RM500M SUKUK PRIHATIN TAKING OFF

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PM set to announce details, including rate of returns and tenure, at today's launch

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THE RM500 million "Sukuk Prihatin", which will allow the rakyat and businesses to support Malaysia's economic recovery, will be launched today.

The Sukuk Prihatin was part of the government's RM35 billion Economic Recovery Plan (Penjana), said the Finance Ministry.

Yang di-Pertuan Agong Al-Sultan Abdullah Ri'ayatuddin Al-Mustafa Billah Shah was expected to witness the launch, it added.

Prime Minister Tan Sri Muhyiddin Yassin is also expected to announce details of the sukuk, including the rate of returns and tenure, at the event.

The sukuk, which would involve a fully digital subscription process, was the result of requests from various parties to assist in the country's Covid-19 pandemic recovery efforts, the ministry added.

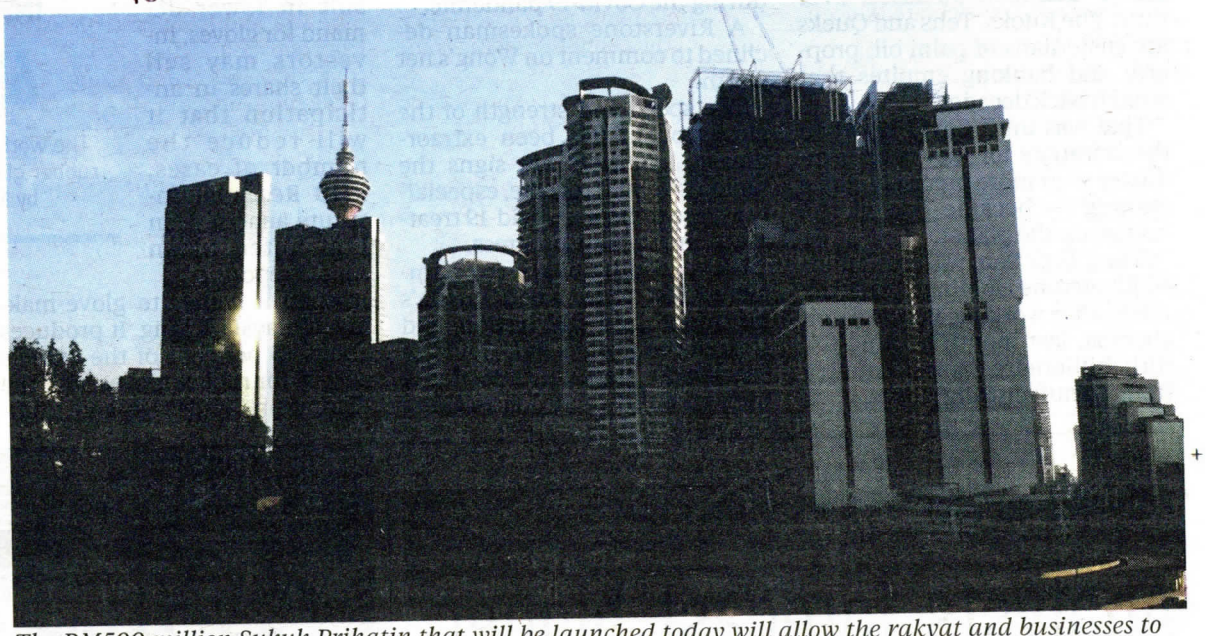
"Proceeds from the Sukuk Prihatin will be channelled to a number of initiatives that have been identified.

"They include increasing connectivity to rural schools, funding research grants for infectious diseases and financing micro, small and medium enterprises, especially women entrepreneurs," it added.

Muhyiddin had announced the Sukuk Prihatin when unveiling the Penjana initiative in June.

"Since the start of the Covid-19 pandemic, the government has been receiving contributions such as cash and equipment via funds managed by the National Disaster Management Agency and Health Ministry," he had said then.

"We have also continued to receive requests from the rakyat and businesses keen to contribute to the recovery efforts."



The RM500 million Sukuk Prihatin that will be launched today will allow the rakyat and businesses to contribute to the Covid-19 pandemic recovery efforts. BLOOMBERG PIC

Industry insiders said the Prihatin sukuk would likely be akin to "war bonds" issued by some countries, with zero-interest and at a discount to its face value.

A war bond is an initiative by a government to fund military operations and spending by issuing debt for the public to purchase.

Although war bonds do not typically pay interest, they are sold at a discount that mature to face value, typically after a period of 10 to 30 years.

Countries that have issued similar instruments reportedly included the United States, Canada, Germany and the United Kingdom.