

TARIKH	RABU, 1 FEBRUARI 2023
AKHBAR	NEW STRAITS TIMES
TAJUK ARTIKEL	OVER 2600 FIRMS WOUND UP LAST YEAR
M/S	3
BIDANG	BUSINESS
KATA KUNCI	

7 BUSINESSES A DAY

OVER 2,600 FIRMS WOUND UP LAST YEAR

227 of liquidated businesses linked to the govt, says Insolvency Dept

KUALA LUMPUR

AN average of seven businesses were registered for liquidation or ceasing of operations each day last year, bringing the total number of cases up to more than 2,600.

Of the total, 227 of the companies belonged to the government.

This was a significant increase in the number of government companies which had wound up, from 172 in 2021.

Data furnished by the Insolvency Department showed that a to-

tal of 1,331 companies had registered for winding up last year, with 684 of them having completed the whole process.

Another 1,336 companies, however, were forced to register for winding up last year, with 375 of them having completed the process.

About 99 per cent of the cases cited inability to repay their loans as the reason for winding up, with 59 per cent of the companies belonging to non-Bumiputeras.

A total of 1,113 companies had wound up in 2021, and 1,191 companies the year before.

Selangor and the Federal Territories had the most number of cases, at 440 and 434 respectively.

Half of the companies that were forced to cease operations were in the trade, wholesale, and retail industries, followed by construction, at 215 cases, or 16 per cent.

Economist Professor Dr Barjoi-

ai Bardai attributed this to the impact of the economic closure following the Covid-19 pandemic, adding that more macro-sized enterprises were expected to be hit as well.

"The impact of Covid-19 has yet to end.

"We are now in the second cycle, where we are seeing small traders close shop because they can no longer bear the losses. Soon, it will impact macro-sized companies," he said.

Barjoiyi warned that the situation might worsen.

"We have no idea when the effects of the Covid-19 pandemic will end. It all depends on whether our economy improves or not.

"But based on predictions, our economic outlook is expected to weaken, so there is a possibility that things (bankruptcy) will get worse until 2024."

Barjoiyi said despite the small



Economist Professor Dr Barjoiyi Bardai says more macro-sized enterprises are expected to be hit by bankruptcy. FILE PIC

number of enterprises closing down compared with the overall number of businesses in Malaysia, the effects were nevertheless greatly felt.

"When a business shuts down, workers lose their job, wholesalers lose their source of business and, in the end, households will be the ones most impacted.

"Therefore, a thorough investigation is required to look into both those at risk and the bankrupts. We must assist them to prevent bankruptcy for those who are at risk and to help those declared bankrupts rebuild their lives."

Barjoiyi said it was unfortunate that bankruptcy in Malaysia was viewed as a "disease" and that

those who fall into the group were generally sidelined.

He urged the government to reconsider the entire process of being released from bankruptcy, saying that the typical reduction of the bankruptcy threshold was cosmetic.

"We should allow them to go through the process and assistance should be given.

"We should review the current cumbersome bankruptcy discharge process.

"It is unwise to allow those declared bankrupt to suffer for years as the longer they remain on the bankruptcy list, the more difficult it will be for them to rebuild their lives because they will also lose their skills."

DISEDIAKAN OLEH	1-PN NOR SURIANI BINTI MOHD ZIN (S44), BPM 2-UNIT PERPUSTAKAAN, BPM
------------------------	--