

Budget should save SMEs from collapsing – economist

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KOTA KINABALU: The government is urged to focus, among others, on expanding the stimulus package in 2021 to save or support SMEs from collapsing, provide cash assistance to those affected, avoid cuts in health and education allocations, and provide special allocations for gamechanger projects for the state of Sabah (i.e telecommunication or digital infrastructure).

Economist Dr Rafiq Idris hoped that there would be specific allocations for the post-MCO targeted at strategic sectors such as the service sector, which includes the severely affected tourism sector.

"We cannot afford to see many SMEs collapsing. All sectors should be supported to fight slower economic activity," he said.

Rafiq, who is also the director of Centre for Investment, Endowment and Wakaf of Universiti Malaysia Sabah (UMS), Senior Lecturer (Financial Economics Program) of Faculty of Business, Economics and Accountancy (UMS) and Associate Fellow at the Ungku Aziz Centre for Development Studies (University of Malaya), reminded that Covid-19 has caused market demand to drop significantly.

"To cushion the impact, something must be done to stimulate spending and demand in the economy. Cash assistance or cash aid for the affected B40 and M40 group, can minimize the impact by allowing them to spend," he said.

"Moreover, it is hoped that the allocation for education and health sectors can be increased or at least maintained. The education and health sectors are the important sectors in the services sector that contribute to the economy and well-being of Malaysians. We cannot compromise spending on this."

Apart from that, he also hoped that there would also be a special allocation for high-impact gamechanger projects for the state of Sabah in order to improve the state's economy with a large multiplier effect, to fight the slow economic activities situation.

"For example, it could be



Rafiq

something related to the Jendela infrastructure plan, in which digital infrastructure will switch to 4G. This facilitates the next transition process to 5G in the future. This will make Sabah in line with current developments as well as being competitive," he explained.

He also believed that in satisfying the needs and wants of Malaysians, the government is striving in showing a prudent and discipline financial management and budgeting for something that is within its affordability.

"We hope that this budget would be a relief for all Malaysians, inclusive, balance and growth stimulating spending, taking into account its financial capacity."

He added that some of these were his wishes for the upcoming budget while others were input from stakeholders on ongoing research being undertaken by a group of researchers from UMS such as studies on Sabah's Economy (SDK0094-2019) and Impact of Covid-19 (SDK0250-2020).

The research on Sabah's economy is an ongoing research undertaken by Rafiq (head), Professor Datuk Kasim Mansur, Dr Rozilee Asid, Dr Sidah Idris, Sharija Che Shaari and Azizan Morshidi.

The research on impact of Covid-19 on economy is undertaken by Rafiq (head), Prof Datuk Kasim Mansur, Dr Mori Kogid and Dr Rizal Zamani Idris.