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BUSINESS

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BB rolls out home loans at 10pc interest rate

Person with monthly income less than Tk 30,000 to get Tk15 lakh

STAR BUSINESS REPORT

The Bangladesh Bank (BB) yesterday introduced a housing scheme to offer loans at highest 10 percent interest rate for low and middle-income people in urban areas.

A person with a monthly income less than Tk 30,000 will be eligible to receive a maximum of Tk15 lakh loan from commercial banks and financial institutions to buy or construct an apartment of highest 1,250 square feet, according to a central bank circular.

The central bank sent the circular yesterday to all commercial banks and financial institutions.

The total amount of the three-year project is Tk 300 crore. The BB will channel Tk 100 crore each year in the next three years to the housing scheme.

The interest rate for the housing

scheme will be the lowest-ever in the country. Now, the interest rates of home loan schemes offered by commercial banks and financial institutions range between 14 percent and 18 percent.

Replying to a query, BB Governor Dr Salehuddin Ahmed said the central bank will review whether the loan amounts offered by the scheme will be enough to buy flats in urban areas.

"If necessary, the central bank will increase loan amounts for the borrowers," Salehuddin added.

The circular also said the borrowers will be able to repay loans in 20 years through monthly instalments.

The BB will give the money to commercial banks and financial institutions for disbursing as loans under the scheme titled 'Reinvestment Scheme in Housing Sector.'

As per the circular, the borrower can utilise the money for buying or constructing apartments in six city corporation areas and municipal areas of Tongi, Gazipur, Savar and Narayanganj.

However, people working with companies, which have housing loan scheme for their employees, will not get the loan. Besides, the loan is only for those who or their relations (wife/husband and children) do not own any house or apartment in the designated areas.

If a person has already taken housing loans from a bank or financial institution will also not be considered under the scheme.

BB will give 75 percent of the loan and rest 25 percent will have to be given by the banks concerned, the circular said.

The BB will give the money to the commercial banks and financial

institutions at only 5 percent interest rate.

The circular said only the banks or financial institutions whose volume of classified loan is less than 10 percent of the total outstanding loans will get the central bank money for distribution.

The loan providers as per their own rules and regulations will handle all activities including selecting eligible customer, documentations, debt-equity ratios and recovery monitoring.

A source in the BB said the scheme is especially designed for low and middle income people who have very limited scope to get loans from existing schemes.

"We have estimated the monthly instalment against the loan will be not more than of a service holder's monthly house rent allowance," the source said.

GMG Airlines to fly to four new int'l routes

STAR BUSINESS REPORT

Private GMG Airlines will fly to four new international destinations -- Kuwait, Oman, United Arab Emirates and Pakistan -- by the year-end, officials announced yesterday in Dhaka.

As the flights to the Middle East countries will be direct, travellers from Bangladesh will be benefited, GMG Airlines Chairman Abdus Sattar told a function.

The local airline plans to operate Airbus or Boeing aircraft on the routes.

The airline is yet to fix the fares for the routes.

GMG eyes a huge number of Bangladeshis visiting the Middle East, the officials also said.

Civil Aviation and Tourism Secretary Md Shaikh Altaf Ali was present at the function as chief guest.

Etihad now flies to Sydney daily

Etihad Airways' Abu Dhabi to Sydney service has increased from three flights a week to daily a week, says a press release.

The flights to Australia were launched on 26 March and since then the Sydney route has established itself quickly as one of Etihad's most popular destinations.

Following the success of the Sydney service Etihad is keen to expand its Australian network further and is examining several potential new destinations.

Indian firm buys US telecom data service provider

PALLAB BHATTACHARYA, New Delhi

Reliance Communications has acquired the US telecom data services Yipes Holdings for 300 million dollars, marking the Indian company's foray into lucrative American enterprise data market.

Reliance Communications bought the American company from a group of investors including J P Morgan.

The acquisition of Yipes would accelerate Reliance Communications' entry into the 10 billion dollar global market for enterprise and institutional data services, Anil Ambani, Chairman of Reliance Communications told media persons in Mumbai on Monday.

Yipes has annual revenue of 100 million dollars with a network presence in 14 top American cities which account for 40 percent of the total US data and enterprise services market.

Yipes is a wholly-owned subsidiary of Flag Telecom, the undersea cable arm which Reliance Communications had acquired in 2003 for 209 million dollars.

CityCell launches wireless internet

STAR BUSINESS REPORT

Mobile phone operator CityCell yesterday launched wireless internet service.

The company offers high-speed internet service, styled mycitycell ZOOM, to its customers across the country, Tarikul Hasan, acting CEO of Pacific Bangladesh Telecom Ltd, the owning company of CityCell, told a press briefing in Dhaka.

The acting CEO said with the CDMA2000 1x technology-based service customers can use internet at indoors and outdoors where the network is available.

