

## Malaysia's Budget 2021

Malaysia's Budget 2021, themed

**“Resilient as one, together we triumph”**

has been formulated with three integral goals, namely:

1. **Rakyat's Well-being**
2. **Business Continuity**
3. **Economic Resilience**

### Goals & Strategies

#### Goal 1: Rakyat's Well-being

- COVID-19 pandemic and public health
- Safeguarding the welfare of vulnerable groups
- Generating and retaining jobs
- Prioritizing the inclusiveness agenda
- Ensuring the well-being of the Rakyat

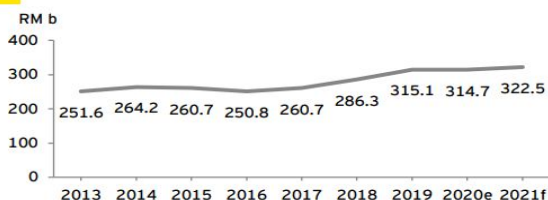
#### Goal 2: Business Continuity

- Driving investment
- Strengthening key sectors
- Prioritizing automation and digitalization
- Enhancing access to financing

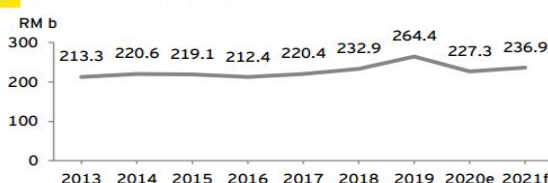
#### Goal 3: Economic resilience

- Expansionary budget
- Development agenda under 12<sup>th</sup> Malaysia Plan
- Enhancing the role of GLC and civil society
- Ensuring resource sustainability
- Civil service

