

'Banks deterring Indians from buying into unit trusts'

Malaysiakini.com

November 16 ,2011

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Deputy Minister in the Prime Minister's Department SK Devamany has hit out at banks that have put putting obstacles in the way of Indian Malaysians who want to buy into the ASM and AS1M unit trust schemes.

He said the banks have told these customers that they had run out of units whenever inquiries have been made.

“This is because they fear losing fixed deposits (placed by customers) . I have told off the bank managers, asking them why this is so, and informed Permodalan Nasional Bhd (PNB) ,” Devamany said during Question Time in the Dewan Rakyat today.

He said the Indian Malaysians affected had wanted to withdraw their fixed deposits to buy the special allotment for Indians in the unit trust schemes.

Devamany lamented that Indians are at the losing end, as fixed deposit accounts only pay about 2.5 percent interest, while some unit trust schemes may bring in about 6.5 percent in dividend.

Met later, he reiterated that the PNB must monitor the situation to prevent this from happening as banks play an important role in ensuring that allocations for the Indian community are successfully distributed.

Currently, RM420 million worth of the special allotment is still waiting to be picked up, out of the total units valued at RM445 million in ASM and units valued at RM1.5 billion in AS1M.

The matter came up in the House when S Manikavasagam (PKR-Kapar, left) asked why there has been no significant improvement in equity ownership among Indian Malaysians, despite a government pledge to ensure that this would rise to three percent.

Devamany said equity ownership has risen from 1.1 percent in 2006 to 1.6 percent after the Ninth Malaysia Plan, and that the target would be met by 2020.

'Cowboy vs real' world

P Kamalanathan (BN-Hulu Selangor) asked if more places would be given to Indian professionals on the board of government-linked companies (GLCs) and to provide special loans for Indians to purchase equity in listed companies.

Devamany agreed that a role in GLCs could have a trickle-down effect in uplifting Indian equity ownership, and said this is being considered by the cabinet task force looking into the needs of the community.

However, he was more cautious on the issue of special loans for share purchase, expressing anxiety that the interest and the dividends from the shares may not match up. This, he said, could lead to Indians finding it difficult to repay loans.

M Kulasegaran (DAP-Ipoh Barat, left) then stood up to protest that the government's policies have been inconsistent when it comes to assistance for Indians.

He said the government had only scrambled to action after being mauled in the 2008 election by the loss of Indian votes.

Kulasegaran further said that the community's participation in the civil service has shrunk to four percent.

Devamany disputed the claim, saying Indians make up 5.4 percent of the civil service.

"You must get the facts right. Don't just shoot from the hip. This is not a cowboy world!" he said.

"This is the real world," responded Kulasegaran.