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Productive sectors to get loans: BNM (HL)

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BANK Negara Malaysia (BNM) has given its assurance that local banks will continue to provide credit facilities to productive and export-related sectors.

In a statement released in Kuala Lumpur yesterday, the central bank said that this was to ensure that while loan growth should moderate, productive sectors will continue to have access to financing.

Productive sectors include manufacturing, agriculture, mining, trade financing, general commerce, electricity, transport storage and high-tech industries.

The central bank's statement came a day after the National Economic Action Council (NEAC) met to discuss the perceived credit squeeze in the country.

There is, in fact, some RM490 billion in liquidity available for this year, Prime Minister Datuk Seri Dr Mahathir Mohamad had said after chairing Thursday's NEAC meeting.

Earlier yesterday, the Prime Minister was compelled again to make a statement that neither the Government nor the local banks was experiencing a credit squeeze.

"There is some misunderstanding. The Government has not experienced any credit squeeze and there is enough money in the banks," he told reporters after chairing a dialogue session with members of Bakti, a welfare body of ministers and deputy ministers' wives, in Kuala Lumpur yesterday.

The Prime Minister was asked to respond to news reports on the Housing Developers' Association's claim of having difficulties in getting loans from banks even for financing of low-cost housing projects.

The directive to local banks was that lending to the broad property sector must not exceed 15 per cent of their total loans portfolio.

"Some banks feel that they have exceeded their 15 per cent limit, so they do not give," Dr Mahathir added.

Asked whether the situation could have been prompted by some banks which have the tendency to over rate their lendings to the property sector, Dr Mahathir said sometimes local banks tend to do that.

"Some banks may have lent too much last year and want to cut back this year. But this is not a Government policy," he added.

Dr Mahathir said developers who have difficulties in clinching loans for low-cost housing projects could liase with the NEAC, which is in close contact with the local banks.

Earlier at the dialogue, the Prime Minister urged Malaysians to remain confident in the strength and resilience of the country's banking system in the wake of the prevailing economic problems.

He slammed Malaysians who have worsened the problems by withdrawing their savings from local banks and placing them in foreign financial institutions.

"Despite the Government's guarantee that it will compensate depositors should a bank goes bankrupt, they still withdrew their money and placed them in foreign banks," he added.

Meanwhile, in its statement, BNM said entrepreneurs who face difficulties securing loans from the banking system should contact the central bank.

"(They) may approach the Loan Monitoring Unit, Bank Regulation Department of Bank Negara.

"The unit will look into complaints of entrepreneurs who are promoting productive projects and ensure that productive sectors, particularly those which can immediately contribute to export earnings, continue to have access to financing," it said.

The unit can be contacted at 10th Floor, Block B, Bank Negara Malaysia, P.O Box 10922, Jalan Dato Onn, Kuala Lumpur. The direct telephone lines are 03-2988898 or 03-2987743. Other telephone numbers are 03-2988044 (ext 7682, 7768, 7769, 7683, 7291, 7386, 7988, 7306, 7486, 7606, 7767, 7770, 7465, 7540, 7536, and 7464). The fax numbers are 03-2987981 and 03-2913661.

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