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**PUBLIC RESPONSES TOWARDS SUBSIDIES REDUCTION IN MAJOR TOWNS
OF SARAWAK**

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Abstract

The reduction of subsidies has increased the price of goods and services. Therefore, it has also contributed to the increased amount of money being spent by the public. The study is to examine the general public responses towards government decision to reduce subsidies. Random samples of 400 questionnaires were given to the general public from four major towns in Sarawak mainly Kuching, Sibu, Bintulu and Miri. This study is focusing on how the public coping with subsidies reduction and their ways on how to adapt with their new standard of living as well as their alternatives in purchasing goods and services. General public has response positively to cope with subsidies reduction. Public reacts in subsidies reduction by coping with changes in spending and ways to cope. Apart from that, the public adapting to their new standard of living by buying only when necessary and do part time job. Due to subsidies reduction, the public alternatives are changing brand of product and buy Malaysian brand.

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CHAPTER 1

INTRODUCTION

1.1 Introduction

As the price of goods and services are increasing dramatically, the government had taken a considerate action of subsidizing the price of goods and services so that the public could afford to buy the things that they needed. Unfortunately, as the price of goods and services keeps ascending, so does the amount of the subsidization by the government. When this occurs, the government needs to make a crucial move to reduce the amount of subsidization in order to avoid over-spending which will undoubtedly cause bankruptcy. The Malaysia New Straits Times Press (2010) has reported that through the action of subsidization reduction by the government, an estimated expenditure of more than RM 750 million between now and year end can be decreased. A random 400 questionnaires regarding the impacts of subsidies reduction were distributed to the public in major towns of Sarawak.

CHAPTER 2

LITERATURE REVIEW & CONCEPTUAL

2.1 Literature Review

This chapter provides a literature review on the general public responses towards subsidies reduction and the conceptual framework.

2.1.1 Introduction on Subsidies Reduction

Beginning July 16, subsidies for fuel, specifically petrol, diesel and liquefied petroleum gas (LPG) as well as sugar will be reduced as part of the gradual implementation of Malaysia's subsidy rationalisation program. (2009, The Malay Mail).

Subsidy rationalisation is an important component in our broader reform agenda. These measures are parts of the New Economic Model and the 10th Malaysia Plan. Subsidy rationalisation was one of the several enabling measures that is included in the New Economic Model and the 10th Malaysia Plan. By enacting these subsidy rationalisation measures, the Prime Minister said it will assist to "improve competitiveness and market efficiency and will ensure more optimal utilization of resources" (2010, The Malaysia New Straits Times Press).

These measures will have minimal impact on individual families but will result in an estimated reduction of more than RM750 million in government expenditure between now and years end (2010, The Malaysia New Straits Times Press).