

0037

B E340 AAE
MAHATHIR-BANK

BM

MELAKA, AUG 21 (BERNAMA) -- THE PRIME MINISTER TODAY ASKED COMMERCIAL BANKS TO FURTHER LOWER THEIR LOAN INTEREST RATES TO A MORE REASONABLE LEVEL TO ENABLE ENTREPRENEURS WITH POTENTIAL TO CONTRIBUTE TO THE DEVELOPMENT OF THE NATIONAL ECONOMY.

DATUK SERI DR MAHATHIR MOHAMA SAID ALTHOUGH THE RECENT REDUCTION WAS ENCOURAGING, THE GOVERNMENT HOPED THE RATES COULD BE LOWERED TO A MORE REASONABLE LEVEL.

BANKS AND OTHER FINANCIAL INSTITUTIONS MUST HELP ENSURE FINANCIAL RESOURCES WERE PROVIDED AT A MORE PRACTICAL COST.

+THE GOVERNMENT WONDERS WHY IT IS SO DIFFICULT FOR THE RATES TO GO DOWN WHEN THE MONEY MARKET WAS FLUSHED WITH FUNDS AND THE INTER-BANK INTEREST RATES WERE AT THEIR LOWEST LEVEL IN THE PAST ONE-AND-A-HALF YEARS,+ HE SAID WHEN OPENING THE BUILDING OF THE BANK NEGARA MALAYSIA MELAKA BRANCH HERE.

DATUK SERI DR MAHATHIR SAID THE GOVERNMENT WAS CONCERNED WITH THE ATTITUDE OF BANKS WHICH WERE OVERLY OCCUPIED WITH QUESTIONS OF SECURITY AND COLLATERAL. THIS WAS BECAUSE PROPERTY PLEDGED WAS NOT THAT SAFE AS A COLLATERAL AS ITS VALUE DURING A RECESSION COULD FALL FAR BELOW THE AMOUNT OF THE LOAN FOR WHICH IT WAS MORTGAGED. -- MORE
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ALTHOUGH BANKS HAD TO BE CAUTIOUS ABOUT THE ABILITY OF BORROWERS TO REPAY, THEY SHOULD ALSO BE WILLING TO TAKE REASONABLE RISKS IN EXTENDING LOANS BASED ON THE VIABILITY OF THE PROJECT TO BE CARRIED OUT AND THE CAPABILITY OF THE BORROWER TO MANAGE THE PROJECT WELL.

IF THEY HAD DOUBTS ABOUT THE MANAGEMENT CAPABILITY OF THE BORROWER, THEY COULD BUY AN EQUITY STAKE IN THE PROJECT AND INVOLVE THEMSELVES IN ITS MANAGEMENT.

HE SAID THE NATIONAL ECONOMY HAD BEEN STRENGTHENED BY THE INCREASED EXPORT OF PRIMARY COMMODITIES AND MANUFACTURES SINCE THE PAST YEAR, WHILE THE STABLE PRICES IN THE COUNTRY WERE ANOTHER FACTOR.

THE INFLATION RATE HAD BEEN LOW THE PAST FIVE OR SIX YEARS AND ONE OF THE REASONS WAS ABSENCE OF ANY DRASTIC RISE IN THE PEOPLE'S PURCHASING POWER AS WELL AS SATISFACTORY SUPPLY OF GOODS DOMESTICALLY.

THE PRIME MINISTER SAID PRODUCTION COSTS WOULD GO UP IF INDIVIDUAL PURCHASING POWER WAS TOO HIGH TO THE EXTENT OF IMPAIRING THE COUNTRY'S COMPETITIVENESS, COUPLED WITH LIMITED INCOMES AND JOB OPPORTUNITIES. -- MORE

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MAHATHIR-BANK 3 MELAKA

DATUK SERI DR MAHATHIR ALSO SAID FOREIGN INVESTMENTS REGISTERED A FIVE-FOLD INCREASE SINCE THE FIRST HALF OF THIS YEAR COMPARED WITH THE SAME PERIOD LAST YEAR WHILE PRIVATE SECTOR INVESTMENT WAS EXPECTED TO RISE FOR THE SECOND HALF OF THE YEAR.

