

Prihatin Rakyat Economic Stimulus
Package

27 March 2020



**MAKING AN
IMPACT THAT
MATTERS**
since 1845

Foreword



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At 3pm today, our Prime Minister Tan Sri Muhyiddin Yassin announced a comprehensive economic stimulus package known as *Prihatin Rakyat Economic Stimulus Package* or *PRIHATIN* valued at a whopping RM250 billion in total, representing 17% of our Gross Domestic Product (GDP). It aims at helping the *Rakyat* and businesses pull through these unprecedented challenging times.

The global COVID-19 pandemic has made a devastating impact on the world and Malaysia. For the ordinary Malaysian, household income has also declined, leading to a surge in our poverty level. The pandemic has also threatened the mental health of front liners and caused immense challenges to many businesses, including Small and Medium-sized Enterprises (SMEs).

As the Prime Minister said in his announcement – *“this unprecedented situation requires unprecedented measures”*. The allocated RM250bil is more than 3 times the amount allocated during the 2009 financial crisis.

The package is designed based on 3 main thrusts:

1. Protecting for the welfare and well-being of the rakyat
2. Supporting the business
3. Strengthening the nation’s economy

Some of the key measures include the following:

- RM50 billion Danajamin guarantee scheme with up to 80% guarantee for working capital needs with a minimum RM20 million loan size per company
- Increase in the Special Relief Facility for SMEs from RM3 billion to RM5 billion
- Deferment of employers’ EPF contribution for 6 months upon consultation
- Exemption from payment of the Human Resources Development Fund (HRDF) levy for all sectors for a six-month period;
- Increase in the Micro Credit Scheme to RM700 million at a 2% interest rate with no collateral requirement.
- A monthly wage subsidy of RM600 for three months for employers with a 50% drop in business since 1 January 2020, for workers with a salary of below RM4,000.
- RM1 billion for the Health Ministry to procure equipment and services to combat COVID-19
- National Caring Aid (Bantuan Prihatin Nasional) involving one-off cash allocation of RM10 billion will be given to the B40 and M40 group.
- Expediting all projects allocated in Budget 2020, including ECRL, MRT2 and the National Fiberisation and Connectivity Plan (NFCP).

The government is applauded for introducing multiple caring measures to address the well-being of the *Rakyat*, self-employed individuals included. While the SMEs will be considerably supported through various initiatives, we are hopeful for more bold measures to be rolled out. This will help bigger corporations employing millions of people fulfil their hefty monthly financial obligations towards their suppliers, financial institutions and employees amongst others. The government may also consider increasing development expenditure such as introducing more infrastructure projects in due course to pump prime the economy that is almost at a standstill currently. To be more targeted, the support offered to the most badly hit sectors including aviation, tourism and hospitality can be doubled down, where necessary.

As they say – *“There’s going to be good times and bad times. When the good times come you got to ride it as long as you can. And when the bad times come you got to battle and try to get out of there as soon as you can”*.

Stay healthy, together we will emerge stronger!

