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Bernama - Projection Of 6.5-7.5 Pct GDP Growth For 2021 Based On
Economic Expectations - Tengku Zafrul

☐ Saturday, Nov 14 2020☐ ☐

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Ministry of
Finance Malaysia
No. 5 Persiaran
Perdana Presint 2,

KUALA LUMPUR, 14 Nov - The government's gross domestic product (GDP) growth projection of between 6.5 per cent and 7.5 per cent for next year, is an estimate based on the expected economic developments in 2021.

Finance Minister Tengku Datuk Seri Zafrul Tengku Abdul Aziz said the first presumption was on the availability of the COVID-19 vaccine.

"We feel that the commercialisation of the vaccine will be faster, InsyaAllah (God willing) in the first six months of next year.

"The global economy will be better and as a country with an open economy, Malaysia will get the positive effects as the world economy expands," he told a media conference at Bernama here, today.

He said Malaysia is already seeing an improving economy due to external demand in the third quarter (Q3) of this year and this was expected to continue into next year.

"Secondly, we must remember that we started with a low base (projection) because it's negative this year. Hence, the lower the negative performance this year, the higher the positive performance next year.

"But, this does not mean we will get back the trajectory made previously. The important thing is, it has shown a positive recovery," said Tengku Zafrul.

He was also optimistic that the economic growth in the fourth quarter (Q4) of 2020 would improve compared with Q2 and Q3 this year, following positive developments in export activities and manufacturing sector.

In another development, Tengku Zafrul also commented on the aid given to the Middle 40 per cent household income group (M40) in Budget 2021, whereby there are two categories of assistance, namely those who lost their jobs or that their pay was affected, and those who still have jobs.

For those who have lost their jobs, he said under the Employment Insurance System (EIS) managed by the Social Security Organisation (Socso), the government has increased the Job Search Allowance to nine months from six months previously.

Meanwhile, he said reskilling and upskilling efforts were also provided with an allocation of about RM1 billion for the M40 group, whereby a job is guaranteed once the retraining is completed.

"Besides that, the government has also announced an increase in the tax exemption to RM20,000, and the withdrawal of RM500 from Account 2 of the Employees Provident Fund (EPF) through the i-Lestari facility for 12 months.

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"The M40 group can also ask for an extension of the loan moratorium with easier process, whereby they only have to make a self-declaration without having to present proof that they have lost their jobs or that their pay have been affected.

"To-date, about 98 per cent of the applications from M40 group have been approved," he said. Meanwhile, for those who still have jobs, the benefits for the M40 group include reduced personal income tax rate by one percentage point for those earning a taxable income of RM50,001 to RM70,000, and reduction of EPF contribution from 11 per cent to nine per cent.

This would inject a cash liquidity of RM9.3 billion into the country's economy, he added.

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