

Pyithu Hluttaw 5 March, 2015

Pyithu Hluttaw discusses inflation

Nay Pyi Taw, 5 March — Members of the Pyithu Hluttaw questioned the government in Thursday's lower house session about how it plans to control inflation if a proposed pay rise for civil servants is instituted.

Central Bank of Myanmar Deputy Governor Daw Khin Saw Oo told the session inflation will increase when salaries of government employees are raised to a decent level, with the central bank issuing more money to fulfill the increased government budget. Higher incomes will also drive inflation by increasing consumption, with prices rising where demand exceeds supply, according to the vice governor.

Private sector pay rises will inevitably follow the government salary hike, with the resulting increase in production costs also driving up prices, she added. Increased consumption of imports will also raise the budget deficit and depreciate the value of Myanmar's currency, further driving inflation. However, she said the government is seeking to adjust the deficit under 5 percent of GDP for sustainable development.

Deputy Minister for Finance Dr Maung Maung Thein was of the view that decreasing government spending can keep inflation under control, with government spending to be reduced in capital expenditure. Another tool for fighting inflation is to increase tax collection.

The ministry is taking appropriate measures in term of fiscal policy to prevent inflation, the deputy minister added. Deputy Minister for National Planning and Economic Development Daw Lei Lei Thein said her ministry is also taking appropriate measures in cooperation with other ministries concerned.—
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Source: *The Global New Light of Myanmar*, 2015-03-06