



社会经济研究中心
**SOCIO-ECONOMIC
RESEARCH CENTRE**

Pakej Perlindungan Rakyat dan Pemulihan Ekonomi (PEMULIH)

Supporting the Economy in Lockdown Distress

28 June 2021



RM150 billion PEMULIH package

- Following an extension of the Phase 1 lockdown of the National Recovery Plan until the daily COVID-19 cases dropped to below 4,000 for seven consecutive days, the Government has rolled out **RM150 billion or 9.9% GDP Pakej Perlindungan Rakyat dan Pemulihan Ekonomi (PEMULIH)** to ease the financial burden of households and individuals as well as to support businesses tying over during the lockdown and in subsequent phases of transition to reopening of the economy.
- PEMULIH marks the second largest stimulus package year-to-date since the RM250 billion PRIHATIN package was announced in March 2020 when the country was placed under the Movement Control Order (MCO) 1.0.
- The RM150 billion PEMULIH entails RM10.0 billion (0.7% of GDP) direct fiscal injection, bringing total fiscal injection year-to-date to RM87.6 billion or 6.0% GDP in 2020-June 2021.
- PEMULIH focuses on three objectives: (i) **Continuing the 'Prihatin Rakyat' Agenda**; (ii) **Supporting Businesses Continuity**; and (iii) **Accelerating the Vaccination Rate of the Nation**.

Four Phases of the National Recovery Plan (15 June 2021)

↓ *On-going*

Target month >	Jun 2021	Jul – Aug 2021	Sep – Oct 2021	Nov – Dec 2021
Type of phase >	Phase 1	Phase 2	Phase 3	Phase 4
What's allowed ?	Essential services	Some economic sectors to reopen, social sector remains closed	More economic sectors to reopen, social sector reopened gradually, Parliament and schools to reopen	Full reopening of economy



Three thresholds to be fulfil:

	Phase 1 to Phase 2	Phase 2 to Phase 3	Phase 3 to Phase 4
Daily Covid-19 cases	< 4,000 daily cases	< 2,000 daily cases	< 500 daily cases
Bed usage at the Intensive Care Unit (ICU)	Moderate ICU use	Sufficient ICU beds available	Sufficient ICU beds available
Vaccination rate	10% of population	40% of population	60% of population
Projections to achieve the three thresholds	Early of July	End of August	End of October

Source: Prime Minister's Office

Note: "Moderate" and "Sufficient" was not defined

Malaysia's economic stimulus and recovery packages since 2020

Economic packages for the period 2020 to 28 June 2021

Package	Worth (RM billion)	% of 2020's/2021's GDP	Fiscal injection (RM billion)	Announcement date
1. Economic Stimulus Package (ESP)	20.0	18.4%	35.0 (2.5%)	27 Feb 2020
2. PRIHATIN Economic Stimulus Package	230.0			27 Mar 2020
3. PRIHATIN SME+	10.0			6 Apr 2020
4. PENJANA	35.0	2.5%	10.0 (0.7%)	5 Jun 2020
5. KITA PRIHATIN	10.0	0.7%	10.0 (0.7%)	23 Sep 2020
6. PERMAI Assistance Package	15.0	1.0%	6.6 (0.4%)	18 Jan 2021
7. PEMERKASA	20.0	1.3%	11.0 (0.7%)	17 Mar 2021
8. PEMERKASA+	40.0	2.6%	5.0 (0.3%)	31 May 2021
9. PEMULIH	150.0	9.9%	10.0 (0.7%)	28 Jun 2021
Total	530.0	36.4%	87.6 (6.0% of GDP)	

Source: Ministry of Finance, Prime Minister Department

Note: Nominal GDP in 2020 was RM1,415,163 million; For 2021, based on SERC's estimate of RM1,510,514 million

