

Star BUSINESS

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Labour unrest, political tensions upset RMG buyers: MCCI

STAR BUSINESS REPORT

The Metropolitan Chamber of Commerce and Industry (MCCI) has said labour unrest in readymade garment industry, political tensions and congestion in Chittagong Port have upset major apparel buyers, who are reportedly looking for alternative sourcing arrangements.

"If the process continues, it will threaten the macro-economic stability, which represents the encouraging aspect of the economic situation in the recent years," the chambers said in its review of Economic Situation of July-September 2006.

However, the review said the macro-economic environment was stable during the first quarter of the current fiscal despite the negative shocks from the labour unrest in the garment sector and agitations in different areas of the country over the shortage of electricity.

The macro-economic trends in the major sectors indicate that the over-all state of the economy remains steady notwithstanding the fact that the growth rate was

lower compared to those of the previous two quarters, it said.

"During the review quarter, the economy came under considerable strains caused by higher costs of petroleum products, widespread agitations in the readymade garment sector and inflationary pressure though increased remittances and higher export earnings provided a favourable perspective," the MCCI said.

It said shortfall in the revenue collection by as much as 25.17 percent in the first quarter of the current fiscal needs to be viewed more seriously as it is one of the major reasons for which the government has been borrowing from the banking sector. "Already the government's borrowing from the banking sector in the first three months of this fiscal year reached an alarming level."

"Perhaps it is time to warn the finance ministry that this trend must be stopped; otherwise, credit flow to the productive sectors including trade and industry will be upset. At the same, the all-out focus to contain inflation will achieve little," the chamber

observed.

In the financial sector, the Bangladesh Bank maintained its conservative approach to monetary policy issues, as it sought to preserve the foreign exchange market stability and contain the inflationary pressure.

A worrisome development during the quarter was a sharp increase (48 percent) in government spending. The government's borrowing from the banking sector stood at Tk 2102.6 crore as compared to Tk 524.43 crore in the same period of the previous fiscal, showing a growth of 301 percent.

During the quarter, the chamber said, the foreign exchange market benefited from increased remittances and higher export earnings while the average inflation rate was 6.99 percent in August of the review quarter compared to 7.13 percent in Q4 of FY 06, 7.07 percent in Q3FY06, 6.91 percent in Q2FY06 and 6.78 percent in Q1FY06.

In August of Q2FY 07, point to point inflation was 6.67 percent compared to 7.54 percent in Q4FY06. "Thus, according to the

latest available data, the rate of inflation slightly declined in the review quarter."

The MCCI said the recovery in the agriculture sector continued in the review period. However, the chamber said unfavourable weather conditions affected cultivation of both paddy and jute.

The growth of industrial sector during the quarter was much lower than its average growth for the last three quarters.

The chamber said within the services sector, hotels, restaurants and shops received some impetus from the growth of the communication and trade sub-sectors, but their performance declined due to intermittent load shadings, which forced them to close down their business during the peak hours.

It said the trade balance recorded a lower deficit of US\$ 90 million in July of FY07 compared to the deficit of \$ 116 million July of FY06. "The improvement in the trade balance occurred due to a higher relative growth of exports than import payments," the MCCI said.

Ctg port, Customs to operate round-the-clock for one month

UNB, Dhaka

Chittagong Port and Customs will remain open round-the-clock for next one month to clear the congestion caused by the countrywide seizure by the 14-party alliance early this week.

A BGMEA press release said loading and unloading of merchandise were virtually closed. Decision to keep the port activities open round the clock was taken at a meeting with port officials on October 30 to remove the congestion.

The port and the customs will remain open round the clock every day for the next one month to clear imported raw materials and export goods, it said.

It further said that BGMEA customs branch will operate November 7 and on all Fridays of the month from 9 am to 1 pm.

Lahore Safta sub-group meet put off

UNB, Dhaka

The 2nd meeting of the Safta sub-group on non-tariff measures (NTMs), due from November 6-8 at Lahore in Pakistan, has been postponed at the request of a member state.

"On the request of one of the member-states, the above meeting has been postponed," Saarc Secretariat notified the member-states on Wednesday. "Fresh dates will be conveyed shortly," it added.