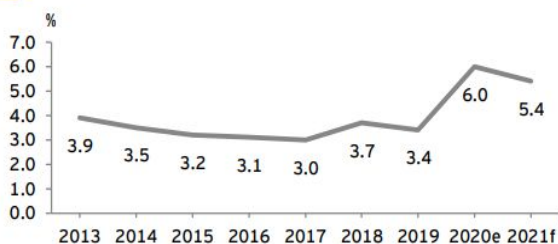
#### 1 Budget allocation<sup>1</sup>



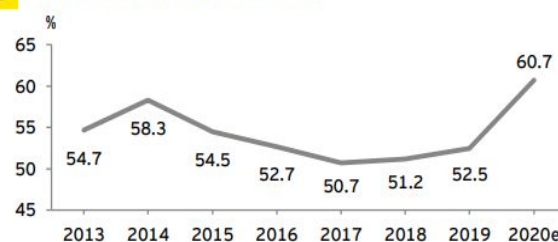
#### 2 Government revenue



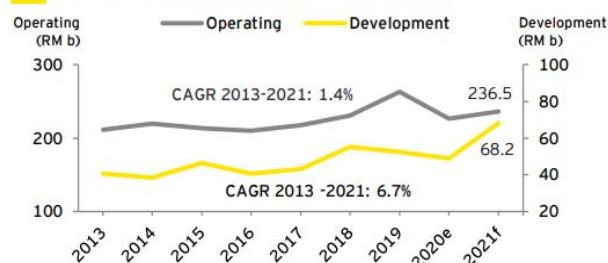
#### 3 Budget deficit

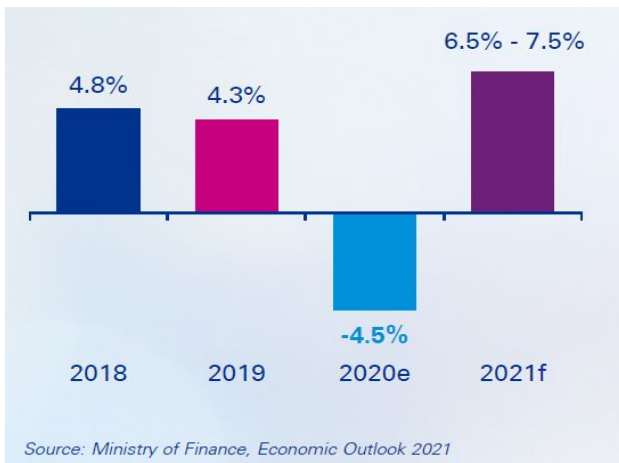


#### 4 Government debt/GDP ratio



#### 5 Operating and development expenditure



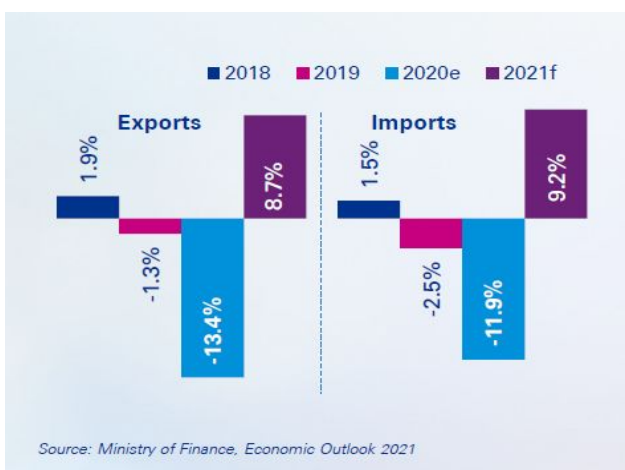
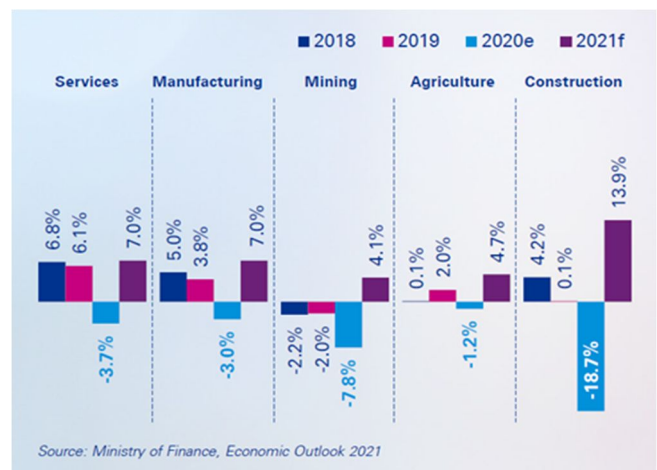


### GDP Growth

Malaysia's gross domestic product (GDP) is projected to contract by 4.5% in 2020 which affect by COVID-19 pandemic. The economy is expected to recover with a GDP growth of between 6.5% – 7.5% under several stimulus package introduced in 2021.

### GDP Growth by sectors

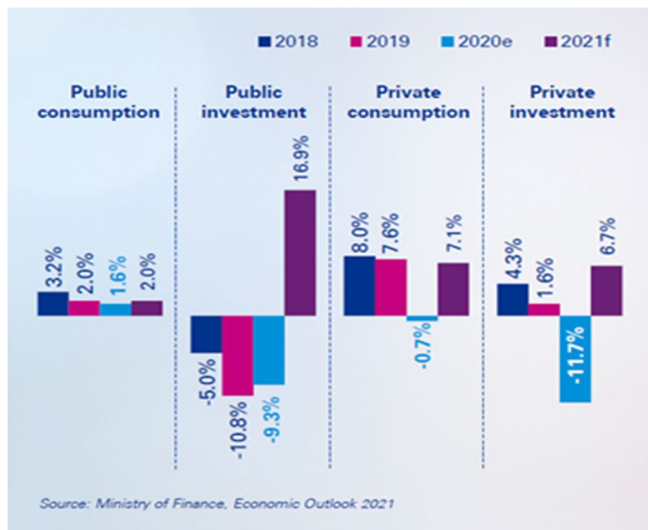
In 2020, all sectors are forecasted to contract due to impact of COVID-19 pandemic. Especially the construction is expected to experience biggest decline in 2020. In 2021, all sectors are projected to recover with a positive growth.



