



MEDIA RELEASE

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SMEs to Remain a Priority Amidst a Challenging Economic Environment

Kuala Lumpur, 23 June 2016 – The 20th National SME Development Council (NSDC) Meeting, chaired by Prime Minister Dato' Sri Mohd Najib Tun Haji Abdul Razak today was briefed on the latest economic developments and its impact on SMEs. The Council noted that against the backdrop of an increasingly challenging economic environment, SMEs continued to remain resilient, recording a GDP growth of 6.1% in 2015 compared with the underlying growth of 7.9% in 2014. This was further corroborated by findings from the latest First Quarter 2016 SME Survey undertaken by SME Corp. Malaysia, which indicated that although businesses in Malaysia have been affected by the subdued economic performance, SMEs were affected to a lesser extent. As at 2015, the contribution of SMEs to GDP was 36.3%.

The encouraging performance was due in part to a series of pre-emptive measures undertaken by the Government since early last year to cushion the impact of the economic slowdown. Measures were intended to stimulate domestic demand and provide additional financing assistance to support SME growth. Meanwhile, the execution of the High Impact programmes (HIPs) under the SME Masterplan have lent further support to SMEs. Focus has been on promoting innovation and facilitating commercialisation of products and services by SMEs. To date, we have eight innovations commercialised and 110 license deals signed under HIP2 of the Technology Commercialisation Platform.

Another survey on innovative SMEs under the 1-InnoCERT programme showed that these companies recorded double-digit sales and export growth, and have generally higher productivity and wage levels than industry norm. The Meeting decided that 1-InnoCERT will become the standard innovation assessment mechanism to be used by all Ministries and agencies for providing support programmes for innovation in future.

In relation to HIP1 on ease of doing business, Dato' Sri Mohd Najib today launched the MalaysiaBiz, an information portal that provides details on registration and licenses/permits requirements for business activities across all economic sectors in Peninsular Malaysia. All these initiatives are expected to culminate to achieving the 41% SME GDP contribution by 2020. To strengthen the long-term prospects of SMEs, the Government is also in the midst of finalising the National SME Bill which is expected to be tabled at the Parliament by end-2016. The Meeting also noted on the emergence of new financing avenues namely, the Equity Crowdfunding and Investment Account Platform which can benefit SMEs particularly those at the start-up and early stage.

On the outlook for 2016, SME GDP growth is expected to be sustained at around 5%. Amidst a more prudent fiscal spending, the Government remains committed to SME development whereby a total of RM7.34 billion has been allocated for 152 SME development programmes in 2016. Besides realising the economic impact in terms of generating growth, exports and employment, sufficient focus on SMEs is important in ensuring that the inclusive growth and social agenda, particularly the bottom 40% of the income pyramid is achieved.

Meanwhile, SMEs have also been responding to the current challenges by undertaking cost-cutting measures, finding new markets and enhancing efficiency to remain competitive based on the survey results. As part of the efforts to enhance outreach, two booklets entitled Financing Schemes for SMEs in Malaysia and Tax Incentives for SMEs in Malaysia were circulated during the meeting. These will be useful reference for SMEs who want to seek Government assistance.

Secretariat
National SME Development Council (NSDC)

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For media enquiries, please contact En. Ahmad Mu'izz Mohd Yusof (03-2775 6275 or email – muizyusof@smecorp.gov.my) or Ms. Marianne Edwina Santa Maria (03-2775 6208 or email – marianne@smecorp.gov.my)

PERBADANAN PERUSAHAAN KECIL DAN SEDERHANA MALAYSIA
(SME CORP. MALAYSIA)

Level 6, SME 1, Block B, Platinum Sentral
Jalan Stesen Sentral 2, Kuala Lumpur Sentral
50470 Kuala Lumpur, Malaysia
Tel: 603-2775 6000
Fax: 603-2775 6001
<http://www.smecorp.gov.my>
E-mail: info@smecorp.gov.my

About SME Corp. Malaysia

SME Corp. Malaysia is a Central Coordinating Agency that formulates overall policies and strategies for SMEs and coordinates the implementation of SME Development Programmes across all related Ministries and Agencies. It acts as the central point of reference for research and data dissemination on SMEs, as well as, provides advisory services for SMEs in Malaysia.

SME Corp. Malaysia also assumes the role of the Secretariat to the National SME Development Council (NSDC) which is chaired by YAB Prime Minister of Malaysia.