The Safta Ministerial Council at its first meeting in Dhaka on April 20 this year had formed a sub-group on the non-tariff barriers (NTBs) and para-tariff barriers (PTBs) to remove the trade barriers as soon as possible.

It will review the existing NTBs and PTBs from time to time, identify the barriers and take steps to remove the snags through bilateral and regional negotiations. The second meeting of the sub-group will further work on the trade barriers.

Bangladesh requested the Saarc Secretariat to postpone the meeting as the country was going through a major political transition period to install an elected government through holding the next general election under a caretaker government, a senior official here told the news agency yesterday.

Commerce Ministry sources said the sub-group already had their first meeting in Kathmandu on May 16-17, finalising the terms of reference of the group.

Local businesses apprehended that non-tariff and para-tariff barriers would be a stumbling block to reaping immediate benefits from the Safta agreement.

FBCCI chief becomes VP of confederation of Asia-Pacific chambers

UNB, Dhaka

Mir Nasir Hossain, president of Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), has been elected vice president of Confederation of Asia-Pacific Chambers of Commerce and Industry (CACCI).

Nasir, also vice president of Saarc Chamber of Commerce and Industry (SCCI), was elected for the 2007-2008 term at the 21st CACCI conference held in Taipei on October 30-31, said a press release.

CACCI is a regional organization of apex chambers of commerce and industry and business associations, representing the interest of more than three million business enterprises in Asia and Pacific. It serves as a forum for promoting the vital role of the businessmen in the region.

CACCI, the biggest grouping of businesspersons from 23 countries in the Asia-Pacific region, in the conference called on governments in the Asia Pacific region to work individually and collectively to improve international trade, commerce and investment.



Dr Muhammad Ibrahim (2-R), chairman of Federation of NGOs in Bangladesh, speaks at a roundtable on 'Microfinance Vision Bangladesh' in Dhaka yesterday.

Ensure MFIs' transparency, product diversification

STAR BUSINESS REPORT

More transparency and product diversification in micro finance institutions (MFIs) would help sustain the success of the sector in Bangladesh, observed speakers at a roundtable in Dhaka yesterday.

They also blamed high service charges and overlapping operations for not yielding optimum results of micro credit.

The roundtable on Micro-finance Vision Bangladesh-Global Microcredit Summit 2006: Bangladesh Perspective and Expectations was held at a city hotel.

Plan Bangladesh, Credit and Development Forum (CDF), Federation of NGOs in Bangladesh (FNB) and International Network of Alternative Financial Institutions (INAFI) jointly organised it. The Daily Star supported the roundtable as media partner.

The main objective of the roundtable is to document voices from the grassroots and expectations of Bangladesh from the Microcredit Summit-2006 to be held in Halifax, Canada on November 12-15 this year.

The speakers also emphasised the need for bridging gap between banking and micro finance sectors.

Hua Du, country director, Asian Development Bank (ADB), said the MFIs can operate diversified activi-

ties such as credit savings, remittance management and other non-financial activities.

"There is a lot of opportunities for the MFIs as formal financial activities cover only 16 percent of the total activities," Hua Du said.

Terminating the MFIs' interest rate high, she said the government and the micro finance institutions should complement each other by putting hands together.

Veteran banker Khondoker Ibrahim Khaleed suggested formation of a financial consortium to lend MFIs available funds and a banks-MFIs collaboration to operate banking activities in the remote areas.

He came down heavily on the micro-finance regulatory authority at the central bank and suggested managing the authority by micro-finance people.

Mahfuz Anam, editor of The Daily Star, said many outsiders are suspicious and questioning the transparency of the sector.

"To sustain your success and reinforce it there should be more transparency in the micro finance sector," he suggested.

Mamun Rashid, country officer, Citibank NA, said the biggest challenge before the MFIs is how they can ensure robust control on it through applying technology and quality receivables.

He said the Citigroup is trying to arrange the next micro credit summit in Bangladesh.

Dr Muhammad Ibrahim, chair, FNB, moderated the roundtable where Imrul Hasan, adviser, Plan Bangladesh, presented a keynote speech.