### Trade (Goods and Services)

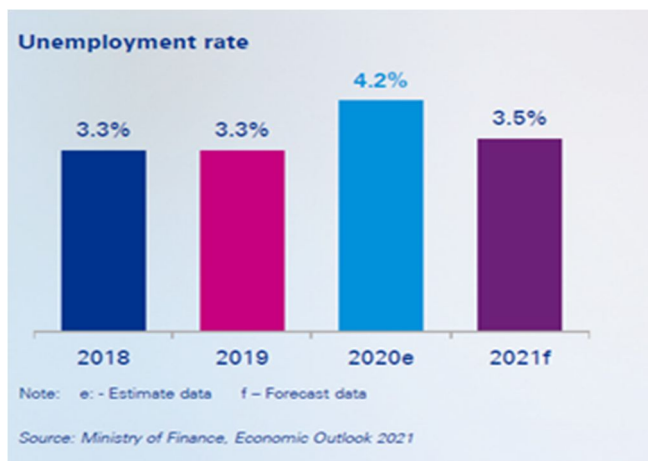
In 2020, total trade is forecasted to decline by 5.7% to RM1.74 billion and but will grow by 4% to RM1.8 billion in 2021.

In 2021, gross import and export of Malaysia is anticipated to recover, supported by the recovery in the global trade and supply chain.



### Domestic demand

In 2020, public consumption is expected to increase by 1.6% while private consumption is expected to decrease by 0.7% due to reduction in household spending. Both public and private investment are forecasted to drop by 9.3% and 11.7% respectively because of weak demand, lower capital outlays and tight liquidity as businesses ceased their operations during MCO period and uncertainties in the financial market.



### Labour market

The closure of business operations and cost-cutting measures undertaken by firms due to MCO have weakened the labour demand. Unemployment rate is projected to decrease to 3.5% in 2021 as the country's economy is expected to rebound firmly in 2021.

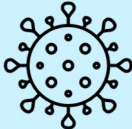

in RM million	2018	2019	2020e	2021f
Revenue	232,882	264,415	227,270	236,900
Tax revenue	174,061	180,566	153,260	174,370
Direct tax	130,034	134,723	115,105	131,870
Indirect tax	44,026	45,843	38,155	42,500
Non tax revenue	58,821	83,849	74,010	62,530

Note: e - Estimate data f - Forecast data  
Source: Ministry of Finance, Fiscal Outlook and Federal Government Revenue Estimates 2021



### Federal Government revenue

The Federal Government revenue is expected to decrease by 14% to RM227.3 billion in 2020 compared to last year's revenue of RM264.4 billion as a result of lower tax collection. Direct tax, which amounts to 50.6% of the total revenue, is expected to decrease by 14.6% to RM115.1 billion in 2020 (2019: RM134.7 billion) due to weak economic activities and lower crude oil prices. Indirect tax which amounts to 16.8% of the total revenue is estimated to decrease by 19.4% to RM38.2 billion in 2020 (2019: RM45.8 billion) with all components within indirect tax are expected to drop.

