

Govt to spur innovative industries through private equity growth

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THE government is looking into a mechanism to promote private equity in the country to spur the growth of entrepreneurship especially in innovative industries, National Economic Advisory Council (NEAC) chairman Tan Sri Amirsham A. Aziz said.

Amirsham said as private equity involves personal money and risk, incentives should benefit individuals in particular. Such incentives could be in the form of personal tax or corporate tax for companies or funds.

"We need to be able to set up a system or funding that doesn't rely on collateral to support creative ideas," he said after delivering a keynote address at the MEF National Conference 2010 in Petaling Jaya, Selangor, yesterday.

Earlier in his speech, Amirsham said private equity is the best funding for innovative ventures, from the seed capital stage to the development and commercial-

isation of angel funds to venture capital.

Private equity, he said, is currently very subdued here and must be enhanced to support the growth of entrepreneurship.

"Private equity can originate from both individuals and institutions and a mechanism for this alternative investment must be promoted," he said.

Amirsham said the conventional banking system in Malaysia, which is still highly geared for collateralised lending, is ill-equipped to cater for innovation and risk.

"This reveals that the banker is not interested in your idea so long as it generates sufficient income to repay the loan," he said.

He added that funding for innovative and creative entrepreneurs is not a debt but an investment.

"Investors will sink or swim with you, unlike a bank that will always swim while you sink," Amirsham said, adding that such investors are highly sophisticated and savvy in evaluating risks, or extremely wealthy.