

Malaysia: The Impact of Covid-19 on B40 & M40 Groups

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Malaysia is a constitutional monarchy with a parliamentary elected federal government in Southeast Asia with an upper-middle-income status. Malaysia is made up of 13 states, including 11 on the Peninsular Malaysia and two on the island of Borneo (Sabah and Sarawak). Malaysians are grouped into three household income classes: Bottom 40% (B40), Middle 40% (M40) and Top 20%. The B40 and M40 are two groups that receive special care to ensure their long-term sustainability. The Covid-19 epidemic, on the other hand, has had a negative impact on the Malaysian economy, prompting the issuance of a Movement Control Order (MCO) in March 2020. The implementation of MCO has affected the B40 and M40 groups' economic activity and household income. Therefore, this paper will discuss the impact of Covid-19 on B40 and M40 groups. The impact of Covid-19 on the B40 and M40 groups was discussed in this article using descriptive analysis. According to the analysis, Malaysia's poverty rate has decreased, but owing to the Covid-19 epidemic, the poverty rate in Malaysia has risen from 5.6 percent in 2019 to 8.4 percent in 2020. This condition is not surprising, since it occurs across the world, where the rate of severe poverty has risen since it fell decades ago. During the Covid-19 epidemic, the B40 groups, who are involved in low-skilled economic activities and a lot of labor, were also affected by the increasing situation. Furthermore, the B40 group who fall into the poor category mostly reside in densely populated locations, making social spacing impossible to achieve and leaving them exposed to Covid-19. Besides that, the B40 group is affected because their work is not suitable for Work from Home (WFH). This situation leads to B40 groups vulnerable to chronic poverty problems. The Covid-19 pandemic not only affected the B40 groups but also the M40 groups through disruption in their activities and economic sectors. Due to the COVID-19 crisis, which inflicted a serious blow to Malaysians' income level, more than 600,000 middle-income (M40) families have slid into

the B40 low-income group, based on the statement released by Economic Action Council Secretariat. According to the Department of Statistics Malaysia at least 8 percent of households showed a decrease in income at the maximum income threshold of B40 which is RM4,850 per month. In terms of the implementation of policies and programs, the Government has sought to curb the effects of the Covid-19 pandemic on the B40 and M40 groups in Malaysia. Fiscal stimulus programmes such as the Prihatin Rakyat Economic Stimulus Package (PRIHATIN), the National Economic Recovery Plan (PENJANA), and the Strategic Programme to Empower the People and Economy (PEMERKASA) are anticipated to assist Malaysian's cope with Covid-19.

Keywords: *B40, Covid-19, Fiscal Stimulus Package, M40, Movement Control Order (MCO)*