## ECONOMIC MEASURES

<p><b>COVID-19 pandemic and public health</b></p> 	<ul style="list-style-type: none"> <li>) RM 1 billion will be allocated to stem the third wave of COVID-19 Allocation of RM 1 billion:               <ul style="list-style-type: none"> <li>➢ RM475 million for purchase of reagent, test kits, and consumables for Ministry of Health's (MOH) usage</li> <li>➢ RM318 million to provide PPE and hand sanitisers to MOH front liners</li> <li>➢ RM150 million for National Disaster Management Agency to coordinate efforts to fight COVID-19</li> <li>➢ RM50 million for purchase of equipment, laboratory test supplies, and medicine for university teaching hospitals</li> </ul> </li> <li>) RM 3 billion to acquire COVID-19 vaccine supplies, including through participation in the COVID-19 Vaccine Global Access (COVAX) Programme</li> <li>) RM90 million to pneumococcal vaccine programme for children</li> <li>) RM6 million for procurement of biologic medicine for various rheumatology illness such as Rheumatoid Arthritis</li> <li>) RM25 million for home based Peritoneal Dialysis treatment Program</li> <li>) Tenang Voucher Programme for B40 group (RM50 voucher)</li> </ul>
<p><b>Safeguarding the welfare of vulnerable groups</b></p> 	<ul style="list-style-type: none"> <li>) RM2.2 billion to enhance the welfare of vulnerable groups</li> <li>) RM6.5 billion for Bantuan Prihatin Rakyat (BPR)</li> <li>) RM1.5 billion to implement Jaringan PRIHATIN Programme to subsidize cost of internet services for B40 group which the telecommunications companies provide the benefit in form such as free data</li> <li>) Enhance the Targeted Loan Repayment Assistance (TRA)</li> <li>) Allocation of RM150 million to enhance Employment Insurance Scheme to benefit up to 130 thousand job seekers</li> <li>) RM28 billion allocated for subsidies, aids and incentives for community in the form of transportation and welfare, and subsidies to control the price increase of goods and services</li> <li>) RM200 million for the Community Drumming Programme to cover 34 new areas in Sabah and Sarawak</li> <li>) RM300 million for Rubber Production Incentive to assist 150,000 rubber smallholders</li> <li>) RM1.7 billion for subsidy, aid and incentive to farmers and fishermen</li> <li>) RM151 million allocated to assist 40,000 fishermen commencing 2021</li> <li>) RM400 million to write off the interest on the settlers' debt</li> </ul>
<p><b>Generating and retaining jobs</b></p>	<ul style="list-style-type: none"> <li>) RM3.7 billion to implement Skim Jaminan Penajaan Perkerjaan (Janakerja) to provide 500,000 new job opportunities</li> <li>) RM2 billion allocated for PenjanaKerjaya incentives to increase employment opportunities for 200,000 job seekers</li> <li>) RM1 billion to implement reskilling and upskilling programmes for benefitting 200,000 trainees               <ul style="list-style-type: none"> <li>➢ RM150 million for KPT-PACE, provide vouchers worth RM3,000 to fresh graduates to pursue a professional certification course</li> </ul> </li> </ul>



	<ul style="list-style-type: none"> <li>➤ RM100 million to Human Resources Development Fund (HDRF) for employment training</li> <li>➤ RM100 million to MDEC to transition workforce to the ICT industry</li> <li>➤ RM100 million allocated to regional corridor authorities (IRDA and SEDIA) to provide new skill training to workers affected by the closure of international borders</li> <li>➤ RM30 million to PERHEBAT for entrepreneurship training programme to benefit 12,000 veterans of the Malaysia Armed Forces</li> <li>) RM700 million allocated for introduce the Short-term Employment Programme (MySTEP) to offer 50,000 contract basis job opportunities in the public sector and Government Linked Company (GLCs)</li> <li>) Extend Wage Subsidy Programme for more 3 months especially in tourism sector with an allocation of RM1.5 billion</li> <li>) RM24 million for full contributions under SOCSO Employment Injury Scheme that benefit 100,000 employees</li> </ul>
<p><b>Prioritizing the inclusiveness agenda</b></p> 	<ul style="list-style-type: none"> <li>) RM11.1 billion for support the Bumiputera development agenda to reduce the disparity between races</li> <li>) RM6.5 billion to provide quality education to Bumiputera institution (such as MARA and UiTM) through specific programme</li> <li>) RM4.6 billion to support Bumiputera entrepreneurs             <ul style="list-style-type: none"> <li>➤ RM510 million for finance Bumiputera SMEs and micro SMEs through TEKUN and PUNB</li> <li>➤ RM800 million for capacity building programs by Bank Pembangunan Malaysia and SME Bank</li> <li>➤ RM2 billion to assist the financing of Bumiputera SMEs through Syarikat Jaminan Pembiayaan Perniagaan (SJPP)</li> <li>➤ RM1.3 billion for various capacity building programs including Dana Kemakmuran Bumiputera and other Bumiputera specific projects</li> </ul> </li> <li>) RM750 million to Pelaburan Hartanah Berhad (PHB) to increase value of Bumiputera holdings in real estate, especially for commercial developments on Malay reserve land</li> <li>) RM1.4 billion allocated to Islamic affairs and development under Prime Minister's Department</li> <li>) RM95 million micro credit financing through Tekun, Mara and Argobank to empower women entrepreneurs</li> <li>) RM50 million For Islamic Economic Development Foundation (YaPEIM) to support Islamic Pawnbroking through Ar-Rahnu Biznita</li> <li>) Training program provided for more than 2,000 women entrepreneurs through Micro Entrepreneurs Business Development Programme (BizMe)</li> <li>) RM21 million to establish a One-Stop Social Centre to provide social protection and moral support to women facing domestic problems</li> <li>) RM30 million to establish childcare centers or TASKA in government buildings especially in hospitals</li> <li>) RM20 million matching grant to the private sector for provision of childcare centers for their employees</li> <li>) RM10 million for cervical cancer screening and subsidy incentives for mammograms to women who are of high risk of breast cancer</li> </ul>

