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MORE VENTURE CAPITAL COMPANIES SHOULD BE SET UP, SAYS MUSTAPA

KUALA LUMPUR, Aug 2 (Bernama) -- Entrepreneur Development Minister Datuk Mustapa Mohamed said today more venture capital companies should be set up to help entrepreneurs commercialise their ideas.

There was wide scope for venture capital companies in view of the growth of the information technology industry in the country, he told reporters after opening the National Conference On Venture Capital here.

"We receive a lot of enquiries from entrepreneurs for financial assistance to commercialise their new ideas," he said.

The ministry could provide financial assistance to the entrepreneurs as most financial institutions would only help those with a proven track record.

He said the Malaysian Technology Development Corporation (MTDC) and Permodalan Nasional Usahawan Bhd (PUNB) were set up to assist the entrepreneurs.

The government had allocated more than RM100 million under the Seventh Malaysia Plan for the purpose, he added.

Asian Strategy & Leadership Institute president Mirzan Mahathir said the venture capital industry which grew in the United States prospered because of the need for funds that were willing to take risks.

The rise of Silicon Valley was in part due to the availability of venture capital, he added.

He said: "Similarly, in Malaysia, with the thrust into high technology and the recognition that technology is often entrepreneur-driven, the source of funds must be developed and exploited to its fullest."

The funds had grown in size from a mere RM52.5 million and four companies in 1990 to RM781 million with 20 companies in operation at the beginning of 1996.

Mirzan said, however, to maintain the economic dynamism, there should be new ways to attract more funds and imaginative structures and incentives to guide local enterprises so as to effectively tap those funds. -- BERNAMA
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