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Interest rate option is with Bank Negara, says Anwar

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DEPUTY Prime Minister Datuk Seri Anwar Ibrahim yesterday spoke of the possibility of raising interest rates.

"The option is with Bank Negara to determine the interest rate policy. It can either be cut or raised to ensure our overall economic fundamentals remain sound.

"With the recent currency depreciation, we have seen a gradual increase in the interest rates. Even so, I think the present policy is certainly manageable."

Anwar, who is also the Finance Minister, said: "I think while the option remains, we are not suggesting that we are capping the interest rate to the level that it is now."

He added that the local interest rate movements cannot be viewed in isolation but must be considered together with regional developments.

Interest rates have risen over the past few months by about two per cent and now average 12 per cent for business loans.

Last week, the International Monetary Fund (IMF) had suggested that Malaysia increase its interest rates to curb "excessive credit growth."

Furthermore, Prime Minister Datuk Seri Dr Mahathir Mohamad had on Monday said the Government would look into the suggestion.

Anwar was speaking to reporters after a dialogue session "Financing of Productive Sectors" in Kuala Lumpur. Productive businesses and industries are facing uncertainties in getting loans.

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