## Prioritizing the inclusiveness agenda




- ) RM177 million for the Chinese community to improve educational facilities, housing and development of new villages and financing facilities through Bank Simpanan Nasional (BSN)
- ) RM100 million allocated to Malaysian Indian Transformation Unit (MiTRA) elevate the socio-economic status of the Indian community
- ) TEKUN provide RM20 million for the Skim Pembangunan Usahawan Masyarakat India (SPUMI)
- ) RM5 million for entrepreneurship development of minority communities
- ) Allocation of RM50 million to increase the grants to Rukun Tetangga Areas for promote culture of volunteerism at the community level which benefit 8,000 Rukun Tetangga Areas
- ) RM50 million for repairs, maintenance, and small development projects for places of worship in areas under the Local Authority
- ) RM20 million allocated by Malaysian Prisons Department to implement Human Development Programme to provide skills training to prisoners and produce various product under MyPRIDE brand
- ) RM15 million for Cultural Arts Economic Development Agency or CENDANA to implement various arts and culture programs that benefit more than 5,000 artists and the production crew
- ) RM158 million for Orang Asli community, includes implementation of social assistance programs and the Integrated Development Programme for Orang Asli Villages
- ) RM5 million for land survey work for demarcation of boarders
- ) RM41 million allocated for Native Customary Rights in Sabah and Sarawak
- ) RM100 million allocated to the Community Rehabilitation Organization
- ) RM170 million for early childhood education programs by the Community Development Department or KEMAS to fund Supplementary Food Assistance, Per Capita Grant and repair TABIKA and Taska
- ) RM20 million for establish Community Centers as transits centers for children to attend after school for urban B40 groups
- ) RM2.7 billion for rural infrastructure improvement programs and projects
- ) Mobile banking services will be broadened in Sabah and Sarawak
- ) RM250 million for providing incentive of RM1,000 per month up to 3 months to private employees for each new fresh graduate who participates in the apprenticeship program with RM4,000 grant for employers to provide training programs for the apprentices
- ) RM75 million allocated to eBelia Programme for the youths aged 18-20 years by crediting one-off of RM50 into e-wallets account
- ) RM19 million to implement the Malaysia National Healthy Agenda to reduce risk of diabetes, hypertension, and obesity
- ) RM28 million to implement the Myfit Programme, National Sports Day and inspire Programme for the disable community
- ) RM103 million allocated to build, upgrade and maintain sports facilities
- ) RM 20 million as a soft loan through TEKUN Sports scheme to ensure continuity of sports facility operators




