



Ministry of Finance
Malaysia

PRIHATIN RAKYAT ECONOMIC STIMULUS PACKAGE 2020

Prihatin
Pakej Rangsangan Ekonomi Prihatin Rakyat

**PRIHATIN RAKYAT
ECONOMIC STIMULUS PACKAGE
(PRIHATIN)**

**27 MARCH 2020
PUTRAJAYA**

PRIME MINISTER OF MALAYSIA PREFACE

The spread of the COVID-19 pandemic has a significant impact on world economic development. In Malaysia, the outbreak has now entered the second wave. As such, the Government implemented the Movement Control Order from 18th March to 14th April 2020 throughout the country. The objective of this measure is to prevent more *rakyat* from getting infected and provide an opportunity for the Government to accelerate the curbing efforts.

However, the measure limits overall economic activities and affects the income of various groups of people. The situation is a concern to all of us, especially among the low-income and vulnerable groups who are unable to continue their daily activities amid heightening uncertainty and challenging environment.

Thus, the Government, through the Prihatin Rakyat Economic Stimulus Package (PRIHATIN), has reviewed and enhanced the previous package to protect every segment of society. These include an additional allocation to the Ministry of Health for medical equipment and personnel and providing assistance in terms of cash and in-kind to affected groups. Measures were also introduced to protect jobs as well as funds to support businesses, especially SMEs.

I urge all parties to cooperate with the Government in the fight against COVID-19 and enable the nation to return to normalcy.



TAN SRI DATO' HAJI MUHYIDDIN BIN HAJI MOHD YASSIN
PUTRAJAYA
27 MARCH 2020

INTRODUCTION

The COVID-19 outbreak that has been declared as a pandemic by the World Health Organization (WHO) has disrupted global economic growth including Malaysia. In response to the outbreak, the Government implemented the Movement Control Order (MCO) to curb the spread of the disease and protect the *rakyat*. The measure has constrained the daily activities of the *rakyat* and businesses, thus affecting their income.

2. To mitigate the impact of COVID-19 and the MCO, the Government introduced the Prihatin Rakyat Economic Stimulus Package or PRIHATIN, an enhancement to the Economic Stimulus Package announced on 27th February 2020. The RM250 billion Package is expected to ease the burden of the *rakyat* and the business community.

3. Of the total amount, almost RM128 billion is channelled to protecting the welfare of the *rakyat*, RM100 billion for supporting businesses, including Small and Medium Enterprises (SMEs) and RM2 billion to strengthen the economy, while the remaining RM20 billion was announced in the previous stimulus package.

4. The PRIHATIN package will provide immediate assistance to ease the burden of all segments of the *rakyat* and ensures that no one is left behind. The stimulus package outlines three objectives as follows:

- | | |
|---------------|--------------------------------|
| First | : Protecting Rakyat |
| Second | : Supporting Businesses |
| Third | : Strengthening Economy |

FIRST OBJECTIVE: PROTECTING RAKYAT

5. The spread of the COVID-19 outbreak is impacting the lives of the entire populace. The outbreak has affected the daily activities of the *rakyat* at various levels, including households, students, workers, businesses in particular the healthcare personnel. In this regard, measures designed under this objective focuses on curbing the spread of the COVID-19 outbreak, providing assistance to the affected households and individuals as well as protecting workers.

Curbing the Outbreak of COVID-19

6. To curb the spread of COVID-19 outbreak, the Government announced an allocation of RM500 million to the Ministry of Health (MOH). This allocation is to purchase medical apparatus such as ventilators and ICU equipment, personal protective equipment (PPE) for public medical personnel as well as laboratory requirements for testing COVID-19. The Government is also allocating an additional RM1 billion to purchase equipment and services, which include obtaining medical expertise from private healthcare service providers to contain the outbreak.

7. The insurance and takaful industry pledges RM8 million for COVID-19 testing at private hospitals. Policy and takaful medical certificate holders instructed by the MOH to undergo the test will receive an assistance of up to RM300. Meanwhile, family takaful and insurance companies will offer a 3-month suspension on premiums.