Mosharrar Hossain Khan, DMD, PKSF, Dr Sajjad Zohir, executive director, Economic Research Group, Khondker Mazharul Huq, EVC, Micro Credit Regulatory Authority, Hosne Ara Begum, executive director, TMSS, Yasmin Ahmed, chief executive, Nova Consultancy, Leela Rashid, joint director, Bangladesh Bank, and Sukhwinder S. Arora, private sector specialist, Pro-Poor Growth Team, DFID, also spoke on the occasion.

The organisers arranged five regional workshops consulting 300 NGO-MFIs and a national level roundtable bringing micro-finance leaders, academics, politicians, bankers and journalists to present overall findings in the summit 2006.

The participants expressed hope to work in favour of the global microcredit summit goals to bring 175 million world poorest families under credit network and improve purchasing power of 100 million families to above \$1 a day.

Eastland Ins celebrates 20th anniversary tomorrow

Eastland Insurance Company, one of the first generation private sector general insurance companies, is going to celebrate its 20th founding anniversary tomorrow, says a press release.

The company will organise a reception at the Bangladesh-China Friendship Conference Centre (BCFCC) in the evening to mark the occasion.

Eastland Insurance has a paid-up capital base of Tk150 million; with authorised capital of Tk500 million; as prescribed by the government.

Eastland was listed as a public company with Dhaka Stock Exchange (DSE) in 1994 and its Tk30 million shares were over-subscribed by more than 12 times. Ever since, its performance remained steady with average annual growth rate of 20 percent over the last 5 years.

The total asset of the company is over Tk 600 million having reserve base of about Tk 250 million. The company has so far settled claims amounting to over Tk 600 million and has been paying 'double digit' dividends to its shareholders ever since its inception plus bonus in recent times.

Eastland has been offering comprehensive range of insurance packages to trade and industry from its 26 branches throughout Bangladesh.

3 get AKTEL scholarship to study in Malaysia

STAR BUSINESS REPORT

Three students got scholarship from mobile phone operator AKTEL to study at Multimedia University in Malaysia.

The scholarships were given away to the recipients at a function in Dhaka yesterday.

AKTEL has been offering scholarships to three Bangladeshi students every year for bachelor courses in engineering, information technology and business administration since 1998.

This year's recipients are Israna Hossain Arka for Bachelor of Engineering (Hons), Electronics, Tanvir Hossain for Bachelor of Information Technology (Hons) and Tanvir Ahmed for Bachelor of Business Administration (Hons).

Mian Mushtaque Ahmed, post and telecommunications secretary, attended the function as chief guest while Abdul Malek Bin Abdul Aziz, Malaysian high commissioner, AMM Reza-e-Rabbi, vice chairman of Bangladesh Telecommunication Regulatory Commission (BTRC), and Salahuddin Kasem Khan, chairman of AKTEL, were also present.



Nilufar Yasmin (2-L), one of the five winners of this year's Global Microentrepreneurship Awards, speaks at a press briefing in Dhaka yesterday. (From right) Rokia A Rahman, former adviser to a caretaker government, Parveen Mahmud, deputy managing director of PKSF, Shykh Seraj, director (News) of Channel I, economist Prof Wahiduddin Mahmud, and Mamun Rashid, Citigroup country officer (Bangladesh), are also seen.

Nilufar to attend Halifax Microcredit Summit

STAR BUSINESS REPORT

"I never thought of going abroad in my life. But lady luck smiles on me for my success as a micro-entrepreneur," this is how Nilufar Yasmin, one of the five winners of this year's Global Micro-entrepreneurship Awards, expressed her mind yesterday at a press briefing in Dhaka as she has been invited to attend the Global Microcredit Summit in a Canadian city this month.

This summit will be the largest gathering of top leaders in the field of microfinance in years.

Nilufar will leave Dhaka on November 11 to attend the summit at Halifax in Canada on November 12-15, representing Bangladesh as one of the successful micro-

entrepreneurs.

"I am really thrilled," she further told the briefing organised by Citigroup Foundation, the philanthropic arm of Citigroup, which will sponsor Nilufar's trip to Canada.

