

Government In Need Of New Mechanism To Replace Subsidies
Bernama
13 Sept, 2013
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KUALA KUMPUR, Sept 13 (Bernama) -- The government needs to find a new mechanism to replace government subsidies for the people and avoid dependency on the government, said several non-governmental organisations (NGO) and economists.

They feel it is time the government reduces subsidy on several controlled items in stages so that these subsidies are channeled to those who really need them.

Federation of Malaysian Consumers' Associations (Fomca) deputy president Muhammad Sha'ani Abdullah said there were leakages in the subsidy given by the government on controlled items such as sugar, flour, cooking oil and fuel which were also being enjoyed by foreigners.

He said this when asked to comment on the government's move to reduce subsidy on petrol and diesel, as much as 20 sen per litre for RON95 and diesel effective Sept 3, which was estimated to have reduced government subsidy by RM1.1 billion a year.

This year alone the government's allocation for subsidies for the people is about RM30 billion, with the largest amount of RM24 billion per year on fuel.

Muhammad Sha'ani said because of this the government needs to introduce a new mechanism to help ensure the aid is focused on the less fortunate.

"With this new mechanism, only eligible Malaysians have the chance to enjoy this. For example, subsidies for public transportation, education, health and housing," he told Bernama.

Muhammad Sha'ani said, however, the new mechanism needs to be developed well by first comparing the advantages between existing subsidies and mechanism to be implemented.

Malaysian Muslim Consumers' Association (PPIM) secretary-general Datuk Dr Maamor Osman felt that the government should introduce an effective mechanism to improve the country's economy and avoid leakages of subsidised items.

"The new mechanism is necessary as several critical sectors such as public transportation, health and education are not easily enjoyed by the low income group," he said.

However, he said the government needs to be careful in introducing any new mechanism to the people because subsidy is not an initiative which can help ease their burden continuously.

"Reduction in subsidies may occur from time to time, but the government must be smart in balancing out its effects on the country and people," he added.

Meanwhile, economist Prof Dr Barjoyai Bardai said the government needs to improve its administration and implementation so the new mechanism reaches the desired target.

He said if the government reduces subsidies to the people, it will spark anger at first but can teach the public to be independent if it is handled well.

"We do not want foreigners to misuse the subsidies, it is subsidy abuse," said Barjoyai who is also Associate Academic Director of Universiti Tun Abdul Razak's Master of Business Administration Global Studies Programme.

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