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Good response to credit scheme

Alina Simon

ALOR STAR, Thurs. - Barely three days after launching the micro-credit scheme, Bank Pertanian has already approved 45 applications from all over the country for loans totalling RM659,000.

It received 301 applications from small entrepreneurs for loans worth RM4.8 million.

The northern region of Kedah and Perlis had one of the highest numbers of applicants with 74 applying for loans totalling RM1 million.

Northern region manager Salmah Abdullah said the bank had approved loans of RM239,000 for 18 applicants.

She said the response from small entrepreneurs was overwhelming from the day Prime Minister Datuk Seri Dr Mahathir Mohamad announced the scheme as part of the special economic package on May 21.

The scheme, which offers a maximum of RM20,000 funding with neither collateral nor guarantor needed, was aimed at boosting small businesses and cottage industries.

It was also to help them stay away from the along (loan sharks).

"Many of the applicants are petty traders who are not eligible for bank loans as they do not have collateral," she said today.

"Many go to the along although they realise they will remain in-debted because of the high interest rates."

She cited as an example, a mobile laksa trader who had to pay RM13 daily to the along ever since he started his business five years ago after taking a small loan.

"When he came to see us, he was thankful for being able to get a loan to fix his motorcycle without having to pay the interest."

"Our scheme is attractive as we promise to process applications within five days if we know their background and business track record."

She said the repayment period was also spread out between two and four years for business/trade or agricultural projects.

She said that there was also the possibility people trying to take advantage by using loans for other purposes, but the bank was confident of overcoming this problem by getting endorsements from community leaders.

As for the first-timers, she said, the officers would visit the proposed project site and the money would be given out in instalments.