8. In the earlier stimulus package, the Government provided a special allowance to doctors, nurses and medical personnel involved directly in curbing and preventing the outbreak. The Government is aware that in this challenging situation, the healthcare personnel are working tirelessly under stress and enormous pressure. Nevertheless, they continue to battle against this great challenge. Recognising their sacrifices, the Government will increase the special allowance from RM400 to RM600 per month effective 1 April 2020 until the outbreak ends.

9. The Government also agrees to provide a special monthly allowance of RM200 to military, police, customs, immigration, firefighters, Civil Defence Forces and RELA members directly involved in enforcing the MCO. This allowance will also be paid beginning 1 April 2020 until the COVID-19 outbreak ends. About 169,000 additional frontliners are expected to benefit from this initiative.

Bantuan Prihatin Nasional

10. The Government empathises with the *rakyat* who are financially affected following the calamity. To ease their burden, the Government will provide a one-off cash assistance, Bantuan Prihatin Nasional (BPN) with an allocation of RM10 billion. For the first time, the aid will also be channelled to the M40 group. Among the beneficiaries include employees in the private sector, FELDA settlers, farmers, fishermen and small traders. The payments include:

No.	Beneficiaries	April 2020	May 2020	Total
1	Households earning ≤RM4,000 per month (4 million households)	RM1,000	RM600	RM1,600
2	Households earning RM4,001 – RM8,000 per month (1.1 million households)	RM500	RM500	RM1,000
3	Single individuals earning ≤RM2,000 per month (3 million individuals ≥21 years old)	RM500	RM300	RM800
4	Single individuals earning RM2,001 – RM4,000 per month (400,000 individuals ≥21 years old)	RM250	RM250	RM500

11. Meanwhile the remaining cash transfers under the Bantuan Sara Hidup (BSH) programme totalling RM3.2 billion will be paid out in July 2020.

Assistance to Students

12. The Government is also mindful of the needs of students at institutions of higher learning. They will be provided with a one-off cash assistance of RM200 per student, which will be disbursed in May 2020. The support totalling RM270 million is targeted for students at various levels of tertiary education, including form six, matriculation, community colleges, polytechnics, as well as public and private institutions of higher learning.

Assistance to Vulnerable Groups

13. The Government is also concerned about the vulnerable groups such as senior citizens and children in shelters, the disabled, homeless and *orang asal*. Thus, the Government will work together with non-governmental organisations (NGOs) and relevant social entrepreneurs to provide food assistance, healthcare and shelters with a total allocation of RM25 million.

Deferment of Loan Repayment under the Skills Development Fund Corporation

14. The Government has previously agreed to defer the Perbadanan Tabung Pendidikan Tinggi Nasional (PTPTN) loan repayment for all borrowers for six months. This initiative involves a sum of RM750 million. Similarly, the Government agrees to postpone loan repayment to borrowers of the Skills Development Fund Corporation (PTPK) for the same period beginning 1 April 2020 to 30 September 2020. With an estimated collection of RM149.2 million, this initiative will benefit 174,500 borrowers.

mySalam

15. Currently, under *mySalam* hospitalisation benefit, B40 patients infected with COVID-19 are entitled for income replacement claims of RM50 per day for a maximum of 14 days. The Government will extend this benefit to quarantined B40 patients under investigation (PUI).

Private Retirement Scheme

16. The Private Retirement Scheme (PRS) initiative is an alternative to retirement savings. In this challenging time, the *rakyat* would require cash for daily expenses regardless of the sources of savings. Accordingly, the Government allows pre-retirement withdrawals from Account B of PRS up to RM1,500 per member without any tax penalties between April and December 2020.

Exemptions and Postponement on Housing and Business Premise Rentals

17. The Government is also concerned about the hardships faced by the urban B40 group, especially those who live in the Projek Perumahan Rakyat (PPR) and Public Housing. In this regard, the Government previously announced a one-month rental exemption for the PPR which is now extended to six months with a cost of RM3 million borne by the Government.

18. The initiative involves 3,636 units of PPR homes for rental or transit under the Ministry of Housing and Local Government (KPKT). Meanwhile, for the rent-to-own (RTO) units, a six-month moratorium is provided effective April until September 2020, involving 4,649 RTO units at RM5.7 million.

