

Fiscal deficit has not impeded growth of country, says Najib
Malaysian Insider
1 Apr, 2014
By Jennifer Gomez

The country's long-standing fiscal deficit since the 1990s has not stunted the development of the economy, Prime Minister Datuk Seri Najib Razak told Parliament today.

He said that what was more crucial was to ensure that the government's budgeting would be able to withstand any economic crisis.

He was responding to a question from Datuk Ahmad Hamzah (BN-Jasin) on the government's measures to restructure the economy, including subsidy rationalisation.

Najib said the current subsidy expenditure of RM43 billion against the country's yearly development budget of about RM46 billion was somewhat lopsided and not rational.

He added that the government's ongoing subsidy rationalisation would instead look into strengthening the social security net for the lower-income group to protect them from suffering from inflationary pressures.

"When we do subsidy rationalisation, we can save on government expenses and part of this can be used to strengthen the social security net and also add to the development budget," he said.

M. Kulasegaran (DAP-Ipoh Barat) then pointed out that the biggest challenge for the government was to plug leakages, especially in arms-length deals and irrational subsidies being dished out to independent power producers.

To this, Najib said that the government had a comprehensive plan in place, including using value-based management for projects above RM100 million.

He said that contracts were also given out on a tender basis.

"Even in a closed tender, it must be at a cost acceptable to the government, it is not automatic.

"We are certain that this will go a long way in plugging the leakages in government expenditure," Najib added. – April 1, 2014.

Hakcipta © 2014 The Malaysian Insider

Source: <http://www.themalaysianinsider.com/malaysia/article/fiscal-deficit-has-not-impeded-growth-of-country-says-najib>