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PM: Banks now more prudent in their lending

Kamarul Yunus

ACKNOWLEDGING that banks are now more prudent in their lending practices, Prime Minister Datuk Seri Dr Mahathir Mohamad advised businessmen to make sure they are able to repay the money before applying for loans.

"People must remember to pay back the loans that they have obtained. If they are not confident that they are able to do so, then they should not borrow," he told newsmen at MIC president and Works Minister Datuk Seri S. Samy Vellu's Deepavali open house in Kuala Lumpur yesterday.

The Prime Minister was commenting on remarks by Deputy Finance Minister Datuk Dr Shafie Mohd Salleh who, when winding up a debate on Budget 2002 in the Dewan Rakyat last week, said that banks were reluctant to give out loans, especially to small traders and companies.

"We have always been going around telling banks to treat applications for loans by small traders and companies with more consideration... but sometimes they are too prudent.

"Sometimes they take the easy way out and don't want to take the risk," Dr Mahathir, who is also Finance Minister, said.

Asked whether the banks' actions would hamper the Government's efforts to stimulate the economy, the Prime Minister said the Government has taken measures that are not based on bank lending but on a job-to-job basis.

"For instance, the Class F contractors are given allocations based on their workmanship. If they work, they are given money. If they don't work, then there is no money," he said.

On alleged misappropriation of funds under the Hardcore Poverty Eradication Programme (PPRT), Dr Mahathir said there is a need for a thorough investigation into the matter before any action can be taken.

"Currently, there has yet to be any proof of the misappropriation of funds. We cannot pre-judge certain things. We must know the background on what really happened.

"Action can only be taken based on proven evidence," Dr Mahathir said when asked to comment on recent news reports on alleged misappropriation of funds by two companies managing the PPRT in Kelantan and Terengganu, which was revealed by Rural Development Minister Datuk Azmi Khalid.

Azmi was quoted as saying the ministry had lodged a police report on the alleged misappropriation of funds amounting to RM40 million for illegal investments.

Former Rural Development Minister Datuk Annuar Musa on Tuesday called for action to be taken against those involved in the alleged misappropriation of funds but said there seemed to be misunderstanding of the whole issue as reported in the newspapers.

Dr Mahathir was also asked whether a new Datuk Bandar for Kuala Lumpur would take over from Tan Sri Kamaruzzaman Shariff whose term expires at the end of the month.

"I have not thought about it yet. I have to study certain things, like how long he has served as Datuk Bandar, the availability of other candidates and so on. I cannot make a decision during a press conference," he said.

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