

Dr Mahathir urges banks to accommodate needs of SMI

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The Prime Minister said active efforts by banks to help in the business development of SMI can reduce the risk of NPLs

By DZULKARNAIN TAIB

BANKS must be accommodating to the needs of small and medium-sized industries (SMI) and not be too stringent on conditions for approving loans.

Prime Minister Datuk Seri Dr Mahathir Mohamad reminded banks of the important role they play in the nurturing and development of SMI.

"There are banks that are too meticulous when giving out loans to small and medium-scale businesses so much so that some of them have to close shop.

"This is not good for the country since the capital invested is wasted. Efforts that were supposed to generate positive growth for the nation instead turned into negative growth," he said at the launch of the Kijang Emas Gold Bullion, Malaysia's first gold bullion.

mendously competitive environment that emerges as a result of technology revolution and the lifting of market boundaries," Dr Mahathir added.

He said although the Government hopes for positive economic growth each year, it cannot, by itself, generate growth within the scope of limited resources without the cooperation of the private sector.

Meanwhile, Bank Negara Governor Tan Sri Dr Zeti Akhtar Aziz said in her speech at the launch of the Kijang Emas Gold Bullion that the coins, produced by The Royal Mint of Malaysia, are at par with those in other countries.

These include the Canadian Maple Leaf, American Gold Eagle, Australian Nugget, South African Kruggerand, Chinese Panda, Austrian Philharmonic and British Britannia.

Produced in three sizes, the bullions are priced at a face value of RM200 for 1oz, RM100 for ½oz and RM50 for ¼oz.

Zeti said compared with other gold commemorative coins issued by the central bank from time to time, the Kijang Emas is a form of investment that can be bought and sold according to market value at the time of transaction.

Dr Mahathir, who is also the Finance Minister, said banks must be more active in assisting SMI entrepreneurs in services such as consultancy on financial management, administration and marketing.

"I believe such efforts will help in the business development of SMI enterprises and directly reduce the risk of non-performing loans (NPLs)."

He said SMI are among the important elements of the economy, and the Government has given due attention to the sector to ensure its contribution to economic growth.

However, the ability of SMI to expand is often hampered by their limited capital.

"They have to depend on banks to obtain financial as-

sistance in order for their businesses to grow, or else they will have to bear a deficit in their cash flow."

Dr Mahathir also touched on the importance of local companies' involvement in research and development activities to improve the quality of their products to cut costs and increase their international competitiveness.

"Local companies must be

sensitive to the cost of production, productivity and product quality.

"They must also be smart in adding value to local sources so that they can be utilised at lower cost, and this will boost the country's economy besides providing more job opportunities," he said.

He advised local companies and producers not to be too dependent on the Government

since its role is becoming increasingly limited in a globalised environment.

As such, they must be quick in seizing the available opportunities in addition to having a strong will and resilience in facing the wave of globalisation.

"That is why the Government is promoting the k-economy that stresses on knowledge in facing the tre-

Malayan Banking Bhd and Bumiputra-Commerce Bank Bhd have been appointed as agent banks for the Kijang Emas sale and purchase.

Asked later on the release of gross domestic product (GDP) figures for the second quarter, Zeti said it will be announced later.

The second-quarter GDP is expected to be released on August 28.

"We will make our revision and announce it later. It all depends on the Statistics Department," she said in response to a question about the delay in announcing the figures.