## Ensuring the Well Being of the Rakyat








- ) RM500 million to implement the Digital National Network initiative (JENDELA) to ensure connectivity of 430 schools throughout Malaysia covering all states
- ) RM7.4 billion allocated by Malaysian Communications and Multimedia Commission (MCMC) to build and upgrade broadband services
- ) RM150 million contribute by GLCs and GLICs into the Tabung CERDIK to provide laptops to 150,000 students
- ) RM420 million to supply milk under the Supplementary Meal Plan for students from low-income families
- ) RM800 million for maintenance and repair of Government Schools and Government Aided Schools
- ) RM725 million to upgrade buildings and infrastructure in 50 dilapidated schools
- ) RM120 million for implement 184 construction projects and install tube well water supply for schools in Sabah and Sarawak
- ) RM45 million for special needs children in schools
- ) RM14.4 billion allocated to Ministry of Higher Education
- ) RM50 million to upgrade the Malaysian Research & Education Network (MYREN) access line to 10 Gbps
- ) RM100 million to finance the BSN Myringgit - i COMSIS Scheme, a laptop loan scheme for PTPTN loan holders from institution of higher learning
- ) RM6 billion allocated to strengthen Technical and Vocational Education and Training (TVET)
- ) RM300 million provided through Skills Development Fund Corporation (PTPK) for 24,000 trainees to pursue TVET programs in public and private training institutions
- ) RM60 million to increase National Dual Training System plus allowance that benefit 10,000 trainees through TVET based programs
- ) RM29 million to implement TVET Programme under Ministry of Higher Education including Islamic education and lifelong learning initiatives for students in tahfiz institutions and pondok schools
- ) RM1.2 billion allocated for housing
  - RM500 million for Program Perumahan Rakyat to build 14,000 low cost housing units
  - RM315 million for the construction of 3,000 units of Rumah Mesra Rakyat
  - RM125 million for the repair and maintenance of low cost, medium-low stratified housing, dilapidated houses and houses damaged by natural disaster
  - RM310 million for the Malaysia Civil Servants Housing Programme (PPAM)
- ) Government will collaborate with selected financial institutions on a Rent-To-Own scheme involving 5,000 PR1MA houses with a total value of over RM1 billion reserved for first time home buyers
- ) RM300 million allocated to expand My30 unlimited travel pass initiative to Kuantan and Penang
- ) RM150 million allocated to expand Stage Bus Service Transformation Programme (SBST) to Johor Bahru, Kuching, Kota Kinabalu and Kuantan
- ) RM2.3 billion to ensure the readiness of the Malaysian Armed Forces

	<ul style="list-style-type: none"> <li>) RM27 million allocated to CyberSecurity Malaysia to increase the country's cyber security</li> <li>) Government approved the construction of 1000 units with a total cost of RM500 million to maintain the facilities of the existing Rumah Keluarga Angkatan Tentera (RKAT)</li> <li>) RM153 million for upgrade the facilities at the training center to strengthen the role of RELA</li> </ul>
<p><b>Driving Investment</b></p> 	<ul style="list-style-type: none"> <li>) RM1 billion provided as a special incentive package for high value-added technology to support R&amp;D investment in aerospace and electronic cluster</li> <li>) Bank Negara Malaysia (BNM) provide RM500 million to support high technology and innovative companies</li> <li>) RM1.4 billion National Development Scheme introduced to support the implementation and development of domestic supply chains and increase the production of local products such as medical devices</li> <li>) RM3.7 billion for Maritime Development and Logistic Scheme, Sustainable Development Financing Scheme, Tourism Infrastructure Scheme and Public Transport Fund extended until 31 December 2023</li> <li>) RM2 billion to Targeted Assistance and Rehabilitation facility introduced through loans from banking institutions to assist SMEs</li> <li>) RM100 billion for the maintenance of industrial park infrastructure</li> <li>) RM42 million under JENDELA to improve internet connectivity in 25 industrial parks</li> <li>) RM45 million to meet the water supply needs of the petrochemical sector in the Gebeng Industrial Zone</li> <li>) RM400 million to several ministries and agencies for R&amp;D purposes in an effort to support the development of science and technology</li> <li>) RM20 million for Malaysia Techlympics and Science Space Programmes to create expertise in the field of AI and robotics among youth</li> <li>) RM100 million from the proceeds of Sukuk PRIHATIN will be allocated to conduct research relates to infectious diseases covering vaccine development as well as treatment research and diagnostics</li> <li>) RM400 million contribute by the 4 major glove companies namely Top Glove, Hartalega, Supermax and Kossan to fight COVID-19 which includes partially covering the cost of the COVID-19 vaccine and expenses for health equipment</li> <li>) Initiatives to encourage the production and purchase of locally made products:             <ul style="list-style-type: none"> <li>➢ RM25 million for the Micro Franchise Development and Affordable Franchise Programs as well as buy-made in Malaysia Program</li> <li>➢ RM150 million for training programs and sales assistance and digital equipment for 100,000 entrepreneurs to encourage adoption of e-commerce SME and Micro SME Campaign</li> <li>➢ RM150 million to implement the Shop Malaysia Online initiative together with e-commerce platforms</li> <li>➢ RM35 million to promote Malaysian made products and services under the Trade and Investment Mission</li> </ul> </li> </ul>



