

**Government Needs To Seriously Address Urban & Rural Income Equality, Says Academician
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KUALA LUMPUR, March 5 (Bernama) -- The government needs to seriously address the income inequality between the urban and rural population in the face of the current subsidy rationalisation exercise, says Universiti Malaya Centre for Poverty and Development Studies Director Associate Professor Dr Fatimah Kari.

She suggested that the government provide an exit policy for the 1Malaysia People's Aid (BR1M) and instead focus more on strengthening social protection policies.

Among social protection policies suggested by the centre are job creation and education opportunities to alleviate poverty.

"I think the government is in a fairly comfortable situation to address the negative part of the subsidy rationalisation exercise," she told reporters after announcing the findings of a study on "The Subsidy Rationalisation and its Impact on the Economy and Malaysian Poor Households".

The study revealed that the subsidy reforms would lead to an increase in poverty among rural and urban households and that they would be significantly affected by the energy subsidy reforms compared with other groups.

"We are a bit concerned over the pressures of inequality...There is a tendency the inequality gap would widen further like in 1970," said Fatimah.

On the impact of subsidy rationalisation policies on Malaysia's macroeconomic front, the study said the policies may lead to an initial increase of 0.6 per cent in real Gross Domestic Product.

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