



## **Abundance of aid for SMEs to remain resilient as Malaysia moves towards Endemic Phase**

KUALA LUMPUR, Dec 6 -- The government has continuously implemented strategic programmes, including financing facilities, to support and empower the small and medium enterprises (SMEs) and micro-SMEs (MSMEs) in their battle to sustain their business in 2021 amid the prolonged COVID-19 pandemic.

This year saw the introduction of several stimulus packages, including the Strategic Programme to Empower the People and Economy (PEMERKASA), PEMERKASA Plus and National People's Well-Being and Economic Recovery Package (PEMULIH), to cushion the impact of the pandemic on the SMEs and reinvigorate the country's economy.

Last year, the SMEs recorded a Gross Domestic Product (GDP) growth of negative 7.3 per cent. This marked the first time in 17 years that their growth fell below Malaysia's overall GDP growth (negative 5.6 per cent), according to the **Department of Statistics Malaysia**.

Under the RM20 billion PEMERKASA initiative announced in March, RM500 million was allocated for SME financing facilities under Bank Simpanan Nasional (BSN), TEKUN Nasional, Majlis Amanah Rakyat and SME Corporation with a lower interest rate at three per cent. In addition, the government announced an additional RM700 million allocation for the SME Automation and Digitalisation Facility, bringing Bank Negara Malaysia's total funding facility for SMEs to RM6 billion, as well as a one-off Prihatin Special Grant (GKP) 3.0 aid of RM1,000 for eligible micro SMEs.

Subsequently, in May, the government launched the RM40 billion PEMERKASA Plus package which offered a three-month moratorium for micro-enterprises and SMEs that were not allowed to operate during the Movement Control Order (MCO), and an extra RM500 for GKP 3.0 recipients in July 2021, bumping up the total payout to RM1,500.

Announced in late June, the RM150 billion PEMULIH package provided an additional allocation of RM1.1 billion through a micro-credit payment scheme by BSN (RM500 million), TEKUN Nasional (RM100 million), and Agrobank (RM500 million).

There was also an additional RM100 million under the SME Digitalisation Grant for SMEs and MSMEs for matching grants of up to RM5,000 for the purchase or subscription of digital systems.

Under PEMULIH, an unconditional moratorium was given to micro-entrepreneurs. This initiative was also offered to SME operators affected by the pandemic subject to checks and approval by the banks.

The package also introduced the fourth round of GKP (GKP 4.0) payments for SMEs -- RM500 in September 2021 and another RM500 in the following month.

### Aid to enhance cash flow, restart businesses

On Nov 19, Prime Minister Datuk Seri Ismail Sabri Yaakob said the total allocation that had been channeled to more than one million MSMEs under the GKP since COVID-19 hit the country was RM6.08 billion.

He said the government hoped that continued cash assistance to these eligible MSMEs could help cash flow as well as mobilise and revive their businesses, which were the most affected sectors during the pandemic.

Ismail Sabri also mentioned the government planned to assist MSMEs by providing them capital to restart their business following the effects of the COVID-19 pandemic.

As of Nov 24, the Ministry of Entrepreneur Development and Cooperatives (MEDAC) had successfully assisted a total of 220,248 entrepreneurs affected by the COVID-19 pandemic under the 100-day Aspirasi Keluarga Malaysia (Malaysian Family Aspirations) programme.

Its minister, Tan Sri Noh Omar, said the assistance involving a total of RM7.172 billion was in the form of loans, moratoriums and grants to the affected entrepreneurs.

MEDAC is also targeting for MSMEs to increase their contribution to the Gross Domestic Product (GDP) at an average rate of 1.0 to 1.5 per cent annually.

Based on data from the Statistics Department, the GDP contribution of SMEs for 2020 was 38.2 per cent, down from 38.9 per cent in the preceding year.

The services sector remained the biggest contributor to SME activities with a 62.1 per cent share, followed by manufacturing with 20.7 per cent.

SMEs' GDP contribution was highest in the agriculture sector (54 per cent), followed by construction (48.7 per cent), services (41 per cent), manufacturing (34.5 per cent), and mining and quarrying (three per cent) sectors.

#### Signs of improvement and recovery

SME Association president Ding Hong Sing said the performance of SMEs in the first and second quarters of 2021 augured well, but it was stunted in the third quarter following the nationwide MCO and Enhanced Movement Control Order, which badly affected the services and construction sectors.

However, he saw signs of improvement and recovery in the fourth quarter (Q4) as the country moved into phase four of the National Recovery Plan with more than 90 per cent of adults being fully vaccinated.

"The GDP in Q4 is expected to show a positive increment with SME businesses back in operation with the standard operating procedures in place," he told Bernama.

On the outlook for next year, Small and Medium Enterprises Association Malaysia (SAMENTA) Central chairman Datuk William Ng said with the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) set to be ratified in 2022, the association expected SMEs to continue to perform well and shore up the country's economy.

"We expect SMEs will continue to do well, provided that the government can step in to provide relief from the current labour shortage, further reduce red tapes, support SMEs in technology adoption and spell out clear and consistent policies," he added.

-- BERNAMA

<https://www.bernama.com/en/business/news.php?id=2030507>