

20 SEP 2001

ECONOMIC STIMULUS

ADDITIONAL RM500 MLN ALLOCATION TO FURTHER STIMULATE ECONOMY

KUALA LUMPUR, Sept 20 (Bernama) -- The government will allocate another RM500 million for small development projects throughout the country as part of measures to counter the possible adverse economic impact from the terrorist attacks in the United States, it was announced today.

Syed Imran Alsagoff, press secretary to Datuk Seri Dr Rais Yatim, Minister in the Prime Minister's Department, said Rais was misquoted in some newspaper reports that the Cabinet had yesterday approved a sum of RM1 billion for the stimulus package.

He clarified that the sum approved by the Cabinet was RM500 million and would be used for development projects involving small-scale contractors.

On Sept 14, Prime Minister Datuk Seri Dr Mahathir Mohamad said the government was seriously studying the impact from the attacks on Sept 11 and did not rule out the use of further pump priming measures.

The government announced a RM3 billion economic stimulus package in March this year to counter the effects of a prolonged economic downturn in the United States on top of the RM28 billion allocation announced in the 2001 Budget last October.

It is believed that all ministries had been directed to expedite the use of their allocations to bring about greater spin-off effects on the national economy.

As part of the measures to place the national economy on a stronger footing, Bank Negara Malaysia (BNM) today announced that it has reduced its three-month BNM intervention rate by 50 basis points to 5.00 percent.

BNM governor Tan Sri Dr Zeti Akhtar Aziz said the reduction in the intervention rate would serve to enhance domestic business and consumer sentiment to support domestic economic activity while mitigating the adverse impact of recent external developments.

Accordingly the ceiling base lending rate (BLR) of commercial banks and finance companies will now decline to 6.42 percent and 7.46 percent respectively from 6.83 percent and 7.98 percent previously.

Last year Malaysia's economy grew by 8.5 percent and this year's growth is expected to be lower in view of the harsh external environment.

The Malaysian economy saw a 3.1 percent growth in the first quarter of 2001 and only managed to grow by 0.5 percent in the second quarter. --

BERNAMA

SHY SHY