

[HOME](#) / [MALAYSIA](#)

Trade groups laud Prihatin Plus stimulus but say more needed to keep economy

Tuesday, 07 Apr 2020 06:21 AM MYT

BY R. LOHESWAR



All companies registered with the SSM and Social Security Organisation before January 2020 will be eligible for assistance but with the condition that no workers be laid off for the next six months. — Picture by Hari Anggara

KUALA LUMPUR, April 7 — Several trade and commerce groups have applauded the federal government's move to pump another RM10 billion towards supporting small and medium-sized enterprises affected by the movement control order (MCO).

Putrajaya's Prihatin Plus package, aimed at addressing concerns of businesses struggling with the pandemic, was met with almost universal approval bar some minor quibbles.

Malaysian Employers Federation (MEF) executive director Datuk Shamsuddin Bardan said the stimulus package for SMEs was a welcome announcement as these represented most businesses that were at risk of going under from the MCO.

He said these companies do business on a daily basis and rarely have enough savings to sustain them for long periods without revenue, so the RM2.1 billion in grants set aside for around 700,000 businesses nationwide would help.



However, he expressed concern that not all of these will know how to access the grants.

“The only worry here is that asking small timers to register with the tax office will be a dampener for these people since many, specially the real small one, have never registered with them,” Shamsuddin told *Malay Mail* when contacted.

“Businesses with five or fewer people make up around 650,000 nationwide and they will be worried about submitting themselves to the tax authorities. They’re concerned it will come back to haunt them in the future.

“While I’m not suggesting they run away forever maybe the government could use the SME bank or the Companies Commission of Malaysia (SSM) so these people will step up and get the aide they need.”

Malaysian Trades Union Congress (MTUC) president Datuk Abdul Halim Mansor also welcomed the stimulus package, saying the additional RM7.9 billion in wage subsidies would help companies retain workers.

However, he felt there was a pressing need to send all foreign workers back to their home countries as Malaysia has yet to see the worst effects of the MCO.

“The one exception to the rule Putrajaya said was that if we get the money we can’t retrench anyone for six months. During these times the ones most affected are the farmers, fisherman, small grocers and hawkers. These groups may not have access to the money the government is promising.

“They also would not have access to any EPF savings as they do not have any. Hence we urge the government to try to think of a way to allow for these people to work during the MCO,” said Abdul Halim.

“We feel if the MCO continues beyond April 14 it will have serious implications on the economy. While the embassies in Malaysia are collecting food to feed these foreing nationals we must look ahead and realise there is no work to be done in the near future and best we send them back home,” he added.

Malay Chamber of Commerce secretary-general Amir Hamzah also expressed similar views.

Amir also felt that Malaysia should address the near three million foreign workers in the country, especially those without permits.

He predicted more unemployment in June or July, when the fresh graduates enter the workforce.

Amir said they will have difficulty looking for jobs then and claimed that removing the foreign workers will create openings for local graduates.

When asked if he felt fresh graduates would be willing to perform work currently done by foreign workers, he said they would have no choice.

“Even though they (fresh graduates) won’t want to participate in the 3D (dangerous, dirty and difficult) jobs they have to make themselves available in the job industry be it for a good job or bad.

“Their parents won’t be able to support them anymore due to the current situation. So they need to get into the workforce. So if the job markets are dominated by foreigners then there won’t be jobs for these guys. So now’s the right time to send these foreigners back,” Amir told *Malay Mail*.

Prime Minister Tan Sri Muhyiddin Yassin announced yesterday an additional RM10 billion stimulus package for SME, on top of the RM250 billion already announced before.

This included increasing wage subsidies now to a total of RM13.8 billion, which will benefit 4.8 million workers across the country.

The additional wage subsidy adds to the RM5.9 billion announced under the first Prihatin stimulus package unveiled at the end of last month.

With the addition, the RM600 subsidy will be extended to all SMEs that employ up to 200 workers, double the previous package.

Those employing between 76 and 200 people will receive RM800 per worker. Meanwhile, firms that employ no more than 75 people will be subsidised RM1,200 per worker.

All companies registered with the SSM and Social Security Organisation (Socso) before January 2020 will be eligible for assistance but with the condition that no workers be laid off for the next six months.

The subsidy will last three months.

However, Amir hoped that the government would extend the aid to four months.

“Shawal will be on June 23 which means those who want to make some money during the Ramadan bazaar won’t be able to. Only a select few will benefit.

“So if the MCO is extended, say, till the end of April after it’s called off it’ll take a few weeks to a month for the economy to recover. We can’t restart our life with a snap of the finger,” said Amir.

“The extra month of aid in June will go a long way for those in need of time to restart their lives.”

Apart from that he also suggested the government increase the electricity subsidy for businesses to 25 per cent instead of the current 15.

Wage Subsidy

According to Shamsuddin, the wage subsidy offered by Malaysia was small compared to other countries and may not be enough to stave off retrenchments.

He welcomed the initiative that employers and employees can negotiate a way to reduce costs during the MCO.

“What I like was the prime minister stating we can negotiate terms during MCO. This means we can talk about no paid leave and pay cuts,” Shamsuddin explained.

“We can start lowering operating costs and it’s good that we are all sharing this burden and not the employer taking the brunt of the losses a 100 per cent.”

The Associated Chinese Chamber of Commerce and Industry of Malaysia also lauded Putrajaya’s move to safeguard SMEs against closures and bankruptcy.

It said the Prihatin package had taken note of some of their concerns particularly regarding the 700,000 micro businesses through the special grant with zero interest rates.

“The revised wage subsidy of RM600, RM800 and RM1,200 per month per employee costing RM13.8 billion certainly provides a timely financial relief to businesses,” ACCCIM president Tan Sri Datuk Ter Leong Yap through a statement.

“We are relieved the government has agreed to encourage mutual discussions between the employers and employees pertaining to terms and conditions, including the options of pay cuts and no pay leave during the MCO period.

“It gives the employers the flexibility to engage with employees in coping with this turbulent time,” he added.