



**KEMENTERIAN PEMBANGUNAN
USAHAWAN DAN KOPERASI**
Ministry of Entrepreneur Development and Cooperatives

PRESS RELEASE

MALAYSIA SUFFERED RM40.7 BILLION LOSSES FROM MSME SECTOR IN 2020

Kuala Lumpur, 29 July 2021 – Malaysia suffered a total of RM40.7 billion losses last year from MSME sector as a result of a nationwide strict lockdown order imposed by the government to tackle the COVID-19 issue.

Based on the latest figures shared by Department of Statistics Malaysia (DOSM), the MSME sector's GDP contribution suffered more than 7 per cent year-on-year decline to RM512.8 billion last year against RM553.5 billion in 2019. This is an anomaly as, for the past 15 years, the growth of MSME is always higher than non-MSME.

Entrepreneur Development and Cooperatives Minister Dato Sri Dr Wan Junaidi Tuanku Jaafar said this is by far the biggest ever losses incurred by the MSME sector – a strong indication how much the entrepreneurs are suffering from not being able to open up their businesses.

Looking at the current 1.15 million registered MSME nationwide, he said the losses would mean that each MSME company incurred an average drop in earning of RM35,000 for the year 2020.

This situation will also affect the country's aspirations to increase the MSMEs GDP and export value contribution to 50 per cent and 30 per cent, respectively, in 2030, under the National Entrepreneurship Policy (NEP).

“Lockdown is no longer the answer to the problem. We have to accept the fact that we need to live with Covid and find a balanced solution for this. That is why my ministry has proposed an Enhanced SOP so that we are able to speed up the reopening of economic activities, particularly those in non-essential category” he said.

The Ministry of Entrepreneur Development and Cooperatives (MEDAC), on Tuesday, had submitted to the government a proposed Enhanced SOPs to help

speed up the opening of businesses, particularly those in the FCLO (First to Close Last to Open) category, safely.

The Enhanced SOPs proposed focuses on six economic activities, which are in food and beverages (F&B dine-in), shopping malls, watches shop, pedicure and manicure (grooming services), beauty parlour/salon and barber/hair salon. Almost half of the business activities identified , are owned by women entrepreneurs, among the groups most affected by the nationwide lockdown.

The SOPs entail a comprehensive set of guidelines from handling of customers, managing staff, operating hours as well premises maintenance to ensure all comply to the post Covid-19 safety requirements.

Among the mandatory procedures proposed include:

- i) Business owners and workers must complete the two doses of COVID-19 vaccination jobs;
- ii) Business owners and workers must go for weekly COVID-19 swam test and;
- iii) Immediate closure of premise, for sanitisation purposes, should there be any case COVID-19 detected.

Dr Wan Junaidi cautioned that some 580,000 businesses, representing 49 per cent of the MSME sector, are at risk of failing by October, if they are not allowed to open up their operations by then.

These businesses are mainly in the FCLO category providing non-essential products and services such as spa and wellness, entertainment, event management, sports and fitness, beauty and grooming and many more.

Based on a survey finding by MEDAC, he said more than 70 per cent of entrepreneurs are in the B40 category, with very little savings and do not have any employment benefit.

More than 90 per cent of these entrepreneurs have no insurance and 70 per cent have no safety nets to fall back on should they lose their jobs.

“The MSME sector involves directly with the rakyat. Failure to help this sector would have a devastating impact on the country’s socio-economic landscape as well as the people’s overall wellbeing,” he added

MEDAC, on June 15 to June 28, had conducted a survey to gauge the impact of the MCO 3.0 on the entrepreneurship landscape in Malaysia. A total of 6,664 respondent from across the nation took part in this survey.



MINISTRY OF ENTREPRENEUR DEVELOPMENT AND COOPERATIVES