



Govt projection of RM 10,000 household income by 2025 unrealistic: Economists

PETALING JAYA: The government's projection of the nation achieving an average household income of RM10,000 a month by 2025 is unrealistic, economists pointed out yesterday.

Universiti Tun Abdul Razak economist Dr Barjoyai Bardai called it a "flawed idea" because it is not properly calculated.

This, he said, is because of the way average income is calculated, where those earning millions and others earning about RM1,500 are included to obtain the average household income.

Barjoyai pointed out that the average household income in the country is about RM7,000 but the median income is only RM2,000 which is very low.

"We should look at the cost of living, which will give us an accurate picture of households. Even in this, there is a big disparity between institutions as some say it's RM2,500 and others RM6,000.

"The cost of living will depend on what are included in the basket, such as food, rental, clothing and other items," he said.

Barjoyai said another problem is that wages differ from location to location, with those living in the Klang Valley earning higher than those in other areas.

The major setback of using average income in the projection, he said, is that we tend to disregard very low income earners.

He said big data analytics should be used to calculate a family's income.

"The Statistics Department continues to rely on averages, which is a mockery. Using big data, we can analyse a household's income and expenditure on a daily basis to get a better picture of the patterns which can help the government formulate better policies," Barjoyai said.

He said we need to use a median salary, which for a household must be above RM6,000, but 50% of our households earn below RM5,000.

The target of achieving a RM10,000-a-month household income can be achieved only if the government takes into account how fast our economy will grow, Barjoyai added.

Deputy Minister in the Prime Minister's Department (Economy) Datuk Eddin Syazlee Shith said the government is confident household income of RM10,000 a month can be achieved by 2025.

He said the strategies to meet this target included efforts to increase productivity, promote quality investment, accelerate economic structural transition, leverage participation in the global value chain, increase the proportion of workers' compensation, and ensure long-term fiscal sustainability.

Meanwhile, Universiti Utara Malaysia professor of economics Dr K Kuperan Viswanathan said we can achieve RM10,000 household income but the caveat is our economic growth must be 6% or above.

He said for this year, the projected growth is 4% to 5%.

“We did not achieve Vision 2020 to be a developed nation because we could not meet the projected growth that would make us a developed nation.

“The projected growth was 6% but over the years our economy only grew below the Vision 2020 projection,” he said.

Kuperan said to achieve a RM10,000 household income, we must ensure the economy grows evenly across all sectors, not just one or two of them. It must also grow evenly across all states and regions to achieve the RM10,000 target.

Average income, he said, does not mean anything as one needs to look at median income which is more useful and a valid measure of household income.

He said one important question that needs to be answered is what makes up a household and its size. As an example, Kuperan said in a household of four working adults and a total income of RM10,000, each person would only be earning RM2,500. “The devil is in the details, and the RM10,000 idea does not make sense,” he said.

<https://www.thesundaily.my/local/govt-projection-of-rm10000-household-income-by-2025-unrealistic-economists-EH8966565>