Snapshot of the PRIHATIN Package – RM 250 billion allocation



RM 128 billion

Protecting welfare and well-being of the people



RM 100 billion

Supporting businesses



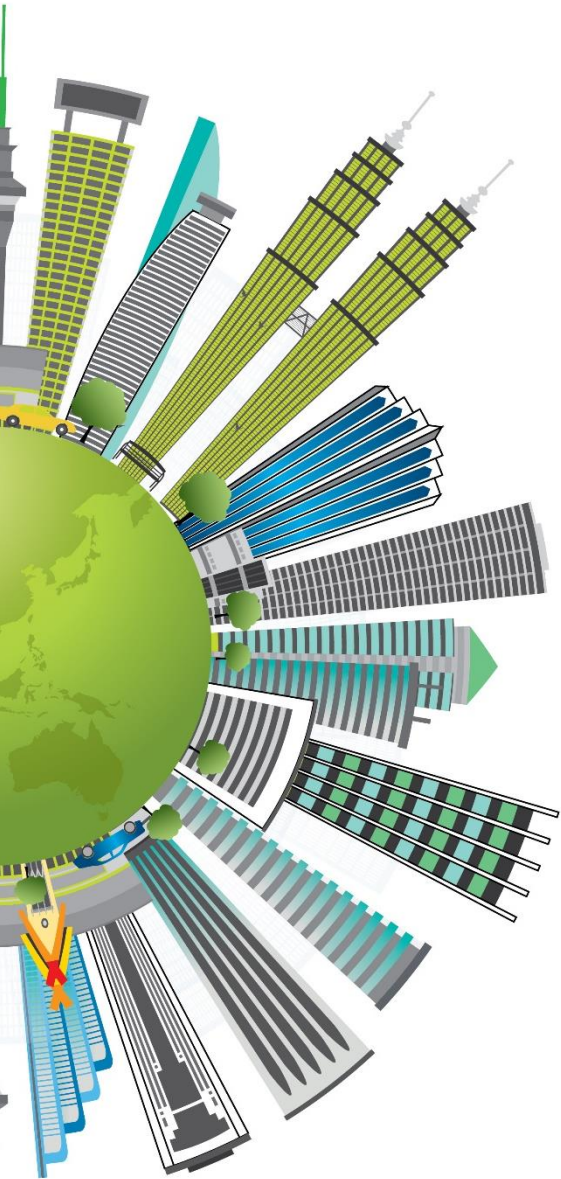
RM 2 billion

Strengthening the economy



RM 20 billion

Economic Stimulus Package announced on 27 February 2020



Supporting businesses

- Deferment of monthly tax instalment payments for Small and Medium Enterprises (SMEs) for 3 months commencing from 1 April 2020. Further details should be forthcoming to clarify the definition of SME.
 - 6 months rental waiver for school canteens, nurseries, cafeteria and convenience stores located in Federal Government premises including statutory bodies and agencies.
 - Government will subsidise employees' wages of RM 600 per month for a 3-month period on the following conditions:
 - Employer suffering a 50% drop in revenue since 1 January 2020
 - Employee's monthly salary of below RM 4,000
 - Employer shall not terminate the existing employees or instruct the employees to take unpaid leave
 - Employer shall not implement pay cut on existing employees
 - Government will subsidise the salaries payable for the MCO period by contractors involved in the service sector such as cleaning and food suppliers in schools, public higher learning institutions and other Government agencies including statutory bodies.
- EPF will launch an Employer Consultation Services Program on 15 April 2020 where employers may opt for deferment of payment, restructuring, or rescheduling of employers' contribution.
 - Waiver of Human Resource Development Fund (HRDF) contribution for 6 months for all sectors effective 1 April 2020.
 - All banks are required to provide financial relief in the form of payment moratorium comprising restructuring and rescheduling loans for affected businesses and individuals. It is proposed that the bank's income arising from interests or gains on such moratorium payments will be taxed when the income is received after the moratorium period.
 - Moratorium payments are extended to loans given to SMEs by TEKUN, MARA, cooperatives and other government agencies beginning 1 April 2020.
 - An additional fund of RM 4.5 billion will be given by BNM and the government by way of loans to SMEs and micro entrepreneurs.

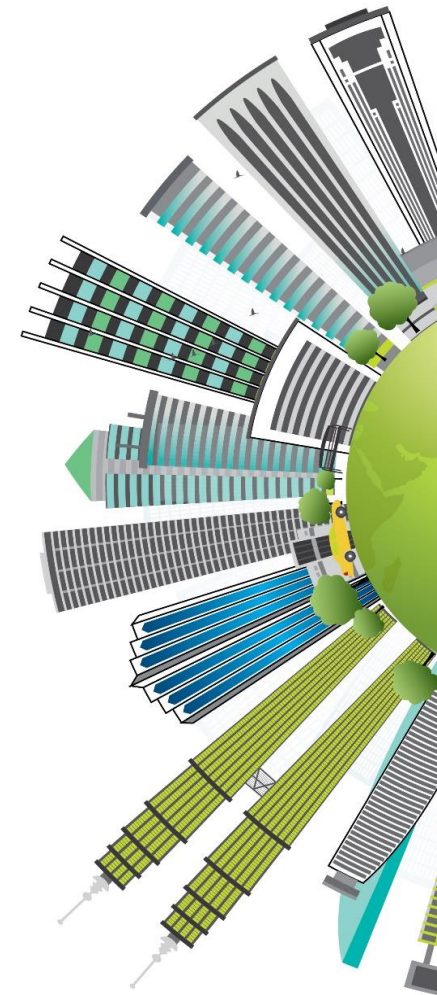
Supporting the Rakyat

- A monthly allowance of RM600 to healthcare frontliners (doctors, nurses, etc.) *w.e.f. 1 April 2020 until end of outbreak.*
- A monthly allowance of RM200 to other frontliners [army, police, customs, civil defense, The People's Volunteer Corps (RELA)] *w.e.f. 1 April 2020 until end of outbreak.*
- Takaful / insurance policyholders affected by the COVID-19 outbreak are allowed to defer payment of their premiums for up to 3 months.
- Cash payout under the National Caring Aid (Bantuan Prihatin Nasional) will be given to the B40 and M40 group:
 - RM1,600 for households with monthly income of RM 4,000 and below
 - RM1,000 for households with monthly income between RM4,001 and RM 8,000
 - RM800 for single Malaysians aged 21 and above with monthly income of not more than RM2,000
 - RM500 for single Malaysians aged 21 and above with monthly income between RM2,001 and RM4,000
- RM200 cash payout to students of higher education institutions including Matriculations, Community College, Polytechnic, IPTA and IPTS.

