

Star BUSINESS

E-mail: business@thedailystar.net

Grameen Bank helps 38 lakh break out of poverty line



JASIM UDDIN KHAN

Around 66.01 lakh people, 96 percent of them are women, have so far received Grameen Bank microcredit, contributing to poverty reduction and women empowerment in Bangladesh.

According to the latest data available from Bangladesh Economic Review, around 58 percent or some 38 lakh of the total loan recipients have been able to break out of poverty line until February 2006.

The Grameen Bank, which started its journey in 1976 as a pilot project, aimed to bring financial services to the poor, particularly women and the poorest, to

help them fight poverty, stay profitable and financially sound.

Grameen Bank started with the belief that credit should be accepted as a human right, and built a system where one who does not possess anything gets the highest priority in getting a loan.

Grameen Bank and its founder Professor Muhammad Yunus yesterday received the highest recognition when they won this year's Nobel Peace Prize.

"Lasting peace cannot be achieved unless large population groups find ways in which to break out of poverty. Microcredit is one such means," the Nobel Committee said in its citation.

Grameen Bank works to raise the status of poor women in their families by giving them ownership of assets. It makes sure that the ownership of the houses built with Grameen Bank loans remain with the borrowers, the women.

The bank of the poor started its operations from a remote village of Zobra, 26 kilometres

from Chittagong city. The bank's operation now spreads over 71 thousand villages across the country with 2,226 branches, according to the bank's website.

The bank has so far distributed Tk 29,000 crore loan with a 98.45 percent recovery rate, setting an example of unique success in banking without collateral requirement.

Professor Yunus, while teaching economics at Chittagong University, conceived the idea of introducing microcredit.

Grameen Bank has changed the conventional banking practice by removing the need for collateral and created a banking system based on mutual trust, accountability, participation and creativity.

At Grameen Bank, credit is a cost effective weapon to fight poverty and it serves as a catalyst in the overall development of socio-economic conditions of the poor who have been kept outside the banking facilities on the grounds that they are poor and hence not bankable.

Professor Yunus reasoned that if financial resources can be made available to the poor people on terms and conditions that are reasonable, the poor can create the biggest development wonder.

Repayment of Grameen loans is also made very easy by splitting the loan amount in tiny weekly instalments.

Grameen Bank methodology is almost the reverse of the conventional banking methodology. Conventional banking is based on the principle that the more you have, the more you can get. In other words, if you have little or nothing, you get nothing. As a result, more than half the population of the world is deprived of the financial services of the conventional banks. Conventional banking is based on collateral, Grameen system is collateral-free.

Grameen methodology is not based on assessing the material possession of a person, it is based on the potential of a person.

Grameen Bank branches are located in rural areas, unlike the branches of conventional banks, which try to locate themselves as close as possible to the business districts and urban centres.

First principle of Grameen banking is that clients should not go to the bank, it is the bank which should go to the people instead. Doing business this way means a lot of work for the bank, but it is a lot convenient for the borrowers.

Grameen system pays a lot of attention to monitoring the education of the children, housing, sanitation and access to clean drinking water. Grameen system helps the borrowers to build their own pension funds, and other types of savings.

In Grameen Bank even a beggar gets special attention. A beggar comes under a campaign from Grameen Bank, which is designed to persuade a beggar to join Grameen programme.

Grameen system encourages the borrowers to adopt some goals in social, educational and



health areas. These are known as "Sixteen Decisions" - , which include no dowry, education for children, sanitary latrine, planting trees, eating vegetables to combat night-blindness among children, and arranging clean drinking water.

PHOTO: INTERNET



Rural women are busy at a Grameen Bank embroidery project (Top). A view of a Grameen Bank branch.

China forex reserves hit \$987.9b

AFP, Beijing

China's forex reserves, already the world's largest, rose further to hit 987.9 billion dollars at the end of September, the central bank said on Friday.

The figure was up 15.9 billion dollars from late August, the People's Bank of China said in a statement posted on its website.

The reserves were boosted by a trade surplus of 15.3 billion dollars in September.

The figure could suggest that foreign direct investment, the other major contributor to forex reserves, was modest last month.

S'pore Airlines, regional wing to lower fuel levy

AFP, Singapore

Singapore Airlines (SIA) and its regional wing SilkAir said Friday they would cut the fuel levy on tickets by two to eight US dollars following the recent declines in jet fuel prices.

The reduced fuel surcharge is effective for all tickets issued from Saturday, the two carriers said in separate statements.

"Singapore Airlines will reduce its fuel surcharges following a decline in jet fuel prices in recent weeks," SIA said.