19. As for Public Housing, the Kuala Lumpur City Hall will provide similar exemption which will benefit more than 40,000 tenants. Towards this end, the Government urges other state governments and local authorities to extend the same benefits to ease the burden of the *rakyat*.

20. The Government has also approved a six-month lease exemption on all premises owned by the Federal Government such as school canteens, nurseries, cafeterias, convenience stores and others. This includes all premises owned by agencies and statutory bodies of the Federal Government. Again, the Government urges all the state governments, local authorities and Government-linked companies (GLCs) to grant similar exemptions.

Electricity Bill Discounts

21. Previously, the Government allocated RM500 million to provide a 15% discount on electricity bill for the tourism sector as well as a 2% discount for commercial, industrial, agricultural and household sectors in Peninsular Malaysia beginning 1 April 2020. The Government with Tenaga Nasional Berhad (TNB) will increase the allocation to RM530 million with the introduction of a tiered-discount system for households. The discounts range between 15% and 50% according to the electricity usage with a maximum of 600 kilowatts per month as below:

Electricity Consumption per Month	Discount Rates
≤200 kilowatts	50%
201 – 300 kilowatts	25%
301 – 600 kilowatts	15%

22. The discount will be valid for six months beginning in April 2020. Meanwhile, the 2% discount announced previously is still applicable to all households with monthly usage more than 600 kilowatts.

Telecommunication Services Incentives

23. Several special packages are offered in collaboration with telecommunication companies. These include free internet services to all customers during the MCO period starting 1 April 2020 involving a value of RM600 million.

24. Furthermore, telecommunication companies will invest an additional sum of RM400 million in widening the network coverage and capacity as well as maintaining stable and high-quality telecommunication services.

Assistance to Civil Servants and Pensioners

25. The welfare of civil servants who remain loyal to the nation in carrying out their responsibilities is also not neglected. Recognising their contribution, the Government will provide a one-off cash assistance of RM500 to more than 1.5 million civil servants

of grade 56 and below, including contract workers. The payment will be made in April 2020. Meanwhile, more than 850,000 Government pensioners will be given a one-off assistance of RM500 in April 2020.

Food Security

26. During this critical period, it is vital to ensure sufficient food supply. In this regard, the Government will allocate RM1 billion for Food Security Fund. Apart from that, the Government will continue to channel various assistance to farmers and fishermen, including agricultural inputs to increase domestic production.

27. The Government will also provide RM100 million for the development of infrastructure for food storage and distribution as well as crop integration programme. The Government also allocates RM100,000 to RM200,000 to viable Pertubuhan Peladang Kawasan and Pertubuhan Nelayan Kawasan. This is to develop agro-food projects that are capable of generating income within three to six months. The measure involves an allocation of RM64.4 million.

Job Retention Programme

28. The Government will introduce Wage Subsidy Programme to assist employers in retaining their workers. In this challenging situation, the Government hopes the workers are not being retrenched and lose their income. Through this programme, the Government will provide a salary of RM600 per month to every employee for three months. The programme is dedicated to workers earning less than RM4,000 and employers experiencing more than 50% decrease in their income since 1 January 2020. Employers must ensure that there are no retrenchments or imposing unpaid leave or wage cut for the next three months after the programme. This measure is estimated to benefit 3.3 million workers with an allocation of RM5.9 billion.

Cash Assistance for E-Hailing Drivers

29. The implementation of the MCO affects the daily income of full-time e-hailing drivers. To ease their burden, the Government will provide a one-off cash assistance of RM500 to 120,000 e-hailing drivers with a total allocation of RM60 million. Previously,

the Government announced that the taxi drivers will receive one-time aid of RM600 which will be paid beginning 1 April 2020.

Payment for Workers under Government Contracts during MCO

30. To ensure the welfare of workers involved in contracts such as cleaning and supplying food in schools, public higher learning and training institutions as well as other government agencies, including statutory bodies, the Government has agreed to pay salaries to the workers of service contractors despite their absence during the MCO. More than 80,000 employees will benefit from this initiative involving RM110 million.

31. The Government also agrees to extend the contract period by one month as a trade-off with the MCO period.

SECOND OBJECTIVE: SUPPORTING BUSINESSES

32. The second objective is to assist the business sector, especially SMEs, by providing and enhancing funds to support the company's cashflow through various measures.

