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Banks under fire for delaying loans

reports on "Dewan Negara" by Ramlan Said
BANKS which have delayed or refused to give out loans came under fire in the Dewan Negara yesterday, with one senator calling on the Government to close them down.

Senator Datuk Sairin Karno said stern action had to be taken as many banks had failed to play their role in reviving the economy.

If they could not be closed down, alternatively he said the Government should revamp the management.

"Why is that until now no action has been taken against banks which refused to disburse loans? Is the Government being too cautious or too lenient?"

Debating the Supply Bill 1999, Sairin said stern action against one or two banks would serve as a reminder to the others.

On the foreign exchange rate and capital controls imposed by the Government last September, he wanted to know how long they would be in place.

Sairin also queried on the delay by the Public Service Department in filling important posts, like at Radio Televisyen Malaysia which played an immensely important role countering distorted news and stories in the foreign media.

Thus, for areas in which RTM coverage was not available like in certain parts of Sabah, he felt the Government should exercise some leniency towards ownership of satellite dishes.

"At least they would be able to tune in to RTM and know about government policies and programmes. So I hope no action would be taken against them."

Besides RTM, he felt the Government could also make use the services of its ambassadors and government servants based overseas to disseminate the true picture on the country.

Senator Datuk Hashim Safin said one of the roles of banks was to implement and carry out government policies issued through Bank Negara.

He felt their reluctance to do this could jeopardise economic recovery as absence of funds would slow down economic activities.

He cited the decision allowing applicants to borrow a higher margin of loans to buy cars and houses announced by the government recently.

"But I have been told many applicants are facing problems with banks to obtain loans."

On the foreign exchange rate control, Hashim said the refusal of United States and Europe to accept the measures had more to do with their ego.

"They can't fathom the idea of accepting something initiated by a small country like Malaysia although it might be true," he said.

He added the US and Europe should support Malaysia's move because if her economy recovered, other economies in the world would also benefit.

Hashim felt Prime Minister Datuk Seri Dr Mahathir Mohamad should go overseas and meet up with world leaders, economists and rating agencies to explain the measures adopted by Malaysia.

"If Dr Mahathir feels it is not opportune for him to leave the country for long in view of the political situation, I suggest he appoints his deputy now to help stabilise the situation."

On allocations for senators, Hashim said the amount should be increased as the funds were mainly used for small projects benefiting the people.

"I am confident this gesture would help the Government stay in power as the people would continue to give their support. But if this Government is

replaced, I am not sure whether the new one would maintain existing policies."

If there were too many changes, Hashim said he feared it could lead to a worsening of the economy.

Senator Datuk Mohd Zuki Kamaluddin proposed that the Government look into the matter of one person serving on the board of too many companies.

He said in cases like this, the persons would not be able to discharge their responsibilities efficiently.

"The Government can start with its own companies or those under the State Governments. I think we should limit the number to 10 companies."

However, he agreed that it would be difficult to impose the regulation on private companies.

Mohd Zuki also wanted to know when the currency and capital controls could be lifted, saying they should not be a permanent feature.

"The measures are good as the ringgit has stabilised but at the same time, other currencies in the region have appreciated. Although this means our products are becoming more competitive, we cannot allow the ringgit to continue to fall further compared with the other currencies."

As there had been encouraging improvement since the measures were introduced, Mohd Zuki proposed that the restriction on repatriation of funds by foreign companies be gradually eased from 12 to six months.

"It should be lifted altogether when the composite index at the Kuala Lumpur Stock Exchange reaches 680 points," he said, adding that this would help attract more foreign investments.

On the reduction of reserve requirement for banks, although the move would lead to greater liquidity in the market, he said depositors would be at risk in the event of the banks collapsing.

Mohd Zuki also lamented that when the economy was good, Malaysia had failed to increase its reserves, adding that countries with a high reserve like Singapore and Hong Kong had been able to allay attacks from currency speculators.

Senator Long Jidin cautioned the Government on the development of land belonging to Orang Asli through privatisation like in Bukit Lanjan, adding that this had political implications.

He said the Orang Asli community occupied only 0.4 per cent or 133,079 hectares of land in the country.

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