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Banks advised not to impose stringent conditions

BANKS were today told not to impose stringent conditions when giving loans to small and medium industries.

In making the call, Prime Minister Datuk Seri Dr Mahathir Mohamad said banks should instead be pro-active in assisting SMIs by giving them the necessary financial, management and marketing advice.

"I believe such a move will help the SMIs prosper and reduce the risk of non-performing loans," he said when launching the Malaysian gold bullion coin, Kijang Emas here today.

Dr Mahathir said the SMI sector was an important one in the Malaysian economy and the Government paid special attention to it due to its positive contribution to the country's growth.

However, SMIs did not have sufficient capital for its expansion and relied on banks for financial assistance.

"Some banks are very careful when giving loans to SMIs, forcing some of them to eventually close shop.

"And when this happens, it is a loss to the country," he said.

Dr Mahathir said if banks do not extend financial assistance, the SMIs would also lose the capital it had invested when setting up the business.

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