<p><b>Strengthening Key Sectors</b></p> 	<ul style="list-style-type: none"> <li>) RM30 million for extension of the Community Farming Programme to provide equipment to the semi urban and rural communities</li> <li>) RM50 million to implement the Organic Agriculture Project to benefit 1,000 communities</li> <li>) RM10 million to implement the e-Satellite Farm Programme</li> <li>) RM150 million to finance Fishermen under Vessel Modernization and Capture Mechanization Programme by Argobank</li> <li>) RM60 million to finance agricultural entrepreneurs under the Argofood Value Chain Modernization Programme by Argobank</li> <li>) RM10 million to implement the Aquaculture Development Programme</li> <li>) RM100 million for implementation of impactful and high-value farming projects through collaboration with State governments</li> <li>) RM20 million allocated for Malaysian Sustainable Palm Oil Certification or MSPO and matching grants of RM30 million to encourage industry investment in mechanization and automation</li> <li>) RM16 million as incentive for latex production</li> <li>) RM500 million as a revolving fund for the Forest Plantation Development Loan (PPLH) Programme</li> <li>) RM50 million for training and placement programs for 8,000 airline employees</li> <li>) RM50 million for maintenance and repair the tourism facilities throughout the country</li> <li>) RM20 million to improve infrastructure and intensity promotion of Cultural Villages in Terengganu, Melaka, Sarawak and Negeri Sembilan</li> <li>) RM10 million for preservation of national heritage buildings</li> <li>) RM35 million as a initiatives for Malaysia Healthcare Travel Council to enhance competitiveness of the local health tourism industry</li> <li>) HRDF fund levy given exemption for 6 months effective 1 January 2021 to tourism sector</li> </ul>
<p><b>Prioritizing automation and digitalization</b></p> 	<ul style="list-style-type: none"> <li>) RM1 billion for the industrial Digitalization Transformation Scheme with the availability of these funds extended until 31 December 2023</li> <li>) RM150 million allocated to support of automation and modernization under the SME Digitalization Grant Scheme and the Automation Grant. The eligibility conditions will be relaxed for micro-SMEs and starts-ups that have been operating for at least six months</li> </ul>
<p><b>Enhancing access to financing</b></p> 	<ul style="list-style-type: none"> <li>) RM300 million provided to Bumiputera micro and small businesses under Lestari Bumi Financing facility scheme</li> <li>) RM300 million provided for National Supply Chain Finance Platform, Jana Niaga to support the financial position of SMEs that supply Government or GLCs under extended payment terms</li> <li>) RM50 million allocated based on matching investment basic to support peer-to-peer financing platforms (P2P)</li> <li>) RM1.2 billion, micro credit financing provided through TEKUN, PUNB, Agrobank, BSN and other financial institution including RM110 million to Micro Enterprise Facility under BNM to encourage entrepreneurships</li> </ul>

