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Black market in ringgit monitored

reports on "Dewan Rakyat" by Rashid Yusof; Alex Choong; Aionn Mohd
THE Government is monitoring "black market" activities involving the
ringgit, Deputy Finance Minister Datuk Dr Affifuddin Omar said.

He said Bank Negara would continue to carry out checks on money changers
believed to be hoarding foreign currencies or not observing the rate fixed
by Bank Negara.

He was replying to Wong Kam Hoong (BN-Bayan Baru) who had asked whether
the Ministry was aware of the existence of black market dealings in the
ringgit following the Government's decision to stop the trading of the
currency abroad.

"Checks by central bank officers against suspected unlicensed money
changers on Oct 15 uncovered a few cases of illegal trading of the ringgit
and follow-up investigations are being carried out," he said.

To another question from M. Kulasegaran (DAP-Teluk Intan), he said the
Government had implemented measures to tackle the economic problem since
the middle of last year.

These measures were meant to strengthen the country's economic
fundamentals and restore investor confidence, leading to a faster recovery
of the economy.

Affifuddin said Prime Minister Datuk Seri Dr Mahathir Mohamad, who is
also the First Finance Minister, had last Friday while tabling next year's
Budget, announced several tax measures to stimulate business activities.

He added the Government would continue to assist small traders enhance
their activities through a capital loan scheme of RM100 million under the
Amanah Ikhtiar Malaysia and the Small Entrepreneur Fund.

Another RM150 million, he said, had been allocated for the Small
Entrepreneur Economic Fund (Tekun), adding that the Government had also
enlarged special funds to help small- and medium-size businessmen through
the Small Business Fund (RM500 million), Food Fund (RM1 billion) and New
Entrepreneur Fund (RM1.25 billion).

To a supplementary question from Kulasegaran, Affifuddin said the
reduction of statutory reserve requirement from 10 per cent to six per
cent would result in the availability of RM8 billion in the banking
sector.

He said the International Monetary Fund's advice to the country was to
check inflation.

But contrary to IMF prescription, he said the bigger threat was to the
banking and financial system. "We have to solve the financial credit
squeeze which has hit us so badly."

On the question of inflation, he said, related ministries had been
asked to take necessary action.