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LEAD Mahathir-AMC

GOVT TO FINANCE 60 PCT OF CAPITAL IN AMC

By: Michael Raj

TOKYO, June 2 (Bernama) -- The government will probably finance up to 60 per cent of the capital needs of the soon-to-be-established Asset Management Company (AMC), Prime Minister Datuk Seri Dr Mahathir Mohamad said here today.

"We expect the private sector to put in the rest," he said during a question-and-answer session following a presentation at a symposium organised by the Institute of International Monetary Affairs.

He also said that the government would draw its funds from consolidated funds when asked whether the money for the capital would be sourced from taxation or through Bank Negara.

"We have some money," he said at the session attended by over 200 participants comprising corporate leaders and business executives mainly from Japan and which was also attended by International Monetary Fund (IMF) deputy managing director Stanley Fischer.

By taking over the non-performing loans (NPLs) from banks and financial institutions, the latter would be relieved of the burden of NPLs and thereafter be well-placed to lend again to businesses, he said.

"Business would then take off again," and in the process would stimulate the economy now severely affected as businesses were hard-pressed for loans due to high interest rates, Dr Mahathir said.

On the possibility of the government raising part of the funds needed through the issuance of government bonds, Dr Mahathir said "we haven't decided on that."

Details of the AMC, to be headed by Mohamed Azman Yahya, the group executive director of Amanah Capital Malaysia Bhd, are expected to be released this week.

-- BERNAMA

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