	<ul style="list-style-type: none"> <li>) RM230 million to SMEs for working capital, upgrading of automation systems and equipment and expenditure related to the implementation of COVID-19 SOP compliance</li> <li>) RM10 billion for Syarikat Jaminan Pembiayaan Perniagaan with 2 billion reserved for Bumiputera entrepreneurs</li> <li>) RM 3 billion allocated guarantees under Danajamin Prihatin Guarantee Scheme for companies involved in highlyhigh skilled industries such as oil and gas and aerospace will be extended to 2021 with improved terms and conditions</li> <li>) RM30 million allocated through matching grant for the investment in the Equity Crowd Funding (ECF) platform under the supervision of the Securities Commission (SC)</li> </ul>
<p><b>Expenditure with high multiplier effect</b></p> 	<ul style="list-style-type: none"> <li>) RM2.5 billion allocated for contractors in Class G1 to G4 to carry out small and medium projects, including: <ul style="list-style-type: none"> <li>➢ RM200 million for maintenance projects for Federal roads</li> <li>➢ RM50 million for PPR house</li> </ul> </li> <li>) Flexibilities accorded on procurement procedures will be extended until December 2021 to expedite the implementation of development projects</li> <li>) RM50 million allocated for constructions contractors under Skim Pembiayaan Kontrak Ekspres (SPiKE) through MARA</li> </ul>
<p><b>Development agenda under 12th Malaysia Plan</b></p> 	<ul style="list-style-type: none"> <li>) RM15 billion allocated to implement transport infrastructure projects and fund the Pan Borneo Highway, the Gemas-Johor Bahru Electrified Double-Tracking Project and Klang Valley Double-Tracking Project Phase One</li> <li>) RM780 million allocated for continuing development projects in the five regional economic corridors: <ul style="list-style-type: none"> <li>➢ Rapid Transit Bus Transport System at three high Capacity Routes and construction of busway at IRDA in Johor</li> <li>➢ Construction of the Palekbang Bridge to Kota Bahru, Kelantan under ECER</li> <li>➢ Construction of infrastructure and related components of the Special Development Zone Project in Yan and Baling, Kedah under NCER</li> <li>➢ Infrastructure Project in the Samalaju Industrial Area, Sarawak under SCORE</li> <li>➢ Continuation of the Sapangar Bay Container Port Expansion project, Sabah Under SDC</li> </ul> </li> <li>) RM150 million allocated for the Raw Water Transfer Project from Sungai Kesang and Tasik Biru to the Jus Reservoir, Melaka</li> <li>) RM5.1 billion and RM4.5 billion to Sabah and Sarawak respectively for Development Expenditure for the year 2021</li> </ul>

<p><b>Enhancing the role of GLC and civil society</b></p> 	<ul style="list-style-type: none"> <li>) Ministry of Finance will distribute funds to NGOs and grant of RM100 million will be matched with contributions from GLC-owned foundation:             <ul style="list-style-type: none"> <li>➢ RM50 million for income generation and employment promotion initiatives for vulnerable</li> <li>➢ RM30 million as initiatives to address social issues</li> <li>➢ RM20 million as initiatives to environmental conversation</li> </ul> </li> <li>) RM20 million allocated to the Malaysian Global Innovation and Creativity Centre (MaGIC) and selected agencies for social enterprise development programs</li> </ul>
<p><b>Ensuring resource sustainability</b></p> 	<ul style="list-style-type: none"> <li>) RM20 million to establish the Malaysia - SDG Trust Fund or MySDG Fund to ensure the SDG is achieved by 2030</li> <li>) RM5 million allocated to support the SDG Programs that implemented by the Malaysian Parliamentary Party Cross Group</li> <li>) RM2 billion to Green Technology Financing Scheme 3.0 for two years up to 2022</li> <li>) RM50 million to address waste and solid waste trapped in rivers</li> <li>) RM40 million provided over five years to strengthen environmental quality monitoring enforcement activities</li> <li>) RM10 million allocated for implementation of Integrated Island Waste Management Project around the islands of Johor and Terengganu, to reduce the effects of coral reef destruction on marine life</li> <li>) RM400 million provided to all State Governments under TAHAP with RM70 million for the purpose of Ecological Fiscal Transfer activities</li> <li>) RM30 million provided for introducing of SAVE 2.0 Program to benefit 140,000 household</li> <li>) RM20 million allocated to the Biodiversity Protection and Patrol Program for recruitment of 500 Orang Asli and former military and polis personnel for patrolling activities</li> </ul>
<p><b>Civil service</b></p> 	<ul style="list-style-type: none"> <li>) RM14 million allocated to upgrade infrastructure and information and communication technology facilities in the Ministry of Foreign Affairs and digitalization of the Malaysian consular services abroad</li> <li>) One-off grant of RM500 to 40,000 recipients who received the National Hero Service Medal</li> <li>) Special provision provided as a reward to who can provide information on any misconduct and violations of the law</li> </ul>