Figure in parenthesis indicates % share of 2020's and 2021's GDP

PEMULIH at a glance

PEMULIH's THREE OBJECTIVES

RM150 billion*

Continuing the
'Prihatin Rakyat'
Agenda

Supporting
Businesses
Continuity

Accelerating the
Vaccination Rate



* Includes direct fiscal injection of RM10.0 billion

PEMULIH initiatives and measures

List of strategic initiatives and measures	RM million	Remarks
1. Continuing 'Prihatin Rakyat' Agenda		
• Additional assistance for Bantuan Khas COVID-19 (BKC) program	4,600	
• Income loss assistance	500	
• RM300 job seekers' allowance in MYFutureJobs will expand to non-SOCCO contributors	-	
• "Place and Train" initiative under the Janapreneur programme	125	
• Food basket assistance programme	10	
• Subsidy to maintain retail prices of RON95 petrol, diesel and LPG.	6,000	
• Price Control will be implemented for 1-5kg bottled cooking oil • Fix the price of 1kg polybag pack of cooking oil at a subsidised price of RM2.50	1,000	
• Allocation to NGOs to combat social issues	15	
• Electricity bill discounts of between 5-40% for domestic users	346	
• Extension of electricity bill discounts for affected economic sectors	1,000	
• Extension of free 1GB data internet	500	
• Mobile banking services	18	
2. Supporting Business Continuity		
• Additional assistance for Prihatin Special Grant (GKP 4.0)	-	
• Extension of Wage Subsidy Programme 4.0 for four months	3,800	
• Extension of HRDF levy exemption for two months	425	
• Extension of PenjanaKerjaya 3.0	-	PenjanaKerjaya is scheduled to end in June 2021

PEMULIH initiatives and measures (cont.)

List of strategic initiatives and measures	RM million	Remarks
2. Supporting Business Continuity (Cont.)		
• Shop Malaysia Online campaign	300	
• Additional allocation for SME Digitalisation Grant	100	
• Allocation to help arts practitioners and support local arts and creative industry	100	
• Bantuan Khas Taska	-	
• Cash assistance to all registered school canteen operators as school canteens still closed	-	
• Cash assistance to sports industry operators and sports arena operators	-	
• Cash assistance to 5,335 registered tour agencies	16	
• Cash assistance to 20,000 disabled persons for three months	30	
• Jaringan Inisiatif Umum (Jitu) programme	20	
• Easing of procurement procedures for projects affected by higher building materials cost	-	
• MARA : (i) Three months Moratorium/ Rescheduling of business loan; (ii) Rental discount on MARA business premises and; (iii) Special tax deduction	-	
• Syarikat Jaminan Pembiayaan Perniagaan Bhd (SJPP)	20,000	
• Additional financial aid to SMEs by Bank Negara Malaysia	2,000	
• Microcredit scheme expansion (AgroBank, Bank Simpanan Nasional - RM500 million each and Tekun scheme - RM100 million)	1,100	
• Cooperative Economic Recovery Intervention Financing programme	20	

PEMULIH initiatives and measures (cont.)

List of strategic initiatives and measures	RM million	Remarks
2. Supporting Business Continuity (Cont.)		
<ul style="list-style-type: none"> • EPF's i-Citra programme 	30,000	
<ul style="list-style-type: none"> • Targeted Education Loan Repayment Assistance for: <ul style="list-style-type: none"> ✓ PTPTN borrowers (Three months) ✓ JPA federal student loans (Six months) ✓ PTPK loan (Three months) ✓ MARA Education loan (Three months) 	400	
<ul style="list-style-type: none"> • Deferment of payment for Insurance and Takaful policy holders affected by COVID-19 	400	
<ul style="list-style-type: none"> • Targeted bank loan assistance: (i) Automatic loan moratorium; and (ii) Reduction in loan repayment by installments 	-	
3. Accelerating the Vaccination Rate		
<ul style="list-style-type: none"> • Allocation to increase vaccine supply 	400	
<ul style="list-style-type: none"> • Allocation to add 29 new vaccination centres (PPV) 	200	
<ul style="list-style-type: none"> • Allowance to health volunteers and health front liners 	200	
<ul style="list-style-type: none"> • Cash assistance to the vulnerable groups 	-	
<ul style="list-style-type: none"> • Public-Private Immunisation Programmes (PIKAS) 	150	
Total measurable amount	73,775	

Salient points of PEMULIH

Continuing 'Prihatin Rakyat' Agenda



RM4.6bn of “Bantuan Khas COVID-19 (BKC)” program to benefit more than 11 million households, elderly people and single individuals (Distribution to start in August, November, and December 2021)

Category	Budget 2021 (BPR) (Distributed)	PEMERKASA+ (BPR) (To be distributed at end of June)*	PEMULIH (BKC)		
			August	November	December
Monthly household income <RM2,500	≤1 child: RM1,200 ≥2 child: RM1,800	RM500			
Monthly household income between RM2,501 and RM4,000	≤1 child: RM800 ≥2 child: RM1,200	RM300			
Monthly household income between RM4,001 and RM5,000	≤1 child: RM500 ≥2 child: RM750				
Single individuals earning <RM2,500 per month	RM350	RM100			
Households					
• Hardcore poverty			RM500	RM500	RM300
• B40			RM500	-	RM300
• M40			RM250	-	-
Single individuals					
• Hardcore poverty			RM200	RM300	-
• B40			RM200	-	-
• M40			RM100	-	-



RM500m allocation for “Income Loss Assistance” to benefit 1 million people. RM500 to be paid to person who had lost their jobs in October 2021 based on data from EPF and SOSCO in 2021.



