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RM100m govt aid for FCLO too little

THE RM100 million allocation announced by the Entrepreneur Development and Cooperatives Ministry (Medac) for 1,400 first to close, last to open (FCLO) entrepreneurs is insufficient.

SME Association of Malaysia national VP CS Chin said the amount, however, was not the main concern, rather rolling out the vaccination programme as efficiently as possible for non-essential services was.

He said sectors like sports and gyms, wellness centres, health and beauty, post-natal and retail were among the worst hit and from the various lockdowns and Movement Control Orders, many have closed down for good.

“If possible, the vaccination programme needs to be completed by August this year as most sectors in non-essential services are dying to get back in operations.

“The longer it takes, the worse it will be,” he said to The Malaysian Reserve (TMR) recently.

According to Chin, even with the current lockdown, the number of infections has not gone down but instead has been climbing higher every day.

“Despite most blaming factories for the spread, facts and data provided by the Federation of Malaysian Manufacturers said it is not the case. Information from the Health DG noted that of the total cases, close to 70% were sporadic while 30% came from clusters, of which 62% are workplace clusters.

“Factories only account for 30% of these workplace clusters. This works out to be around only 6% of the total number of cases that can be attributed to factories,” he said.

In regards to Medac Minister Datuk Seri Dr Wan Junaidi Tuanku Jaafar stating he will speak to the FCLO sectors to identify issues, Chin said this should have been done from day one.

“If you look at all the past incentives or aids provided, nothing much benefitted the FCLO sectors. The main costs of operation are rental and labour, with no help from landlords and insufficient assistance on wages provided to them.

“The government should provide targeted assistance with more cash support to be provided to these hard-hit sectors, rather than the same across all companies,” Chin said.

He said the budget allocated could help some SMEs get their staff vaccinated quickly, including foreign workers, which has been a main concern.

“The association is drafting a proposal to Medac, seeking their support to facilitate and provide affordable vaccinations from the private sector for all SMEs including manufacturing, services, retailers, traders, food hawkers and the like,” Chin said.

Meanwhile, Malaysia University of Science and Technology professor Dr Geoffrey Williams said the RM100 million allocation for the FCLO sectors was considered a useless project.

He said this has been seen far too often in the stimulus packages, and is poorly designed, underfunded and pays no attention at all to the needs of micro enterprises.

“According to the Department of Statistics Malaysia, there were 693,690 micro enterprises in 2019, before the crisis. So, this allocation is worth RM144 each.

“This shows how useless it is. There are 809,126 alone in the service sector, or 89.2% of the total,” he told TMR.

Williams said these sectors have been devastated and closed even in the lightest versions of the lockdowns.

“Medac surveyed micro, small and medium enterprises (MSME) and found 90% are at risk of closure due to the lockdowns and 54% said they only have three to six months left. What will this programme do for them?”

“Micro enterprises want customers like all other businesses, they do not want handouts. As long as the lockdown is in place, their businesses are crippled,” Williams said.

He opined that most MSMEs and particularly micro enterprises are not transmission risks as they are too small.

“The idea of essential and non-essential sectors is meaningless in economic terms and clearly has not been defined by economic analysis.”

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