

17 JUL 2001

MAHATHIR-LOANS

DR MAHATHIR: DON'T BE TOO CAUTIOUS WHEN GIVING OUT LOANS TO SMIs

KUALA LUMPUR, July 17 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad today urged financial institutions to give reasonable attention to the small and medium industries (SMIs) sector and not to impose heavy conditions that would end up burdening them.

He said there were some banks that were too cautious when providing the finance for SMI companies and so much so that some of these companies have had to cease operations.

"It does not benefit the country when invested capitals are lost just like that. The effort that should have generated positive growth has instead given way to a negative growth," said Dr Mahathir when launching the country's first bullion, Kijang Emas, here today.

The Prime Minister explained that the SMI sector was among the most important sectors in the economy which received the attention of the government as a sector capable of contributing to economic growth.

However, the capacities of the SMIs were limited to the amount of capital they have and require the bank's help to expand their businesses or cover their cash flow deficits.

He said banks should play a more active role in helping the SMIs such as by providing advisory services on financial management, administration and marketing.

"I believe that this move would help in the progress of SMI companies and directly help reduce the risk of unpaid loans," he said.

Dr Mahathir added that although the government hoped that the country would always see positive economic growth yearly, the responsibility of generating growth should not be left solely to the government.

He said the duty should be equally shared by the private sector which includes the trading community, entrepreneurs and banking sector.

They need to rely on each other with the main purpose of reaching a more excellent success rate, he said.

At the same time, entrepreneurs and local traders too should not depend too much on the government as in the current wave of globalisation, the role of the government would become more limited, he said.

He said local entrepreneurs also needed to be more alert in grabbing the existing opportunities and have greater strength, spirit and a staying power to meet the onslaught of globalisation.

Meanwhile on the Kijang Emas produced by Royal Mint of Malaysia, Dr Mahathir said that the achievement not only has brought Malaysia to international attention, but has also given a choice for the people in the area of investment and savings.

Kijang Emas, which is made of pure gold 999.9, would be sold based on the daily price rate of gold and comes in three denominations, one ounce, half ounce and quarter ounce. -- BERNAMA

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