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BUDGET-BANK PEMBANGUNAN

BANK PEMBANGUNAN TO FOCUS ON INFRASTRUCTURE DEVELOPMENT

KUALA LUMPUR, Oct 23 (Bernama) -- Bank Pembangunan Malaysia Bhd will be changed to Bank Pembangunan dan Infrastruktur Malaysia and will focus on financing infrastructure projects, Prime Minister Datuk Seri Dr Mahathir Mohamad, said here today.

Unveiling the 1999 Budget at Parliament House, he said the bank, which would have a paid-up capital of RM1 billion, would ensure the continued financing of development projects.

Elaborating, he said the government had established a fund to finance infrastructure projects that cannot be implemented because of difficulties in obtaining loans from banking institutions.

"This is aimed at reviving the construction and manufacturing sectors producing for the domestic market, in particular construction-related industries," he said.

It is for this reason that Bank Pembangunan was changed to an infrastructure bank.

Banking sources said that given the huge financing particularly required for long-term infrastructure projects, Bank Pembangunan dan Infrastruktur Malaysia would likely issue bonds to raise funds for its financing needs.

Dr Mahathir said that the contraction in private sector activities which have severely affected the economy forced the government to take steps to boost growth through fiscal stimulus.

The government has changed its fiscal stance from a surplus to a deficit budget and increased the 1998 budget allocation by RM7 billion, in particular to finance development projects.

As a result, the Federal government would register an overall deficit of RM9.6 billion or 3.7 percent of Gross National Product in 1998 compared with the surpluses registered for the past five years since 1993.--BERNAMA

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