



MEDIA RELEASE

NESDC endorsed eight broad measures to boost SME GDP growth, to reach 41% by 2020

Kuala Lumpur, 8 April 2019 – The National Entrepreneur and SME Development Council Meeting (NESDC) today endorsed eight broad measures to further boost SME GDP growth so as to reach the target of 41% GDP contribution to the country by 2020. This would necessitate SME GDP to grow at 7.9% per annum from 2018 to 2020.

The Council which was previously known as the National SME Development Council (NSDC) has been rebranded to NESDC, with its emphasis more on entrepreneurship development. This is the first Council Meeting chaired by YAB Tun Dr. Mahathir Mohamed, Prime Minister of Malaysia. The Meeting was also attended by Ministers and Secretary Generals of Ministries implementing SME development programmes across the various key economic sectors.

Some of the broad measures that was deliberated today include intensifying digitalisation among SMEs; enhancing SMEs integration in the supply chain; support more high growth SMEs with relevant incentives; facilitating alternative financing mechanism; enhance SMEs participation in the tourism industry chain; boost SMEs' readiness and competitiveness to adopt innovative-disruptive-compelling technology & business model; and measures to drive growth, strengthen uptake and promote exports of homegrown payment gateway and fintech by Malaysian SMEs.

Meanwhile, against the backdrop of current challenging global and domestic economic environment, relative high cost of doing business and relative high export performance of large firms versus SMEs, the macro target for both SME GDP and SME exports contribution is highly optimistic and challenging. Hence, the Government has agreed to introduce additional macro targets for year 2020 and beyond i.e. (i) annual growth target

of SME GDP of between 6.0 - 8.0 % per annum; and (ii) annual growth target of SME exports of between 5.5 - 7.5% per annum.

Based on the overall GDP growth of 4.7% in 2018 and official overall GDP growth estimate of between 4.3 - 4.8% in 2019 as announced by Bank Negara Malaysia recently, SME GDP growth is estimated to sustain at 5.8% in year 2018 and 2019, without the necessary intervention and stimulus provided by the Government in addition to the existing allocation for SME development. Based on SME Integrated Plan of Action (SMEIPA), in 2019, the Government has allocated a total of RM13.02 billion to undertake 162 SME development programmes through 17 Ministries and more than 60 Agencies.

The Meeting also deliberated on the National Entrepreneurship Framework (NEF) as developed by the Ministry of Entrepreneurship Development (MED) since late 2018. The Framework outlines 21 Strategic Objectives under four Strategic Thrusts to promote entrepreneurship development in the country. NEF will serve as the basis in formulating the National Entrepreneurship Policy (NEP) with the main objective to create a comprehensive, inclusive and holistic entrepreneurship ecosystem. NEP is expected to be launched by YAB Prime Minister in July 2019.

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For media enquiries, please contact Ms Nur Suhada Ahad (03-2775 6264) or email – nursuhada@smecorp.gov.my) or Ms Nor Azian Md Yusof (03-2775 6174 or email – azian@smecorp.gov.my)