At least RM300 job seekers’ allowance in MYFutureJobs will expand to cover non-SOCCO contributors, especially new graduates, school leavers and informal sectors.

Salient points of PEMULIH (cont.)

Continuing 'Prihatin Rakyat' Agenda (cont.)



RM125m for HRD Corp to implement “Place and Train” initiative under Janapreneur programme, especially for school leavers and graduates. This will benefit 30,000 individuals.



Food Basket Assistance Programme

- RM300,000 to each Member of Parliament to provide food baskets assistance to help affected groups in their respective constituencies.
- RM10m for special Food Basket Assistance Programme for Orang Asli.



Subsidy more than RM6bn to maintain retail prices of RON95 petrol, diesel and LPG.



- **Price Control** will be implemented for **1-5kg bottled cooking oil** based on the threshold value of crude palm oil.
- **Additional RM1bn** to fix the price of **1kg polybag pack of cooking oil** at a subsidized price of RM2.50.



RM15m for non-governmental organizations or NGOs to assist the government in addressing social issues, such as mental health, homelessness, and other social problems at the community level.



Electricity bill discounts (RM346m)

- **An electricity bill discounts of between 5-40% for domestic users** — in accordance with electricity usage up to a maximum of 900kwh per month — to be given for **three months beginning with the July 2021 bill.**
- **RM1bn extension of electricity bill discounts for affected economic sectors** (especially hotel operators, theme parks, convention centers, shopping malls, local tourism office as well as travel and tourism agencies) **for another three months — 10% discounts for October to December 2021 electricity bills.**



RM500m 1GB Data Internet

- **One gigabyte of free daily data extended until 31 December 2021**, benefiting 44 million users.



Mobile Banking Services

- **RM18m allocation for local banks** to provide 30 mobile banks nationwide. This includes 250 rural areas and mukims.
- Mobile banking services have been launched this month in Sarawak and Bank Simpanan Nasional will start the facility in Sabah in July.

Salient points of PEMULIH (cont.)

Supporting Business Continuity



Prihatin Special Grant (GKP 4.0)

- Micro SMEs will receive **additional assistance of RM500 each in September and November 2021 respectively.**



RM3.8bn Wage Subsidy Programme 4.0

- **Remove RM4,000 limit for wage subsidy programme**, to provide wage subsidy of RM600 per worker for **four months**:
 - i. 2 months for all sectors in Phase 2 of the national recovery plan; and
 - ii. Next 2 months specifically for sectors categorized in the negative list during Phase 3.



Extend HRDF levy exemption for two months will be given automatically to employers who are currently unable to operate under MCO.

- In addition, employers from new sectors that are included as a result of an extension of the Perbadanan Sumber Manusia Berhad Act 2001, will get an **extension of a levy exemption until 31 December 2021.**



PenjanaKerjaya 3.0

- **Reduce the threshold of wages from RM1,500 to RM1,200** for the Malaysianisation programme to encourage employers to replace foreign workers with local workers.
- **Relax the employment contract period from 12 months to six months** for workers aged 50 and above, disabled or former convicts.



Shop Malaysia Online campaign

- **RM300m allocation** for digital empowerment of micro entrepreneurs.
- **Additional RM100m allocation for SME Digitalisation Grant** with up to RM5,000 matching grants for the purchase of system or digital platform subscription by SMEs, to encourage micro and SMEs to join e-commerce platforms, to empower agriculture entrepreneurs to use the latest technology and shift to new technology platforms.



Allocation of RM100m to help over 8,000 **arts practitioners and support local arts and creative industry**, contributions to the Social Security Organisation (SOCSO), and procurement of products for television and radio productions and songwriting.

Salient points of PEMULIH (cont.)

Supporting Business Continuity (cont.)



