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HEADLINE LEAD MAHATHIR-SCHEME

MAHATHIR APPROVES SPECIAL SCHEME TO RAISE BUMI PARTICIPATION IN RETAIL SECTOR

KUALA LUMPUR, Aug 2 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad has approved a special scheme to raise Bumiputera participation in the retail business sector.

Bumiputera participation in the sector now accounts for less than 10 percent.

The scheme known as Projek Usahawan Bumiputera Dalam Bidang Peruncitan (PROSPER) has been introduced in what is seen as yet another major initiative to help Bumiputeras in small business.

PROSPER brings together various aspects on a coordinated and integrated basis with the objective of facilitating Bumiputera participation in retail business.

These aspects include the availability of premises, capital, loans, business opportunities, accounting and cash management, eligible candidates, training and coordination of the scheme, the Prime Minister's Office announced in a statement here today.

The PROSPER scheme is open to all Bumiputeras who are interested in participating in the retail sector and are willing to work full time in the business. It also targets ex-servicemen.

The entire scheme is being coordinated by a Task Force headed by Tan Sri Nor Mohamed Yakcop, the special advisor to the Prime Minister.

The Task Force has set up a full time secretariat at Perbadanan Usahawan Nasional Bhd (PUNB) to serve as a one-stop centre.

"It is important that all parties contribute to the success of this scheme. Active participation of Bumiputeras in the retail sector is essential, not only from the economic point of view, but also in the context of the long run socio-political stability of the nation," the Prime Minister's Office said.

Touching on the availability of premises, the statement said that one of the major hurdles that potential Bumiputera businessmen had to face in the past was finding suitable and affordable premises.

Given the high cost of properties in certain locations or high rentals, Bumiputera businessmen in many instances were unable to obtain suitable premises for their business.

Under PROSPER, the issue of premises would no longer be a problem as a company, TPPT Sdn Bhd, which belongs to Bank Negara Malaysia and a few commercial banks, would purchase the properties and rent the properties to the Bumiputera businessmen.

The rent would be on an affordable basis, beginning with a low rental rate and to increase accordingly over time as the business prospers.

The Bumiputera businessmen would have the option to purchase the property from TPPT, with the funding for the purchase of the properties to be financed via the issue of bonds through securitization.

A number of retail properties have already been identified. An advisory panel has been set up to identify viable business locations and retail units throughout the country, the statement said.

As for the availability of capital which has been inhibiting the active participation of Bumiputeras in the retail sector, it would now be resolved through a mechanism of equity support from PUNB using the Islamic principle of musyarakah mutanaqisah (partnership with decreasing participation).

Turning to loans, a special scheme known as the Flexi Guarantee Scheme (FGS) has been drawn up by the Credit Guarantee Corporation (CGC) to ensure

quick approval and disbursement of loans as well as enable CGC to guarantee between 30-100 percent of the loan.

The banking institutions therefore could decide on how much risk they want to take for the financing.

The higher the risk the banking institutions take, the higher would be their share of the financing charge.

Both franchise business as well as non-franchise businesses would fall under PROSPER.

To this end, a series of meetings and discussions are being held with franchisors to secure viable franchise opportunities for the Bumiputeras participating in this scheme.

A number of franchisors have agreed to provide special incentives for this project. The scope of business would include both goods and services.

Some examples of retail businesses envisaged under PROSPER include mini markets, electrical goods, pharmacies, food (including bakeries), telecommunications/information technology, gift shops, furniture, books/magazines, office supplies/stationeries, photo frames/watches/clocks, garments and textiles, construction and building materials, petrol kiosks, car/motorcycle dealerships and repair workshops.

Under PROSPER, the accounting and cash flow management would be initially undertaken by PUNB, through its panel of accountants, so that Bumiputera businessmen could concentrate on the business and marketing aspects of the venture.

Eventually, as the business develops and the Bumiputera businessmen gain expertise in the accounting and cash flow operations, they would take over the functions from PUNB.

The statement said that a study of previous cases of Bumiputera participation in the retail sector had revealed that a major cause of failure was the lack of expertise in accounting and cash flow management.

An important target group for this scheme is the ex-servicemen, both officers and the rank and file.

The retiring servicemen in the officers' category have been briefed by the Prime Minister himself on the opportunities available.

In the case of the rank and file ex-servicemen, PERHEBAT, a subsidiary of Lembaga Tabung Angkatan Tentera (LTAT), has, over the years, provided training in various fields such as metal fabrications, operating car workshops, electronic and electric, photography, retail, information technology and food industry.

The ex-servicemen with such training would be able to participate in this scheme by grouping themselves together, perhaps in a team of three or four, and taking up a retail outlet to provide the services that they are trained in.

Bumiputera businessmen, who are already in the retail sector and would like to expand their businesses, are also eligible.

Bumiputera businessmen who are at present renting the premises and wish to benefit from the rent-to-own mechanism could also join the scheme.

To further enhance Bumiputera expertise in the retail sector, a coordinated system of training on all relevant aspects would be made available to eligible businessmen through the Institute of Banks in Malaysia on financial aspects, PUNB on business and marketing aspects, PERHEBAT on technical aspects and the Malaysian Franchisor Association (MFA) on the specific aspects of each franchise.

Bumiputera businessmen interested in participating in this scheme as well as franchisors keen to participate can contact Encik Mohd Nor Shazali Idris or Puan Rohana Ibrahim at Perbadanan Usahawan Nasional Bhd, 18th floor, Wisma UOA II, no 21, Jalan Pinang, 50450, KL or at Tel no: 03-21632066 ext 708/611/201, Fax no 03-21646989 or 03-21632212.

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