- Daily allowance of RM50 for up to 14 days under *mySalam* is extended to individuals quarantined as patients under investigation. This applies to patients under B40 Group.
- Tax exemption on pre-retirement withdrawals from Account B under Private Retirement Scheme (PRS) during the period between April 2020 and December 2020, capped at RM 1,500 for each member.
- Electricity bill discounts ranging from 15% to 50% for all sectors for a period of 6 months, i.e. from April to September 2020
 - 50%: Below 200 kWh
 - 25%: 201 kWh-300 kWh
 - 15%: 301 kWh- 600 kWh
- Free internet for all users from 1 April 2020 up to end of MCO.
- Cash payout of RM 500 each for public servants (including staff under contract) below grade 56 and retirees.
- Cash payout of RM 500 to each e-hailing driver.
- Insurance and takaful companies will bear COVID-19 screening test costs of up to RM300 per policyholder.
- 6 months rental waiver for B40 individuals staying in Project Perumahan Rakyat (PPR) and Project Perumahan Awam (PPA).

Strengthening the economy

- Government will continue all projects allocated in Budget 2020, including ECRL, MRT2 and the National Fiberisation and Connectivity Plan (NFCP) in line with its focus to ensure sustainable economic development.
- Implementation of small projects which will have high multiplier effects and employment maintenance with allocation of RM 2 billion to assist contractors in class G1 to G4.



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Combating COVID-19 with resilience

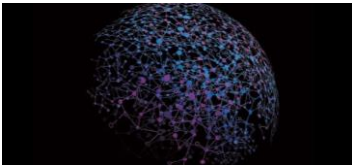
A collection of insights to help business manage and mitigate risks with COVID-19



The heart of resilient leadership: Responding to COVID-19

A guide for senior executives. Five fundamental qualities of resilient leadership distinguish successful CEOs as they guide their enterprises through the COVID-19 crisis. Learn specific steps that can help blunt the crisis's impact- and enable your organisation to emerge stronger.

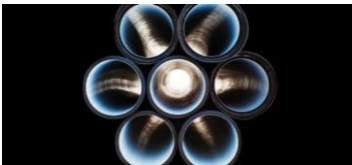
<https://www2.deloitte.com/global/en/insights/economy/covid-19/heart-of-resilient-leadership-responding-to-covid-19.html>



COVID-19: Managing cash flow during a period of crisis

Cash flow management needs to be an integral element of a company's overall COVID-19 risk assessment and action planning in the near term. Management teams will need to evaluate their cash flow requirements, develop appropriate actions under various scenarios, and assess potential risks to their customer base and supplier network.

<https://www2.deloitte.com/content/dam/Deloitte/global/Documents/About-Deloitte/gx-COVID-19-managing-cash-flow-in-crisis.pdf>



COVID-19: Managing supply chain risk and disruption

A decades-long focus on supply chain optimisation to minimise cost, reduce inventories, and drive up asset utilisation has removed buffers and flexibility to absorb disruptions – and COVID-19 illustrates that many companies are not fully aware of the vulnerability of their supply chain relationships to global shocks.

<https://www2.deloitte.com/content/dam/Deloitte/global/Documents/About-Deloitte/gx-COVID-19-managing-supply-chain-risk-and-disruption.pdf>



Future of Work: Ways of working in uncertain times

To sustain and thrive in uncertain times brought forward by COVID-19, organisations must explore new ways of working. This has placed a spotlight on the need for corporate resilience and the ability to embrace virtual collaboration tools and practices.

https://www2.deloitte.com/content/dam/Deloitte/global/Documents/About-Deloitte/Future_of_Remote_Work_Final_031420.pdf



Business Continuity Management: With a zoom in on the health crisis response plan

An effective Business Continuity Management (BCM) programme is a critical component of successful business management. Experience shows that typically over 50 percent of businesses without an effective business continuity plan will ultimately fail following a major disruption.

<https://www2.deloitte.com/content/dam/Deloitte/lu/Documents/risk/lu-business-continuity-management.pdf>



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