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REACTION-SMI

GOOD NEWS FOR ENTREPRENEURS, SAYS LOOI

KUALA LUMPUR, May 21 (Bernama) -- The Small and Medium Industries (SMIs) welcomed the government's move given that the economic package is generous particularly with the availability of sizeable funds and the setting up of a special unit in Bank Negara Malaysia to assist with the loan applications and approvals.

The economic package worth RM7.3 billion is good news especially for the budding entrepreneurs, said SMI Association of Malaysia's president, Looi Teong Chye.

Among the incentives announced by the Prime Minister, Datuk Seri Dr Mahathir Mohamad today was an increase of RM600 million to the SME Fund and the RM400 million to the New Entrepreneurs Fund.

Looi said with the bigger fund size, entrepreneurs would not only have a bigger pool of funds but also have easy access to loan applications.

"With the new funding allocation and the new mechanism in place, we are confident that these funds will be efficiently and effectively disbursed to viable SMIs," Looi said in a statement today.

The New Entrepreneurs Fund is exciting news for entrepreneurs as it will serve as the most needed source of financing in the current economic environment and boost entrepreneurship in Malaysia, he said.

He said the new fund would provide start-up capital to budding entrepreneurs by offering a source of funding not available commercially previously.

"This will encourage the sprouting of more entrepreneurs who will contribute to a more vibrant entrepreneur community," he added.

On the intervention rate cut by 50 basis points, Looi said it would help the SMIs reduce the business cost as this would translate into a lower borrowing cost.

"Besides that, the shorter delivery system such as a shorter time period for the processing and approval of permits and business licences will also help SMIs cut cost," he said.

Meanwhile, the executive director of National SMI Consultative Centre (NASMIC), K.T. Tan said that the package was very-well designed, especially the inclusion of some special allowance to doctors and medical staffs.

As for the SMI segment, he believed that the RM600 million fund was too little if it required proper collaterals as the banks were asking at present.

He said some new entrepreneurs might face problem in having access to the funds available "because they may be very new in the industry and don't have track records to show to the banks."

As such, banks must be urged to take certain risk just as the businessmen are when they invest, he said.

Tan said to ensure a full implementation of this package, trade associations should brief members of the benefits of this new package.

"To ensure more people benefit from this scheme, application procedures must be fast, simple and accessible," he added.

SM/AFH KTC