RM3,000 Bantuan Khas Taska aid to be given to 4,400 taska or childcare centre operators under KPWKM and over 8,000 private kindergarten operators under Ministry of Education (MOE).



RM1,000 aid to all registered school canteen operators, as school canteens still closed.



RM3,000 one-off aid to sports industry operators and sports arena operators, such as gyms, bowling, futsal, as they can only operate from phase three onwards.



RM30m allocation for RM500 aid to 20,000 disabled persons for three months who have lost their jobs or are unemployed and who are not existing recipients of allowances for disabled employees.



Jaringan Inisiatif Umum (JITU) programme to be carried out with RM20m allocation for basic business capital. This is to guide the disabled and homeless to do business, and is expected to benefit over 40,000 individuals.



- **Allowing government contractors to make variation of price for obvious increases in construction materials cost** until 31 December 2021.
- **Allowing local G1 to G4 government contractors to carry out small-scale projects** through voting and quotations.
- **Allowing extension of works projects and contract period extension for supplies and services contracts** affected by the MCO but subject to contract clauses.



- MARA entrepreneurs can apply for **three-month MARA business loan repayments' deferment** or for rescheduling of payments by extending loan period up to 36 months.
- MARA to **extend 30% rental discount for MARA premises for five more months until December**, benefitting over 5,700 tenants.
- A **special tax deduction** will be given to owners of buildings and business spaces who offer a rental reduction of **at least 30%** to traders **in the period up to 31 December 2021**.



Syarikat Jaminan Pembiayaan Perniagaan Bhd (SJPP) government guarantee scheme limit to be increased by RM20bn (from the initial RM36.5bn to the new limit of RM56.5bn to support SMEs.)

Salient points of PEMULIH (cont.)

Supporting Business Continuity (cont.)



Addition of RM2bn by BNM for financial aid to SMEs, which increases available funds for new applicants to RM8.6 billion.



Additional RM1.1bn Microcredit scheme expansion with AgroBank, Bank Simpanan Nasional RM500m each and Tekun scheme (RM100m), which makes available RM3bn microcredit funds this year for micro entrepreneurs.



RM20m allocation for Cooperative Economic Recovery Intervention Financing programme to help cooperatives, including for marketing products online and encouraging purchases at cooperatives' stores.



Tourism Sector:

- **RM3,000 one-off aid** to 5,335 registered tour agencies to kickstart business when country moves to the third phase.
- **Defer monthly instalments on income tax on companies.**
- **Exempt hotel operators from tourism tax and service tax until end of 2021.**



EPF's i-Citra programme (RM30bn)

- **Members can withdraw up to RM5,000 at a rate of RM1,000 a month for five months.** (Application to start from 15 July 2021; the first payment is expected in August 2021.)



Deferment of payment for Insurance and Takaful policy holders affected by COVID-19

- Affected insurance and Takaful policyholders can apply for deferment of payment by opt-in until December 2021

Targeted Education Loan Repayment Assistance:



- Targeted moratorium for **three months** for **PTPTN borrowers.**



- **Six-month postponement** for repayment of **JPA federal student loans**; similar postponement for **federal scholarship recipients' compensation claims.**



- **Three-month postponement** for repayment of **PTPK loan.**



- **Three-month postponement** for repayment of **MARA Education loan or reschedule loan repayment with monthly instalments as low as RM100 for 12 months.**



Six-month loan repayment moratorium for all individual borrowers (B40, M40 or T20 groups) and micro entrepreneurs — no documentation is needed as all applications will be automatically approved (Starting from 7 July 2021).

Salient points of PEMULIH (cont.)

Accelerating the Vaccination Rate



Additional RM400m to increase vaccines supply to cover **130% of the population** compared with 120% previously.



RM30 subsidy to the vulnerable groups, such as disabled and senior citizens for **taxi fares and e-hailing rides**.



Additional RM200m to add **29 new vaccination centres (PPV)**, to introduce **drive-thru PPV, mobile PPV and Home-to-Home Outreach PPV**.