A BANK NEGARA AND MALAYSIAN INDUSTRIAL DEVELOPMENT AUTHORITY (MIDA) STUDY SHOWED MANY COMPANIES HAD ATTAINED OPERATIONAL CAPACITY, THAT IS, IN EXCESS OF 80 PERCENT, AND HE IS CONFIDENT THE DEVELOPMENT WILL GENERATE MORE JOBS FOR THOSE WILLING TO WORK.

HE STRESSED THAT THE SUCCESS OF THE NATIONAL ECONOMY ALSO DEPENDED ON THE COOPERATION OF A DISCIPLINED AND PRODUCTIVE LABOUR FORCE, PARTICULARLY WHEN THE COUNTRY WAS FACING INCREASED COMPETITION IN THE WORLD MARKET.

+IF MALAYSIAN WORKERS BECOME KNOWN FOR THEIR HIGH LEVEL OF PRODUCTIVITY AND DISINCLINATION TO RESORT TO UNTOWARD ACTION, THE EMPLOYMENT OPPORTUNITIES FOR THOSE STILL JOBLESS WILL BE EXPANDED,+ HE ADDED.

ON TOURISM, HE SAID THE GOVERNMENT WOULD NOT GET DIRECTLY INVOLVED UNLIKE PREVIOUSLY BUT CONFINE ITS ROLE TO PROMOTIONAL EFFORTS, PROVIDING INFRASTRUCTURE AND INCENTIVES AND IMPROVING AIR, SEA AND ROAD COMMUNICATIONS. -- MORE

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SAYING THE PRIVATE SECTOR MUST ALSO TAKE THE INITIATIVE TO CARRY OUT OTHER EFFORTS AND PROVIDE OTHER FACILITIES, HE SAID OPERATORS IN THE TOURISM INDUSTRY SHOULD NOT BE CONTENT WITH ONLY THE EXISTENCE OF NATURAL ATTRACTIONS BUT EMBARK ON SYSTEMATIC DEVELOPMENT SUCH AS BY TRAINING THOSE INVOLVED IN THE INDUSTRY.

HE CITED THE EXAMPLE OF THE MALAYSIA AIRLINES (MAS) WHICH HAD MADE A NAME FOR ITSELF FOR SATISFACTORY SERVICES TO TOURISTS.

THE TOURISM INDUSTRY NOT ONLY HAD LARGE POTENTIAL FOR JOB GENERATION, BUT DEVELOPMENT OF THE HANDICRAFT AND CRAFTSMANSHIP OF THE COUNTRY, AMONG OTHER RELATED EFFECTS.

ON THE NEW #7 MILLION BUILDING OF THE BANK NEGARA BRANCH HERE, HE SAID ITS CONSTRUCTION WAS FITTING IN VIEW OF THE BANK'S EXPANDED SUPERVISORY ROLE INCLUDING OVER DEPOSIT-TAKING COOPERATIVES AND INSURANCE COMPANIES.

DATUK SERI DR MAHATHIR ADVISED BANK MANagements TO DISCHARGE THEIR DUTIES WITH TRUSTWORTHINESS AND EFFICIENCY SO BANK NEGARA NEED NOT ALWAYS HAVE TO KEEP AN EYE ON THEM. -- MORE

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THE BUILDING FEATURING TRADITIONAL MELAKA ARCHITECTURE IN ITS DESIGN IS LOCATED NEAR HISTORICAL SITES SUCH AS THE HANG LI PO WELL AND BUKIT CHINA. IT STARTED OPERATIONS ON MAY 9.

PRESENT WERE CHIEF MINISTER DATUK SERI ABDUL RAHIM TAMBY CHIK AND BANK NEGARA GOVERNOR TAN SRI JAFFAR HUSSEIN.

EARLIER, THE PRIME MINISTER AND HIS WIFE DATUK SERI DATIN PADUKA DR SITI HASMAH, SEVERAL CABINET MINISTERS AND DATUK SERI ABDUL RAHIM MURAD, AIR KEROH.

THE CONTEST INVOLVED TARGET AND LONG RANGE BLOWPIPE EVENTS. -- BERNAMA

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