Earlier on September 19, the Citigroup Foundation awarded Nilufar Yasmin the Best Innovative Micro Business of the Year.

A housewife-turned-entrepreneur, Nilufar, who hails from village Binna at Nesarabad in Pirojpur district, was passing her days with the agony of extreme poverty in 2002 and she was known a little then. At that time, she always thought of how she could earn a minimum living while her husband Abul Kalam used to get only Tk 500 as salary from a sports instrument making shop in Dhaka.

But, after being a 'savings member' of 'Padakhep Manobik Unnayan Kendro' in 2002, she started producing cricket bats with Tk 8,000 loans in assistance of her husband.

Now she owns a two-storied house made of wood and a factory. She has also purchased arable lands measuring an area of 11.25 katha. Nilufar changed her lot through her innovative initiatives to establish a factory of cricket bats. No one ever thought of making cricket bats from Gewa trees of the Sundarbans as Nilufar did.

Though she is solvent now, her hard work and struggle continue. Her husband, children and eight labourers work along with her day and night.

"Economically, I am not a vulnerable person anymore, but I want to go ahead further," she confidently said.

Electricity is yet to reach her village, but Nilufar dreams of setting up a saw mill there once it reaches. She wants to market the cricket bats with final finishing and stickers.

She also told journalists that with the necessary support, she would be able to export these cricket bats one day.

Nilufar said after learning through work at her factory, nearly 100 people of village Binna have built factories for manufacturing cricket bats, where at least 700 labourers are working.

Former advisers to caretaker government Professor Wahiduddin Mahmud and Rokia A Rahman, Director News of Channel I Shykh Seraj, PKSF Deputy Managing Director Parveen Mahmud and Citigroup Country Officer-Bangladesh Mamun Rashid also spoke at the function.



Recipients of a scholarship programme sponsored by AKTEL pose for photographs at a function in Dhaka yesterday. Mian Mushtaque Ahmed, post and telecommunications secretary, Abdul Malek Bin Abdul Aziz, Malaysian high commissioner, AMM Reza-e-Rabbi, vice chairman of BTRC, and Salahuddin Kasem Khan, chairman of AKTEL, were present at the scholarship giving ceremony.

GP launches medical call centre tomorrow

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GrameenPhone (GP) Ltd is going to launch healthcare information service tomorrow for its subscribers through a medical call centre styled 'HealthLine' in cooperation with Telemedicine Reference Centre Ltd (TRCL), a local electronic medical consultancy firm.

Registered physicians will be available everyday at the 24-hour call centre, which will be accessible just by dialling 789 from any GP number at a cost of Tk15 for the first three minutes and Tk5/minute for the following minutes.

GP will provide information on doctor and medical facilities, drug, laboratory test report, consultation from doctors and all types of healthcare-related advice.

A caller who will register for the service, will be entitled to medical consultation over telephone from physicians for both emergency and non-emergency cases.

"We have already 80 community information centers to serve different purposes across the country to provide door to door services. As part of these services, we are going to launch HealthLine," said Frank Fodstad, deputy managing director of the company, while speaking at a press conference in Dhaka yesterday.

"Bangladesh has the potential of \$50 million business a year in telemedicine sector with 6 to 7 per cent growth," said Dr Sikdar M Zakir, managing director of TRCL. GP subscribers who want to register for the service will have to pay a one-time application processing fee of Tk200 and an annual

membership fee of Tk300.

Under the service, subscribers will be able to request for their pathology or radiology test reports from GP designated diagnostic centres to be sent via SMS (short message service) to their phone at an SMS charge of Tk10.

GP officials said initially the call

centre will be able to entertain as many as 15 calls simultaneously.

Syed Yamin Bakht, general manager (Information), Kafil H S Mueeed, director (New Business), and AMM Yahya, director (Fibre Optics Network) of GP, were also present at the press conference.



Frank Fodstad (C), deputy managing director of GrameenPhone Ltd, speaks at a press conference in Dhaka yesterday to announce the launch of 'HealthLine'. Dr Sikdar M Zakir, managing director of TRCL, and other senior officials of GP are also seen.