RM200m allocation for:

- **RM100 special allowance** previously given to health volunteers who work over 12 hours a day since June 2021 **will also be extended to those working in the quarantine centres**.
- 14,000 health front liners who are involved in the COVID-19 National Immunisation Programme (NIP) will be **getting RM600 for six months beginning July [Original = RM200 per month]**



- **150m for Public-Private Immunisation Programmes (PIKAS)** to reduce company's liabilities.
- **Allow employers** who are registered with **Human Resource Development Corporation (HRD Corp)** to use their remaining **levy up to 10%** for the cost of management and purchase of vaccines.
- **Tax deduction on expenses** covering the cost of equipment and services of turning the premises into PPVs.
- **Tax deductions on the COVID-19 contributions** through community or charitable projects are also extended to cover contributions to PPV.

Commentary

- The RM150 billion PEMULIH stimulus package is expected to provide much needed relief and financial assistance to ease financial and economic damages on the economy, households, individuals and businesses, helping those hard-hit groups to tide over during this current Phase 1 of lockdown and subsequent phases of transition reopening.
- The measures must be well executed and the financial assistance be disbursed speedily to achieve the desired outcomes.
- The cash transfers to targeted households, 6-mth automatic loan moratorium (B40, M40 and T20) as well as the EPF's i-Citra (a monthly withdrawal of RM1,000 for six months) are expected to ease households' cash flow burden and aid some discretionary spending. But, the weak recovery in labour market, reduced wages and income have caused consumers to stay cautious, denting consumption.
- There are cash grant, loan facilities, and various funds for targeted sectors, including loan guaranteed as well as measures to ease operating costs (such as wage subsidy, electricity discounts, rental relief, levy exemption of statutory contributions etc.) for micro business and SMEs to help them coping with the 3Cs (Cash flow, Credit and Costs).
- We hope that the 6 months automatic loan moratorium without conditions can include SMEs and mid-tier companies that are badly affected by the pandemic and not allowed to operate during the lockdown. The 6 months moratorium without conditions is applicable to B40, M40 and T20 households and micro entrepreneurs.

Commentary (cont.)

(a) Budget deficit

- The budget deficit for 2021 is estimated to widen from estimated 6.0% of GDP to between 6.5% and 7.0%, taking into consideration higher stimulus spending amid moderate revenue collection. Though higher oil prices would increase the oil-related revenue, says for every US\$10 rise in oil price, it increases revenue by RM3.0 billion, this will be partially offset by higher subsidy of RM7.0 billion to maintain the retail prices of RON95, diesel, LPG and cooking oil.
- The funding of RM10 billion (0.7% of GDP) direct fiscal injection for PEMULIH came from an increase in government revenue, partly from higher dividends from statutory bodies and government-linked companies, optimisation of expenditure, and an increase in borrowings.
- We do not discount the possibility that the Government will raise the current debt ceiling of 60% of GDP (end-March 2021: RM856.7 billion or 54.6% of GDP), which was temporarily raised during the COVID-19 Act. This is to prepare for the potential requirement of fresh stimulus fund to mitigate a deeper and long lasting impact of the COVID-19 pandemic if it gets worsen, resulting in a delayed reopening of the economy.

Commentary (cont.)

(b) The economy

- PEMULIH package would help to prevent a sharp dent on the recovery pace of domestic economy and businesses, especially the manufacturing and some services sectors that have already stabilised and recovered, albeit unevenly.
- More critically, the month of June and third quarter (July-September) are crucial period to watch as to the progress made on three operational indicators (the level of infections, the capacity of ICU beds, the percentage of population has been vaccinated). Higher vaccination rate and the containment of infections to ease pressure on the healthcare system would allow a faster transition from Phase 1 of the lockdown to a staged reopening of economic and social sectors in Phases 2, 3 and 4 of the National Recovery Plan.
- For now, **we are maintaining our real GDP growth estimates of 4.0% for this year** (-5.6% in 2021), with the anticipated strong economic rebound in 2Q aided by low base effect in 2Q 2020, is now being dented by the reimposition of a full lockdown in June and has extended in July.

Commentary (cont.)

- The vaccination to reach herd immunity holds the key to build up health protection, contain the virus spread and infections at manageable level so that the economy can safely reopen and returning to normalcy.
- Health prevention and detection measures must be maintained at all time. The Government must continue to implement a multi-pronged strategy of accelerating vaccination, test-trace-isolate and health preventive measures. The vaccination program and diagnostic testing in the workplaces must be expedited, and also be prioritized in high cases states/areas/zones, with emphasis given to the manufacturing, export-oriented and services industries.
- The Government must continue to mobilise the resources of private healthcare services to speed up the vaccination as well as to expedite the approval process of allowing private sector's sourcing of vaccines.