



## MEDIA STATEMENT

### Response on Article from The Sun Daily, 11 Nov 2020 - '100,000 SME put out of business'

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**PUTRAJAYA, 16 November 2020** – Undeniably, the impact of COVID-19 outbreak and subsequent Movement Control Orders (MCO) was immediate on businesses, especially SMEs. Based on the official data by Companies Commission of Malaysia, between March and October 2020, a total of 31,190 business entities have filed for cessation, across all type of businesses. SSM has also taken the initiative to revoke dormant companies by sending notices under section 551 Companies Act 2016 to 35,944 companies.

2. Meanwhile, SSM also recorded a total of 281,781 new businesses registered within the same period. A bulk of newly registered business entities consist of sole proprietors and partnerships (89.3%), followed by companies (9.8%) and Limited Liability Partnerships (0.8%). The official statistics highlighted the fact that the number of new businesses significantly outweighs the number of business entities that ceased operations despite the challenges faced by businesses due to COVID-19 outbreak and movement control orders (MCOs).

3. Meanwhile, surveys on COVID-19 in May and August 2020 (by SME Corp. Malaysia and MEDAC respectively) indicated that percentage of businesses that have ceased operation is slightly lower in August 2020 at 1.4% compared to 1.6% in May 2020.

4. As the crisis is unprecedented for Malaysia even for the world, the only option that SMEs have is to adapt to the new normal and look for opportunities in adversity. Among others, the MCO actually hastened e-commerce adoption by SMEs that have been procrastinating diversification of their sales channel, it also encourage people to embrace various kind of digitalisation in order to work from home and communicate virtually, it also encourage MNCs and large companies in Malaysia to substitute imports parts and components with locally sourced materials following supply disruption from abroad.

5. SMEs form 98.5% (907,065) of business establishments in Malaysia. They are heterogeneous group that varies in size, sector, stages of business lifecycle etc. Therefore, there can never be one-size-fits-all solution. Thus, the Government has long realised the need for a strong framework for SME development to garner optimum results from various initiatives to enhance economic growth. This is reflected by the establishment of the National SME Development Council [now known as National Entrepreneur and SME Development Council (NESDC)]. In 2020, a total of 211 entrepreneurship and SME development programmes are being implemented with a total allocation of RM12.9 billion reported by 17 Ministries and more than 60 agencies.

6. The Government has been actively engaging the SMEs throughout the ordeal to gauge their most current condition and needs. The SMEs should take advantage of this consultative approach to communicate their needs reasonably. Every party must assume their part well in order to revive the economy within the shortest time possible.

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