For flights from Singapore to all Southeast Asian destinations, the levy will be lowered by two dollars to 18 dollars while the surcharge for North American-bound flights will be cut by eight dollars to 82 dollars.

For all other destinations, it will be reduced from 60 dollars to 54 dollars, SIA said.

SilkAir said in its statement the levy for all Singapore-India flights and Singapore-China flights will be cut by six dollars to 54 dollars.

The surcharge for other destinations will be lowered from 20 dollars to 18 dollars, SIA's regional carrier said.

Crude oil prices have fallen to their lowest levels since December 2005 amid fading geopolitical tensions in the Middle East, an uneventful US Atlantic hurricane season and bulging US energy stockpiles.

In afternoon trade, New York's light, sweet crude for November delivery was up 34 cents at 58.20 dollars a barrel from its close of 57.86 dollars in the United States Thursday.

At this level, prices are down 26 percent from their record high of 78.40 dollars in mid-July.

US threatens new WTO action against China

AFP, Washington

The United States could pursue further WTO action against China unless the booming country allows in more foreign investment and protects copyrights, the top US trade official said.

US Trade Representative (USTR) Susan Schwab singled out abuses of intellectual property rights and Chinese subsidies for state industries, in comments to major US investors in China.

According to a USTR spokeswoman, Schwab told the National Committee on US-China Relations in New York late Thursday: "Going to the WTO is not a hostile act."

But China is on a "dangerous" track that could spark fresh WTO disputes unless it addresses the US complaints, she said.

Joined by Canada and the European Union, the US government is suing China at the World Trade Organisation over trade in auto parts.

The three plaintiffs claim that China's tariff regime puts their car manufacturers at a disadvantage compared to Chinese producers when they import spare parts.

Schwab's comments came after new data published Thursday showed the US trade deficit surged to a new record high of 69.9 billion dollars in August. The deficit with China accounted for nearly one-third of the total.

World's fifth largest gold, copper reserves in Pakistan

XINHUA, Islamabad

The world's fifth largest reserves of gold and copper were discovered in Chaghi area in Pakistan's south-western Balochistan province, local newspaper The News reported Thursday.

Director General of Provincial Department of Mineralogy Maqbool Ahmed said that two multinationals, Canadian and Chilean-firms, which were issued licences 10 years earlier for exploration of gold in the Bekodik area, have completed the exploration work and have chalked out a project for the extraction of gold and copper.

In the preliminary stage, the two companies will invest a billion US dollars in the project, Ahmed said.

According to Ahmed, 200,000 tons of copper and 400,000 ounce of gold will be produced annually through the said project.

The Balochistan government will get a share of 25 percent. With the start of the project, employment will be provided to 3,000 youth of the province.

According to Ahmed, there are gold reserve in Zhob and Lasbela districts of the province and nine multinationals have been issued licences for their exploration.

However, the opposition parties in the province expressing their reservations charged that federal government wishes to loot the resources of the province.

Russia may end WTO talks with US in 2 weeks

AFP, Moscow

Russian Economic Development and Trade Minister German Gref said Friday that Russia could conclude rocky bilateral talks with the United States on Russia's World Trade Organization (WTO) accession within two weeks, news agency Interfax reported.

"I think that we should reach a final agreement within the next two weeks," Gref was quoted as saying during a meeting with Latvian Economy Minister Aigars Stokenbergs.

"In principle we have agreed with the US on all questions connected with intellectual property rights," which have been a previous stumbling block in talks due to US concerns about film and music piracy and other copyright violations in Russia.

Disagreements with the United States in bilateral talks have held up Russia's decade-long attempt to join the global trade body.

India, EU to start talks on FTA

AFP, Helsinki

India and the European Union agreed here Friday to begin negotiations leading to a bilateral free-trade accord, the parties said Friday.

"We have agreed to move forward negotiations for a broad-based trade and investment bilateral agreement," said Finnish Prime Minister Matti Vanhanen, whose country holds the rotating EU presidency.

European Union Trade Commissioner Peter Mandelson added: "This is very significant for two reasons: it shows developed and developing countries that

working together benefits themselves and also benefits the international trading system.

"Secondly, what we agree can create new standards for openness and stronger and global trade rules, which will benefit everyone in the global economy, not just us."

The European Union is India's leading trade partner, ahead of the United States and Japan. India is the EU's 10th largest trade partner.

Their combined exchanges were worth 40 billion euros (49.9 billion dollars) in 2005, an increase of 11 percent over 2004. The EU has a trade surplus of 2.2 billion euros with India.

