

# Star BUSINESS

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## 4cr get Tk70,278cr microcredit in 29 yrs

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Micro-finance institutions in the country directly and through their partner organisations have disbursed financial services to around 4 crore people across the country in the last 29 years.

Out of the total beneficiaries of credit, around 75 percent recipients are women.

According to the latest data available in the Bangladesh Economic Review, the NGOs, conventional and non-conventional banks and other organisations have so far disbursed such credit of around Tk 70,278 crore until December 2005.

Out of the total loans, eight leading microcredit NGOs, including Brac, Asa and Proshika, have disbursed Tk 37455 crore during the period.

Grameen Bank alone distributed Tk 26383 crore until February 2006 among 66 lakh people across the country.

Palli Karma Shahayak Foundation (PKSF) distributed Tk 2477 crore among around 58.57 lakh and Bangladesh Rural Development Board (BRDB) distributed Tk 3961 crore among about 24.52 lakh people.

Various formal financial institutions (nationalised commercial banks and specialised banks), specialised government organisations and semi-formal financial institutions (nearly 700 NGO-MFIs) have implemented microcredit programmes (MCP) in Bangladesh, the Economic Review said.

The growth in the MFI sector, in terms of number and total membership, was phenomenal during the 1990s and continued till date.

The total coverage of MCP in Bangladesh is approximately 16 million households.

In 1976, when the 'Jobra' experiment was underway under the guidance of Prof M Yunus, the Dheki Rin Prokolpa was initiated by the Bangladesh Bank in collaboration with Swanirvar Bangladesh. However, several other pilot schemes a handful of NGOs initiated were active then. At that time, it was difficult to assume that these initiatives would lead to a major microcredit movement, making Bangladesh known to the rest of the world. Even during the 80s, in spite of Grameen Bank's success, the main discourse amongst development practitioners in Bangladesh centred around the desirability of microcredit programme. By 1990, unhindered experimentation in the fields led to a quiet resolution of the debate and the country experienced a massive expansion of micro finance activities during the 90s. The PKSF contributed significantly to the expansion of microcredit programmes in Bangladesh.

This rapid expansion drew attention from all important quarters of policymakers, academia and development practitioners. With a view to meeting the demand for fund for lending by the development partners (NGO-MFIs) and being imbued by an urge to coordinate the flow of such funds, the PKSF (a foundation for providing support for rural employment) came into being in late 1990. Over the years, its share in the revolving loan fund of the MFIs increased from 9 percent in 1996 to 24 percent in 2002. In recent years, the MFIs have moved from the margins of the financial system towards the mainstream.



Nobel laureate Dr Muhammad Yunus is congratulated, among others, by Latifur Rahman, president of Metropolitan Chamber of Commerce and Industry (MCCI), and Annisul Huq, former president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA), at Grameen Bank head office in Mirpur, Dhaka yesterday.

## 2ND MEGHNAGHAT POWER PLANT PDB, Orion-Belhasa, Steag reach deal

STAR BUSINESS REPORT

The Power Development Board (PDB) Thursday signed the Land Lease Agreement (LLA) with Orion-Belhasa and Steag under the banner of Bon Consortium to start implementing the 2nd Meghnaghat 450 megawatt power project.

Bon Consortium will get seven months to finalise its financial arrangement for the project while 24 months to complete the plant.

This is the first notable private power project signed by the present government in the last five years. Under the current government, four power projects have been signed. The previous three deals are—PDB's Tongi 80mw built by Harbin, PDB's Fenchuganj 90mw being built by Harbin, the third 70mw Rural Power Company plant being built by Siemens.

The Thursday signing came seven months behind the schedule. At the signing, officials of PDB and Bon were seen blaming each other for the delay of signing the LLA.

The PDB officials said the LLA was ready to be signed back in March and the Bon has been avoiding it without any good reason and was not even responding to reminders. Bon failed to appear on the last deadline on October 3 for signing the LLA despite a PDB warning of taking 'appropriate measures'. But Bon officials said the delay was caused by both PDB and Petrobangla.

Bon officials said the PDB has increased the price of land for Meghnaghat 2 after the negotiation was complete and Petrobangla delayed signing of the Gas Sales

Agreement (GSA) that must precede the LLA. Industry insiders say Bon has delayed the signing because it was unable to find financiers.

Orion never actually gave the bid that was selected for this power project and it actually submitted its name as one of the two partners of a Japanese bidder Nisso Eiwi, which has the experience to qualify for building such a power plant. However, Nisso disappeared from the scene in 2004 and Orion brought in another German firm Steag showing it as the lead bidder. The government initially rejected such a gross anomaly, but then with pressure from the 'alternative powerhouse'—the source of power of Orion—the government accepted and approved the bid by August last year.

However, Bon directors K Mojibul Hoque and Salman Obaidul Karim claim the inclusion of Steag was legal. They quoted Request for Proposal (RFP) which says, "If there is any significant change in the information submitted during pre-qualification... or withdrawal of any member from the pre-qualified Sponsor Consortium, please provide details." Bon accordingly informed the PDB and two sub-committees approved it.

Sources pointed out the RFP however did not say if change of the lead bidder would be acceptable.

Bon Consortium is apparently a Bangladeshi registered project company. The claimed owners of the Bon Consortium are Orion Power Company and BN Corporation. Orion Power is a Bangladesh company owned by Obaidul Karim. The company was created for this project.

## STOCK