

11/04/1998

Minimum downpayment for car purchase reduced to 15pc

Kamarul Yunus

THE Government has agreed to reduce the minimum downpayment for vehicle hire-purchase to 15 per cent of the cost price from 30 per cent now, Prime Minister Datuk Seri Dr Mahathir Mohamad says.

However, this applies only to vehicles costing RM40,000 or less, and the financial institutions are allowed only to utilise the year's RM15-billion loan allocation for the sector, he told the press after chairing the Umno Supreme Council meeting last night.

It is one of the recommendations made by the National Economic Action Council (NEAC) at its afternoon session, which Dr Mahathir also chaired prior to the Umno Supreme Council meeting. Participants included menteri besar and chief ministers.

The NEAC had also met in the morning.

In all, six working papers relating to the automotive and construction industries, labour and inflation were considered, the Prime Minister said.

The decision was made after considering an appeal from the automotive industry which is facing problems caused by the economic downturn.

Deputy Prime Minister and Finance Minister Datuk Seri Anwar Ibrahim, who was also present at the press conference, said: "The automotive industry had submitted a memorandum to the NEAC and we agreed to look into the possibility of relaxing some conditions (of loan disbursement)".

One of the measures decided was to increase the percentage of financing allowed for vehicle purchase to 85 per cent, he said, adding that the ceiling for new exposure to the sector remains unchanged.

The new ruling will be an immediate boon for such cars as Proton Iswara and its Aeroback (manual transmission) variant, Proton Tiara as well as Perodua's Kancil and the multi-purpose Rusa.

The NEAC also discussed further efforts to strengthen Malaysia's macro-economic fundamentals, including the need to adopt balanced monetary and fiscal policies that take into consideration the nation's social agenda.

On the construction sector, Dr Mahathir said the NEAC has recommended that the Foreign Investment Committee (FIC) allow developers to market houses priced RM250,000 and above directly to foreigners, without prior approval from the FIC as is required currently.

However, the FIC will first identify the projects whose houses can be sold to foreigners.

Dr Mahathir, who is also Umno president, stressed that the Government did not categorise the entire housing industry as an unproductive sector, to the extent that no loans are given out.

The Government is in fact still encouraging projects for the categories of homes that have strong demand, he said.

On the current water shortage, all relevant authorities are doing their part to solve the problem, he said, adding that they should stop blaming one another for the problem.

As for the threat of the air turning foul again, Dr Mahathir said the Government may impose even stiffer penalties against those caught for open-burning, for example a mandatory five-year imprisonment.

(END)