

DISTRIBUTION OF WEALTH

A year of growth enjoyed by all

MALAYSIA'S economy grew better than expected in the third quarter of this year at 5.2 per cent, mainly due to the continuous expansion of domestic demand, a significant growth in net exports and a robust labour market.

For the whole of 2025, economic growth is expected to hit the upper range of the projected 4.0 to 4.8 per cent. There are fiscal and monetary policies in place that have enduring impact on the expansion of the economy.

Among them are the adjustment to the Public Service Remuneration System that increased civil servants' salaries, raising the minimum wage to RM1,700 a month, a 25-basis-point interest rate cut by Bank Negara Malaysia, higher financial assistance for selected income groups, RM2 billion in the one-off Sumbangan Asas Rahmah (Sara) for all citizens, the Budi95 petrol subsidy, large-scale infrastructure projects, a high level of approved investments and tourism activities.

These measures are crucial to stimulate private consumption,



**DR IRWAN
SHAH ZAINAL
ABIDIN**

which contributes around 60 per cent to the overall economy.

Strategy-wise, the RM100 Sara handouts and the Budi95 system are fascinating.

It is difficult to argue that the impact of an improved economy is not felt, as at least some 22 million Malaysians are eligible to claim the RM100 Sara until the end of this year. Another round is expected in February next year under the 2026 Budget.

The scheme is meant to distribute the nation's wealth to all, even those in the higher income brackets of M40 and T20 who are also taxpayers. And since it is difficult to define the so-called "Top 15 per cent", the universal application of Sara appeared to be the best solution for now.

Furthermore, the government has highlighted that those who believe they do not need the RM100 can leave it untouched and the funds will be redirected to the needy.

The implementation of Sara through the MyKad has been successful, and this has led to the use of a similar mechanism for Budi95.

This mechanism will give the government new data to improve implementation.

For now, instead of increasing the cost of living, the RON95 subsidy retargeting has improved people's purchasing power and advanced the government's fiscal consolidation agenda.

The extra RM15.5 billion in annual savings from the retargeting of subsidies for RON95, diesel, electricity, eggs and chicken is expected to be channelled to ease the people's cost of living next year.

The strong performance of the ringgit is also expected to ease the cost of living as imports will become cheaper and domestic consumption is boosted.

The strong ringgit and the International Monetary Fund's



A cashier at a supermarket in Kuala Terengganu processing the Sara redemption of a shopper on Thursday. BERNAMA PIC

glowing assessment of the Malaysian economy are more signs of good economic management in 2025.

We need to build on this momentum. The new cabinet appointments, especially Datuk Seri Johari Abdul Ghani as investment, trade and industry minister and Akmal Nasrullah Mohd Nasir as economy minister, are steps in the right direction.

Johari had said he would comb through the Agreement on Reciprocal Trade with the United States to look for unfair clauses. He has also said Malaysia's trade and investment performance can be boosted by diversifying markets for its goods.

In this regard, updates on Malaysia's membership of BRICS are crucial.

For the economy minister, it might be wise to update the public on the progress of the Madani economic framework and perhaps introduce new measures to increase people's income.

All in all, 2025 is a year of resilience for Malaysia. The growth momentum is expected to be sustained into next year, and it is hoped that 2026 will be a year of real reform.

The writer is a senior associate fellow at the Economic and Financial Policy Institute of Universiti Utara Malaysia