Fund to Assist Small and Medium-Sized Enterprises

33. To assist SMEs, including micro-entrepreneurs, the Government and Bank Negara Malaysia (BNM) will provide additional funds of RM4.5 billion. The fund covers the following key initiatives:

- **First:** Increasing the size of the Special Relief Facility (SRF) fund by RM3 billion to RM5 billion for SMEs. The interest rate for the entire fund will be reduced from 3.75% to 3.5%;
- **Second:** Increasing the size of the All Economic Sector Facility fund by RM1 billion to RM6.8 billion to enhance access to financing for SMEs;

- **Third:** Providing additional funds of RM500 million under the Micro Credit Scheme to a total of RM700 million for soft loans at 2% interest rate without collateral. Loan eligibility requirements are also relaxed to a minimum of six months of operation as compared to one year operation. Furthermore, the maximum financing amount is increased from RM50,000 to RM75,000 for each entrepreneur. The initiative which will be administered by Bank Simpanan Nasional (BSN) and TEKUN Nasional is open to all micro-entrepreneurs in all business sectors including child-care centres, taxi and bus operators, online businesses as well as those who are in the creative industry;
- **Fourth:** SMEs with business records of less than four years can leverage the BizMula-i and BizWanita-i schemes for financing up to RM300,000 under the Credit Guarantee Malaysia Berhad (CGC); and
- **Fifth:** Syarikat Jaminan Pembiayaan Perniagaan (SJPP) will provide RM5 billion worth of guarantees with the guaranteed coverage increasing from 70% to 80% for SMEs that face difficulties in obtaining loans.

34. Through these initiatives, financial institutions will provide the needed support to viable SMEs, especially in weathering the current economic challenges.

Assist Business Cashflow

35. The Government is also concerned about owners of companies facing cashflow constraints. To assist those affected, the Government will implement the following measures:

- **First:** The Employees Provident Fund (EPF) will introduce the Employer Advisory Services programme from 15 April 2020. This service includes options for deferring payments, restructuring and rescheduling of employers' contributions. The measure is expected to provide cashflow to employers which is estimated at RM10 billion, benefitting over 480,000 SMEs and affected companies while securing more than 8 million jobs.

- **Second:** Exempt payment for Human Resources Development Fund (HRDF) levy across all sectors for six months beginning April 2020. This measure is expected to assist companies' cashflow with a total savings of RM440 million; and
- **Third:** Empathising problems faced by some 750,000 SMEs, the Government, allows the postponement of income tax instalment payments to all SMEs for three months beginning 1 April 2020. This is in addition to the previously announced measures where the Government postponed tax instalment payments to affected businesses in the tourism sector for six months beginning 1 April 2020. Other affected sectors are also allowed to revise the amount of income tax imposed in the third, sixth and ninth instalments during the basic accounting period.

36. To assist SMEs and individuals, the Government welcomes the willingness of banking institutions to offer a 6-month moratorium, converting of credit card balance to term loans and restructuring of corporate loans. This measure is vital to enabling companies to retain employment and immediately resume their business activities. This initiative is worth at least RM100 billion.

37. The Government also extends its appreciation to BNM and the banking industry for providing this flexibility. In return, the Government agrees that the bank's income from interest or profit from loans or financing during the moratorium will only be taxable when the income is received after the moratorium period.

38. Effective 1 April 2020, the moratorium will be extended to loans from TEKUN Nasional, Majlis Amanah Rakyat (MARA) as well as other cooperatives and Government agencies providing financing facilities.

Social Financial Programme

39. In assisting B40 entrepreneurs and loss of employment, a social financing programme will be introduced in collaboration with Islamic banking institutions, the state Islamic religious council and key implementing partners. Social donations will be channelled in the form of initial capital for micro-entrepreneurs using zakat funds and matched with microfinancing at affordable rates.

40. The first phase of the collaboration between Bank Islam Malaysia Berhad and the Federal Territory Islamic Religious Council will commence in May 2020. Eligible entrepreneurs will be given training in entrepreneurship and financial management as well as support to develop their businesses.

Guarantee Facility Scheme for Corporates

41. The corporate sector is also affected by the current situation. As such, the Government welcomes the efforts of banking institutions in restructuring repayments of the corporate sector in line with their business performance.

