

Policies Must Remain Focus On Correcting Price Of Resources For Long-term Growth

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KUALA LUMPUR, March 5 (Bernama) -- While subsidy rationalisation will lead to an increase in savings and economic growth, the policies must remain focused on correcting the price of resources to maintain long-term sustainable growth.

Universiti Malaya's Centre for Poverty and Development Study said pro-growth strategy with emphasis on equity and distribution must be in place to benefit the vulnerable group

"The subsidy rationalisation policies must be designed to acknowledge the more specific needs of both rural and urban poor," the centre's Head, Assoc Prof Dr Fatimah Kari, told reporters after announcing the results of the study entitled "Subsidy Rationalisation and its Impact on the Economy and Malaysian Poor Households".

Fatimah said targeting the poor and vulnerable households was a process that required continuous updates and improvements.

"Policies that focus on the "supply side of the economy" as a fiscal stimulus must be implemented to enhance production and supply and lower prices.

"The policy strategies in the agricultural and food production sectors focusing on efficiency and improved yield through the use of new technology can be used to enhance production," she said.

Similarly, value-added in the marketing and distribution channels must be put in place to improve efficiency and reduce delivery cost from the farm of origin to consumers.

"Effort must be made for capacity building in agricultural areas to allow for greater competitiveness in production and marketing and to promote competitive pricing in food-based sectors.

"New market instruments such as community cooperation, consolidation of small food producers and more direct marketing outlets must be built to lower cost and prices at the retail level," she said.

She also emphasised on the need for community-friendly programmes with participatory activities between government agencies, non-government organisations and the private sector.

She said the programmes' objective is the urban poor as they are currently competing for limited low-paying jobs in the escalating living costs.

"Finally, there must be a move to improve the delivery capacity of government agencies to ensure better accountability and responsiveness to treat the needs of the urban poor," she added.

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