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BUDGET-REACTION

1999 BUDGET WOULD SPUR ECONOMIC ACTIVITIES, SAYS DRB-HICOM CHIEF

By: Mohd Fisol Jaafar

KUALA LUMPUR, Oct 23 (Bernama) -- The 1999 Budget provides strong impetus for renewed growth and will spur more economic activities in the automotive, banking, construction and tourism sectors, said DRB-Hicom's group chairman Tan Sri Mohd Saleh Sulong.

He regarded the budget's objective of achieving one percent growth in 1999 as realistic and achievable as well as inflation fighting.

"In the automotive sector, we are very encouraged by the budget which we strongly believe will boost domestic demand for both passenger and commercial vehicles," he said, adding that this would add on to the strong recovery already being experienced by the market with the government's earlier measures.

Mohd Saleh said the new measures unveiled by Prime Minister Datuk Seri Dr Mahathir Mohamad today were innovative, pragmatic and business friendly.

Meanwhile, Association of Finance Companies of Malaysia's (AFCM) chairman Datuk Tay Ah Lek labelled the 1999 Budget as "a growth-promoting budget", which from a macro perspective, touches all sectors of the economy and all levels of population.

"Given our present economic condition, an expansionary budget will further stimulate economic activities in the country and it will go hand-in-hand with the easier monetary policy which the country is pursuing to promote economic activities and growth," he added.

Tay said the proposal to not consider 50 percent of the amount in the interest in-suspense accounts as income for purposes of income tax, would reduce some pressure on the financial sector.

"In fact, this measure will correct some distortionary impacts of the present tax treatment on interest income under the interest in-suspense accounts," he explained.

On the proposed exemptions on stamp duty and real property gains tax pertaining to mergers of financial institutions, Tay said these exemptions would not only reduce the cost of mergers among financial institutions but would also expedite some of the on-going merger deals among them.

"We are also confident that these exemptions will further facilitate mergers among financial institutions in line with the government's objective of strengthening our financial sector," he added.

Tay also said many borrowers would benefit from the proposed exemption on stamp duty on loan refinancing instruments.

He said it would not only lessen the burden of borrowers who wish to undertake refinancing facilities, but would also provide an incentive for them to consider refinancing options more seriously.

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