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Proposed RM25m fund shows Govt confident of Islamic system

Eirmalasare Bani; Asiah Bujang

THE Government's proposed additional allocation of RM25 million for the Islamic Financing Scheme by Majlis Amanah Rakyat Malaysia shows that the Islamic banking system is not out-dated or troublesome but dynamic and convincing.

Malaysian Islamic Chamber of Commerce chairman Baharuddin Ali said such a move has proved the Government's positive attitude towards the Islamic banking system.

"This is an acknowledgement towards the Islamic banking institution," he told Business Times yesterday.

Prime Minister Datuk Seri Dr Mahathir Mohamad who is also the First Finance Minister, when tabling of the 1999 Budget yesterday, said several venture capital and financing schemes are introduced to develop more middle-class Bumiputra entrepreneurs.

This include RM34 million allocated for the Incubator Financing Scheme and the General Financing Scheme by Bank Pembangunan Malaysia.

"The fund will motivate and encourage entrepreneurs who have been weighed down by the economic slowdown, to move on," Baharuddin said.

Meanwhile, National Association of Women Entrepreneurs of Malaysia president Mariam Sulaiman welcomed the Government's assistance for women entrepreneurs.

"On the face of it, this is good news but the funds should be made accessible and disbursed in the right direction," she said.

She, however, expressed disappointment over the lack of support for the small-and-medium-sized entrepreneurs in the 1999 Budget.

"Many entrepreneurs are affected by the economic situation, not just the big-time businessmen. What about the other entrepreneurs? This is not a question of expansion but "trying to stay alive", she said.

To revive business activities, the Government has proposed an additional RM100 million for the Amanah Ikhtiar Malaysia programme, the Small-scale Entrepreneur Fund, and another RM150 million for the Economic Business Group Fund.

Both funds are expected to assist some 12,000 petty traders and small businessmen to set up or expand their businesses.

Malaysian Franchise Association chief executive officer Awalan Abdul Aziz also agreed that the Government's proposal for next year's budget will be more effective if followed by proper implementation.

"Improper disbursement of the allocation will be of no benefit to anyone," he said, adding that this could be achieved by setting up a special committee or task force for smoother distribution of funds to the relevant sectors.

As far as bureaucracy is concerned, Awalan said there should not be too much "red-tape" in distributing the funds.

"The banks' priority should be clear as to which sector that the fund will be given. The loan applications should also be processed quickly to avoid delay, which will accelerate the cost of projects," he said.

Meanwhile, Petrol Dealers Association of Malaysia president Abu Samah Bachik said the proposed measures under the new budget are timely, and he considered them as "the best course of action to be taken during the economic problems".

National Chambers of Commerce and Industry executive director Adnan Ariffin said the budget details were within expectations especially on the

infrastructure projects.

"It is a good move...with good incentives and balanced decisions," he said, adding that this will encourage local trading companies to be actively involved in international trading.

The Government has proposed that companies approved as International Trading Companies be given income tax exemption amounting to 70 per cent.

In a written statement, Malaysian International Chamber of Commerce and Industry president Datuk Jorgen Bornhoft said the chamber is pleased with the encouragement given to the food sector through the provision of group relief.

"However, it is disappointing to note that this proposal has not been made to cover all sectors as it offers group companies the flexibility to offset losses against the profits of other companies within the group.

"This could be a crucial factor in helping loss-making companies with good potential to regain strength, and to serve as an incentive to start new ventures in the group," he said.

He also said there should be a coordinated approach towards raising the level of efficiency in the transportation, handling and clearance of cargo, improving shipping frequencies and offering competitive rates to encourage exporters to ship through local ports.

The exemption of Real Property Gains and Stamp Duty should also be extended to all restructuring exercises rather than being confined to only the restructuring of financial institutions, he said.

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