

## Semarak Niaga to be catalyst for MSMEs' recovery

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THE RM40 billion "Semarak Niaga Keluarga Malaysia" programme will be the catalyst for recovery and business restructuring for micro, small and medium enterprises (MSMEs), which is set to be a new driver to the growth of the country in the long run.

Prime Minister Datuk Seri Ismail Sabri Yaakob said under the 12th Malaysia Plan, the transformation of MSMEs is one of the many game changer projects that will be implemented to increase their competitiveness and contribution, including the shift focus from local to world market.

He said this effort is also in line with the aspirations of the National Digital Network and Malaysia Digital Economy Blueprint which will make Malaysia a leader in the economic sector, efficient and proactive digital, shaping a high-income nation.

"These initiatives will increase MSMEs' contributions to the country's GDP to 45%, contribution to the country's exports to 25% and produce two 'unicorns' of Malaysia's pride by 2025.

"Indirectly, once the business sector recovers, employment opportunities will also increase and the target of creating 600,000 jobs will be achieved via the MSMEs sector," he said at the launch yesterday.

The Semarak Niaga Keluarga Malaysia programme comprising direct loans, financing guarantees and equity injections, is expected to benefit every group of entrepreneurs.

The Informal and Micro Financing Scheme will offer loans of up to RM10,000 at a zero-interest rate with priority given to informal sector traders. The fund size for this scheme alone is RM200 million.

For more mature businesses, financial institutions such as SME Bank would offer loans of up to RM10 million under the IBS 2.0 Promotion Fund scheme and up to RM1 million under the Young Entrepreneur Financing Programme 2.0. Collectively, the fund size for the two schemes amounted to RM300 million.

For companies that are viable but have constraints in obtaining new funds, a new, more flexible form of financing has been devised to expand the ability to revive the business.

One of them is through equity crowdfunding and peer-to-peer financing, which will be supported by an allocation of RM80 million in matching grants for the Malaysia Co-investment Fund, in addition to the investment by Bank Pembangunan Malaysia Bhd (BPMB) of RM100 million.

To help companies facing high indebtedness or gearing problems, Ismail Sabri said funding methods in excess of RM2.2 billion through equity and quasi-equity investments would also be available.

The method was spearheaded by SME Bank with a fund of RM600 million, while BPMB would offer the Rehabilitation and Support Through Equity or RESET Scheme with a fund size of RM500 million.

“Bank Negara Malaysia (BNM) has also provided a Business Recapitalisation Facility worth RM1 billion for the same purpose. Cumulatively, RM14.2 billion in funds is available to SMEs.

“For the continued availability of funds, BNM’s special funds, especially the Targeted Relief and Recovery Facility and Agrofood Facility have been collectively increased by RM2.5 billion to RM10 billion. The total amount available from various BNM SME funds is currently at RM10 billion,” he said.

Meanwhile, Finance Minister Tengku Datuk Seri Zafrul Tengku Abdul Aziz said Malaysia is at a critical juncture, and the journey towards becoming a developed high-income nation is full of challenges.

“The challenges include climate change, the country’s transition to an ageing population, as well as structural issues that cannot be addressed within a year or two.

“As such, the strategies, initiatives and measures for Budget 2022 were carefully formulated to continue the short-term recovery momentum, as well as implement long-term restructuring policies,” he said.

He believed the Semarak Niaga Keluarga Malaysia programme will restore capacity and empower the business community in driving the nation’s economic growth.

“This year, the government has projected the country’s economic growth to be between 5.5% and 6.5%, in line with the projections of the International Monetary Fund (5.7%) and the World Bank (5.8%).

“Moving forward, the Finance Ministry will remain committed to being a responsive, accountable and fiscally reformist Ministry,” he added.