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Banks urged to be more considerate

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KUALA LUMPUR, Wed. - Prime Minister Datuk Seri Dr Mahathir Mohamad today advised banks to treat loan applications from small companies and traders with more consideration.

He said the Government had always told banks about this but sometimes "they were too prudent".

"Sometimes, they take the easy way out. They do not want to take any risk at all. But we will try and persuade them."

Dr Mahathir, who is also Finance Minister, was speaking at MIC president and Works Minister Datuk Seri S. Samy Vellu's Deepavali open house at the Chung Hwa Independent Secondary School in Jalan Ipoh.

He was asked to comment on a statement by Deputy Finance Minister Datuk Dr Shafie Salleh in the Dewan Rakyat last week.

When winding-up on points raised by MPs debating the Budget 2002, Shafie said complaints had been received that banks were reluctant to give out loans, especially to small companies and traders.

He had said that Bank Negara had met with the banks where they were urged not to be too strict with small borrowers.

Dr Mahathir said good businesses should not face much difficulties in getting loans because besides banks, there were other funds from which assistance could be sought.

"But people must always remember when you borrow money, you must pay back. If you think you can't pay back, don't borrow."

On whether the banks' action had hampered efforts to stimulate the economy, Dr Mahathir said the Government had taken various measures which did not depend on bank lendings.

One of these was allocating funds for contracts awarded to Class F contractors.

Asked to comment on the bickering among MCA leaders, Dr Mahathir, describing it as an internal matter for the party, expressed confidence that the differences would be resolved.

"They are quite capable of solving their problems. I don't have to make a comment which will only upset people."

On possible decline in the support of the Chinese community for Barisan Nasional if the squabble was not resolved, Dr Mahathir said he felt the problem would not drag on.

"They are sensible people. I am quite sure they will want to settle this."

He said Press reports pitting both sides against each other had not helped ease the situation.

Asked on the issue of the funds for the hardcore poor, he said:

"We do not know the truth yet. We must know what really happened. As far as I know, the funds are not that big but now, tens of millions are said to be involved.

"Is it really from the fund or other sources? We have to investigate carefully.

Dr Mahathir said: "The Government will take action against anyone ... I am not trying to defend anybody if there is a case."