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New low rate financing package for local SMIs

KONSORTIUM Logistik Bhd is looking to double its small and medium-sized businesses with the introduction of a low rate financing package.

It currently has about 120 SMIs clients, or about 20 per cent of its total customer base.

The company, together with Multi-Purpose Bank Bhd, yesterday introduced its SMI Logistics Enterprise scheme.

The scheme offers SMIs working capital financing with interest rates at less than five per cent per year.

Only Konsortium's clients will be eligible for the scheme.

The maximum five per cent interest rate for working capital loans of between RM200,000 to RM1.5 million per customer, is to allow customers to better manage inventory turnover.

Besides a low interest rate, the scheme also waives the need for any tangible security.

The scheme is to enable SMIs to fully concentrate on their core businesses while their logistics and financing problems are taken care of.

Minister of Transport Datuk Seri Dr Ling Liong Sik, who officiated the signing ceremony, said that this would enhance the development of SMIs and increase their contributions to the economy.

"Logistics are the backbone of SMIs, especially in the area of exporting manufactured goods. Soon, the purchasing of products will be done online and companies providing logistics services would have to play an even greater role, as delivery still has to be done manually."

Konsortium's executive chairman Mirzan Mahathir said that many a times large quantities of inventory sitting in a warehouse had tied up working capital which could be put to better use.

He said that SMI's had scarce resources and did not have the means to ensure continuous, constant and accurate movement of raw and finished goods.

Mirzan explained that Konsortium was responding to a call by the Government for the private sector to help SMIs.

He said: "The Government had realised that out-sourcing is a better alternative. This is especially for areas that do not contribute directly to the bottom line or where economies of scale cannot be achieved.

"We can put our resources to work for SMIs and help streamline the supply chain for them. By helping them manage their inventory better thereby increasing orders, Konsortium will also benefit from the increase in business."

He explained that the company would be subsidising the low interest rates on the loan.

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