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PUTRAJAYA, April 27 (Bernama) - The government announced today a RM500 million soft loan fund with low interest rates of just two percent yearly to private smallholders for the replanting of oil palm.

Finance Minister Lim Guan Eng in his statement today said the soft loan fund is expected to help ease the financial burden of smallholders in carrying out the replanting of the crop.

"In addition, a soft loan fund of RM50 million has also been provided at a two per cent interest rate per annum to finance palm oil inputs and materials with the use of registered seeds as well as the latest breeds of quality," he said.

Lim explained that smallholders were being given the assistance because of the government's concern over the current situation faced by entrepreneurs as a result of the crop's low commodity prices.

"The provision of soft loans especially to smallholders for replanting the crop is in line with the commitment of the Pakatan Harapan government in ensuring the welfare of oil palm entrepreneurs which at the same time was also to strengthen Malaysia's position as the world's leading sustainable palm producer," he said.

Lim also announced a RM100 million grant for entrepreneurs who obtained the Malaysian Sustainable Palm Oil Certification (MSPO).

"Under this policy, the government will bear 100 per cent of MSPO certification costs from the existing 70 per cent for entrepreneurs who have medium sized smallholdings (40 - 1,000 hectares). The government will also increase aid for auditing costs from 30 per cent to 50 per cent. This incentive will be paid after the entrepreneur gets the certification," he said.

Lim added that the Finance Ministry welcomed Malaysia's palm oil certification internationally including the signing of a memorandum of understanding between Malaysia and China on Thursday involving the purchase of an additional 1.9 million tonnes of Malaysian palm oil with an estimated value of RM4.56 billion for a period of five years (2019 - 2023).

Hence, he said, the improvements in helping out entrepreneurs especially private smallholders, was aimed at ensuring that Malaysian palm oil growth was not only enjoyed by big companies.

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