42. The Government will also provide a RM50 billion guarantee scheme up to 80% of the loan amount for financing working capital requirements. The programme will be managed and is subject to credit evaluation by Danajamin. The facility is targeted at viable businesses in all sectors facing difficulties following the COVID-19 outbreak. The minimum guaranteed loan size is RM20 million per company. This facility will be available for application from 1 May to 31 December 2020 or until the fund is fully utilised.

THIRD OBJECTIVE: STRENGTHENING ECONOMY

43. The measures announced in this Package are aimed at ensuring continuous economic activities, primarily through the disbursement of various cash assistances, particularly Bantuan Prihatin Nasional. The Government will also focus on domestic investment activities with high multiplier effects to preserve jobs.

Focus on Domestic Investment Activity

44. The Government has identified several small projects such as improving roads, upgrading dilapidated schools in Sabah and Sarawak, cleaning houses of worship and police stations as well as upgrading tourism facilities with an allocation of RM2 billion, benefiting contractors from G1 to G4 class.

45. At the same time, the RM2 billion for small projects announced in the previous package will be implemented in April 2020. These projects include infrastructure projects in FELDA and other areas valued at RM600 million as well as upgrading dilapidated schools in Sabah and Sarawak (RM350 million) and Perumahan Rakyat Termiskin (RM150 million).

46. The Government will also continue with the implementation of all projects allocated in the 2020 Budget including East Coast Rail Link (ECRL), Mass Rapid Transit Line 2 (MRT2) and the National Fiberisation and Connectivity Plan (NFCP). This is in line with the Government's focus to ensure sustainable economic growth.

Ensure Sustainability of Fiscal and Debt Position

47. The PRIHATIN Package highlights the Government's concern over the welfare and well-being of the *rakyat*. Towards this end, the Government will provide a direct fiscal injection of RM25 billion to ease the burden of *rakyat* and businesses. The strategies and measures to be implemented are based on current fiscal capacity and liquidity in the domestic financial market.

48. The Government will ensure a surplus in the fiscal current account and will not borrow to finance operating expenditure. Almost all of the measures are one-off to ease the Federal Government's financial burden in the medium-term. This is important to ensure the Government's fiscal sustainability and debt level. Thus, the Government will return to fiscal consolidation measures in the medium-term to create fiscal space in the long-term.

49. Towards mitigating the plight of the *rakyat*, the Prime Minister, Ministers and Deputy Ministers have agreed to a two-month salary deduction which will be channelled to the COVID-19 Fund.

50. Furthermore, all Ministries are required to review their budgets to identify savings to partly finance the measures in the package.

FINANCIAL INJECTION

51. The PRIHATIN package involves RM250 billion injection into the economy from the following sources:

Fund	RM million
Federal Government	
Bantuan Prihatin Nasional	10,000
Wage Subsidy	5,900
Small Infrastructure Projects	2,000
Healthcare (COVID-19)	1,500
Food Security Fund	1,000
Micro Credit Scheme	500
Assistance for Tertiary Student	270
Others	630
Economic Stimulus Package (PRE1)	3,200
	25,000
Public and Private Institution	
Loan Moratorium	100,000
Danajamin: Financing Guarantee Scheme	50,000
EPF: i-Lestari Scheme	40,000
EPF: Employer Advisory Services	10,000
BNM: Facilitation Fund	4,000
Others	4,500
Economic Stimulus Package (PRE1)	16,500
	225,000
TOTAL	250,000

CONCLUSION

52. Overall, the PRIHATIN Package outlines various measures to ease the burden of the *rakyat* affected by the COVID-19 outbreak, especially households and businesses. Through the implementation of this Package, the Government is confident that the disease will be curbed and the well-being of the *rakyat* is restored. The measures are intended to provide relief to the *rakyat* in terms of income assistance. At the same time, businesses receive aid in terms of capital funds and cashflow to sustain their businesses and retain their workers.

53. The Ministry of Finance through Unit LAKSANA will ensure that the PRIHATIN package worth RM250 billion will reach the *rakyat* swiftly. The Federal Government will work with all state governments, particularly in Sabah and Sarawak in ensuring all assistance provided by the Government reaches the targeted group as planned.



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