

## **Extend cash handouts beyond B40**

EXTREME cash handout to households is needed given the disparity, additional restrictions and recession the country is undergoing, despite the increase in stimulus packages.

Asia School of Business (ASB) assistant professor of economics Dr Melati Nungsari suggests the cash handout needs to target more households beyond the bottom 40% group (B40), and the quantum must be generous and not a one-off payment.

“This cash handout will be expensive, but I believe it will be more expensive if we do not do this in the long run.

“The pandemic affecting lower income groups, especially in terms of household saving looking at expenditure versus income, is not only a B40 issue,” she said during a panel discussion on Saving Lives, Protecting Livelihoods in conjunction with the launch of the latest Malaysia Economic Monitor entitled “Weathering the Surge” yesterday.

According to Melati, recent data from the Department of Statistics Malaysia showed that 10% of households in the middle class are also sliding down their income distribution.

“This is something sitting on all of us and needs to be addressed right now.

“The socio-economic impact of this pandemic will be felt for months, years, way after the pandemic is over, considering the damage has been done in many ways — mental health, loss of lives and business.”

Additionally, she said the government needs to sustain local businesses by providing financial assistance.

“Financial assistance, such as wage subsidies, must be extended.” Retail Group Malaysia MD Tan Hai Hsin told The Malaysian Reserve (TMR) back in March that the number of outlets facing closure represents some 15% of the total retail stores nationwide.

The government recently announced the National Recovery Plan (NRP), but sectors like retail opined it won’t help them much.

Malaysia Retail Chain Association council member and Arori (M) Sdn Bhd ED Raymond Woo told TMR that recovery for the retail sector is heavily dependent on when business reopens.

“Vaccination needs to be sped up to achieve herd immunity and quick decisive action from the government on automated moratorium for all is imperative.”

Meanwhile, Kubang Pasu MP and Parti Pejuang Tanah Air secretary general Datuk Amiruddin Hamzah said the party wants the government to extend full automatic moratorium not only to individuals, but also businesses as they are suffering under the third Movement Control Order (MCO 3.0).

“The comprehensive moratorium must be approved immediately and extended until herd immunity is achieved before more businesses are forced to close, more citizens go bankrupt and in desperate situations, many resort to commit suicide,” Amiruddin said in a joint statement with the party’s head of economic bureau, Armin Baniaz Pahamin.

“We take note of and fully support the request of the Coalition of 140 NGOs, Chambers of Commerce for the government to offer automatic moratorium for all bank facilities,” the former deputy finance minister said in reference to Moratorium Untuk Rakyat request last week.

Pejuang also urged the government to implement the Rent Moratorium until March 2022, provide a reduction in utility payments and allow the citizens to withdraw their Employees Provident Fund (EPF) savings.

Looking at the US which implemented a lot of fiscal policies to address the impact of the pandemic, ASB’s Melati said Malaysia saw food insufficiency fall by 40% and financial instability drop 45%.

“This is believed to be the direct effect of increasing cash handouts to households. So, I think this has to be the main thing in particular because recovery will be very long.

“We also need to acknowledge that people are diverse, people need to pay phone bills, education, rent, so cash handouts really allow individuals to channel things where they need the most,” she explained.

Commenting on the stimulus package, EPF chief strategy officer Nurhisham Hussein said when the pandemic hit, the government started with very limited fiscal space and now even less fiscal space.

“The critical thing at the moment is really not the debt ratio or the government’s ability to borrow. The biggest problem is the kind of fiscal rules that we have. “The Covid-19 Act has caused a constraint on what the government can do. As a result, actual fiscal injection made is quite limited,” he said.

On challenges towards the healthcare system, infectious diseases specialist Prof Datuk Dr Adeeba Kamarulzaman said the pandemic also affects the non-Covid-19 patient. She said it causes delays in cancer surgery and other treatments, for example. “Despite the two weeks of lockdown, we haven’t seen decline in bed utilisation in intensive care units.

“What we really need to have is a much more comprehensive testing strategy that has to be much better supported digitally.”

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