he said.

"As higher household income could lead to higher household debt, people should spend within their means. They must have a target to spend the amount and have the ability to repay the amount. So, that's the very much of banks' principle.

"Increasing household debt is something that is very watchful, we monitor the situation very closely," he added.

UOB operates 45 branches country-wide, making it the foreign bank with the largest branch network in Malaysia.

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