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Use own money to invest,
Mahathir tells bumiputras

Unit Trust: Don't buy with loans

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By AMIN OMAR (P)

KUALA LUMPUR, Sun. — Datuk Seri Dr. Mahathir Mohamad today advised bumiputras not to take bank loans to invest in the National Unit Trust, saying that borrowing "will only place them in greater financial strain."

Asked for his views on whether a bumiputra should take bank loans to buy the unit trust, the Acting Prime Minister said

he was not in favour of it. The unit trust is due to be launched in early April.

money from banks to buy the unit trust could not rightly claim outright ownership of it.

It would only defeat the Government's objective of placing the trust shares in the hands of bumiputras, he said.

He added that it was now time for bumiputras to learn to invest their own capital and bear the necessary risks.

He said by borrowing they would have to pay interest and if the dividends surpass \$4,000 they also have to pay income tax.

So far, two of the five agent banks of PNB have come out with their special loan scheme to help bumiputras buy shares in the unit trust.

savings of about 120,000 bumiputras or five per cent of the total bumiputra population.

He also hit out at certain quarters who maintained that a \$1 investment return based on a minimum 10 per cent dividends on the principal investment of \$10 in the unit trust was "meaningless and not worth anything."

Distribution

He described such quarters as those who were ignorant of the business logic.

"Business starts with capital and these people who say that the returns are meaningless might as well ask the Government to support everyone as practised in the welfare State," he said.

In IPOH, Agriculture Minister Datuk Abdul Manan Othman said today the National Unit Trust scheme is only one of the Government's many efforts to eradicate poverty and restructure society.

He said people should not harbour the false notion that the scheme was the be-all and end-all of government programmes to improve the society's economic standing.

Speaking at the opening of an investment seminar on the unit trust sponsored by the Kinta Umno Division's Youth movement here, Datuk Abdul Manan reminded bumiputras that their participation in the scheme does not mean that "they are already in business".

"I, for one, would like to see bumiputras use their own money, their own capital, to invest in the unit trust," he told newsmen after opening a dialogue between Umno members and Permodalan Nasional Berhad on the National Unit Trust.

The dialogue, held at the Damansara Utama community hall, was organised by the Damansara Utama Umno Youth movement.

The PNB team was led by General Manager Haji Desa Pachi.

Ownership

Datuk Seri Dr. Mahathir said bumiputras who borrow

Interest rates are said to be in the region of 8.5 to 8.75 per cent which are considered fair but will slice quite a substantial portion of the investment returns from the unit trust.

In his address, Datuk Seri Dr. Mahathir disputed the popular assumption that bumiputras did not have the necessary capital for investment and, therefore, had to rely on bank loans or government financial aid.

"The crux of the problem is not the lack of capital but rather its correct use," he said.

The Pilgrims Management and Fund Board (LUTH), he said, has accumulated about \$400 million so far from the

He said the Government took almost six years to come out with a workable scheme to give bumiputras a stake in the corporate sector and had designed the trust share transfer and unit trust schemes in favour of other means such as nationalisation.

He said the National Unit Trust scheme was the best way to ensure a wider distribution of shares and preservation of the shares in bumiputra hands.

The previous method of offering the shares at discount prices to bumiputras had proved to be disastrous with about 95 per cent of those shares now in the hands of others.

He added that bumiputras who allowed themselves to be used by others for the sake of quick money have, in fact, sold their conscience.

"The unit trust is only a form of investment which will see results in the years to come. Do not think that by buying the shares you have already involved yourselves in business or have fulfilled the Government's ambitions for the community," he said.

He added that bumiputras should continue to take an active role in commerce and industry and prove themselves.

Later, speaking at the opening of the annual general meeting of Perak Angkasa (National Co-operative Movement), Datuk Abdul Manan said co-operatives should concentrate more on housing and consumer activities.

He said the setting up of the \$28 million revolving fund by the Government for co-operatives was aimed at providing short-term loans to them.