Weekly Currency Roundup

October 08-October 12, 2006

Local FX Market

Demand for US dollar was stable in throughout the week and USD fell marginally against Bangladeshi taka.

Money Market

In the Treasury bill auction held on Sunday, bid for BDT 7868.00 million was accepted, compared with total of BDT 7,940.00 million in the previous week's bid. Weighted average yield rose slightly for 28D and 91D T-bills but remained unchanged for all other categories of T-bills sold on the day.

Overnight money market was steady throughout the week. The call money rate remained unchanged throughout the week and ranged between 6.50 and 7.00 percent.

International FX Market

The dollar strengthened broadly on Friday after upward revisions to US job growth data helped ease worries about a slowing US economy and pushed US bond yields higher. The dollar was up more than 1.0 percent against the yen and poised for its biggest daily rise in around 21 months. The week began as the yen fell to an eight-month low against the dollar on Monday after North Korea said it had successfully conducted an underground nuclear test. The euro climbed as it headed towards last week's one-month high against the yen but still some way off August's record high. The euro held steady on the day against the dollar, after hitting a 2-1/2 month low on Friday after the US non-farm payrolls.

In the middle of the week, the yen hit an 8-month low against the dollar on Tuesday as jitters lingered over North Korea's nuclear test, while the greenback was seen building support with focus on the US rate outlook. The yen was already under pressure due to its ultra-low interest rates. The dollar was up 0.2 percent against the yen while the euro was remained, in sight of the record high struck in August. The dollar hit a 5-1/2 month peak versus the Swiss franc and neared a 2006 high against the yen on Wednesday, as markets awaited minutes from the US Federal Reserve's September meeting for clues on the interest rate outlook. The dollar had risen close to a 10-month high, before coming back down. The dollar had risen to its highest level since April. The euro was steady against the yen, off its record high set in August.

At the end of the week, the dollar fell from this week's 2-1/2 month high against an index of currencies on Thursday, erasing gains made after minutes from the Federal Reserve's last policy meeting dented expectations for an interest rate cut. Wednesday's release of the minutes to the Fed's September meeting were hawkish, with policymakers remaining "quite concerned" about inflation risks and renewed their commitment to control inflation pressures. The euro was up a quarter percent on the day against the dollar, having fallen to a 2-1/2 month low on Wednesday. The dollar was down 0.2 percent against the yen, having hit a 10-month high on Wednesday. The euro was steady against the yen, nearly one yen off the record high set in August. The Australian dollar was the biggest gainer, rising 0.8 percent following domestic jobs data that easily beat forecasts and boosted expectations the Australian central bank could raise interest rates again later this year.

- Standard Chartered Bank

Pakistan posts \$3.16b trade deficit in Q1

XINHUA, Islamabad

Pakistan posted 3.16 billion US dollars trade deficit in the first quarter (July-September) of the current fiscal year, up 31.7 percent from last year's deficit of 2.4 billion dollars for the same period, local newspaper Daily Times reported Friday.

The government has set an export target of 18.6 billion dollars and an import target of 28 billion dollars to limit the trade deficit to 9.4 billion dollars in 2006-07.

According to data released by the Federal Bureau of Statistics (FBS), the country's exports stood at 4.27 billion dollars between July and September this year, up by 2.88 percent from last year's exports of 4.15 billion dollars.

The current year's imports for the period amounted to 7.43 billion dollars, which is 13.38 percent more than last year's imports of 6.55 billion dollars.

Exports for September 2006 totaled 1.42 billion dollars, down 4.53 percent from last year's exports 1.48 billion dollars for the same month.

Imports for September 2006 stood at 2.32 billion dollars as compared to last year's imports of 2.44 billion dollars, an increase of 5.22 percent.

Unemployment in Australia at 30-year low

AFP, Sydney

Australia's jobless rate slipped back to a 30-year low of 4.8 percent in September, official data showed Thursday.

The tight jobs market confirmed Australian Reserve Bank governor Glenn Stevens' warning late Wednesday that the economy faced continuing inflationary pressures, heightening expectations of an interest rate hike next month.

The Australian Bureau of Statistics said that on a seasonally adjusted basis the number of people employed rose 31,400 to 10.29 million in September compared with consensus forecasts of a 33,000 fall.

Unemployment had decreased slightly since August but remained at a rounded estimate of 4.8 percent, the bureau said.

Notice

The weekly stock market roundup could not be published today due to unavoidable circumstances. However, it will be published tomorrow. We regret any inconveniences.



Visitors throng the venue of the weeklong Dhaka International Mobile Phone Fair 2006 at Bhasani Novo Theatre yesterday. The show kicked off Tuesday.

PHOTO: STAR