Ahmed Armaan Siddiqui, manager of Product Development, said customers will receive the internet through PCMCIA data card or USB data modem and selected CDMA handsets.

The PCMCIA card will be used for laptops and the USB data modem for both laptops and desktop computers.

The USB data modem is priced at Tk 8,000, while PCMCIA data card at Tk 9,000.

The customers need to pay Tk 300 per month for using 100 megabyte (MB), Tk 450 for 300 MB, Tk 600 for 500 MB, Tk 1000 for 1 gigabyte (GB) and Tk 1500 for 3 GB, Siddiqui said.

Connections and devices will be available at more than 400 authorised sales points and CityCell's own direct sales points across the country.

BEPZA ACTIVITIES-III 25,000 retrenched workers yet to be accommodated in Adamjee, Karnaphuli EPZs

JASIM UDDIN KHAN

As many as 25000 retrenched workers' ray of hope of being employed in the newly shaped areas of defunct Adamjee Jute Mills and Chittagong Steel Mills has now been dashed for Bepza's (Bangladesh Export Processing Zones Authority) failure to accommodate them even after lapses of several years.

The fallen lands of the mills that were closed down on pressures from donor agencies like World Bank and IMF were turned into two separate export processing zones as per a government decision in 2004.

These two zones are Adamjee EPZ and Karnaphuli EPZ.

Although the jobless workers were assured of employments in the industrial units at these EPZs, the Bepza is yet to fulfil their promise, according to some of such workers who are learnt to have long been facing severe hardship.

Abdul Motaleb (45), a former foreman of Adamjee Jute Mills, said, "The Adamjee workers are thrown into uncertainty. The Bepza has been refusing their appeals for getting their jobs."

When contacted, a Bepza senior official said that the government is aware of the problems and sincere about accommodating the retrenched workers in the local and foreign industrial units at the Adamjee and Karnaphuli EPZs, but these workers lack the skills

needed for those state of art technology based industries.

"We negotiated some of the new industries set up by the entrepreneurs mostly from South Korea, Hong Kong and Germany, but they refused our proposals and asked for skilled workers," the official added.

The previous BNP government on June 30, 2002 declared closer of Adamjee Jute Mills, the biggest jute industry in the world with an cumulative losses of Tk 1200 crore.

The Adamjee EPZ will have 200 plots of which 103 have so far been developed and 37 already handed over to four foreign companies.

According to the Bepza, 28 foreign and local investors have submitted proposals to establish units in the Adamjee EPZ. When the units are fully operational, the Bepza expects \$750 million annual exports from the zone.

This EPZ formally went into operation on March 6, 2006.

Bepza Executive Chairman Brigadier General Ashraf Abdullah Yussuf told The Daily Star that they would help the retrenched workers to get jobs in the newly set up industries through imparting them training at the two Bepza training institutes where the Adamjee workers and their spouses would get the chance to improve their skills.

"Without any modern technical know-how, how they will be accommodated by the foreign and local entrepreneurs", Yussuf questioned.

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Traders, banks asked to blacklist errant foreign buyers

Open account system in int'l trade advocated

STAR BUSINESS REPORT

The central bank governor has suggested that the trade bodies and banks should blacklist the foreign buyers who often do not make payment against their letters of credit.

"Prepare a blacklist and make up your mind whom you will not reach for any trade or business contract," Dr Salehuddin Ahmed urged them at a seminar in Dhaka yesterday, speaking out the bad experience gathered about some countries regarding payments.

The seminar on International Trade Payment Methods in Bangladesh was jointly organised by International Chamber of Commerce-Bangladesh (ICC-B) and Bangladesh Institute of Bank Management (BIBM).

Pointing it out that the international trade payment methods deserves due importance in Bangladesh, the Bangladesh Bank (BB) chief said, "We are working on updating our trading methods, but it needs time to enter into new trading systems, including an open account method."

He also advocated an appropriate payment system with regard to remittance besides such a system in trading.

The BB governor said the government has agreed with the central bank on a sovereign rating of the country.

"We have also taken initiative to modernise the foreign exchange regulations and exchange control guidelines," he added.

Meanwhile, most of the speakers at the seminar recommended for an 'open account' as a payment tool instead of documentary letter of credit (L/C), introduction of which, they thought, would reduce cost of import.

They also sought removal of regulatory barriers to make a headway for practicing open account payment method in import transactions saying that this account is one of the most simple and cheapest method of payments both in export and import transactions.



PHOTO: STAR

Governor of Bangladesh Bank Dr Salehuddin Ahmed (C) speaks at a seminar on 'International Trade Payment Methods in Bangladesh', jointly organised by International Chamber of Commerce-Bangladesh (ICC-B) and Bangladesh Institute of Bank Management, in Dhaka yesterday. ICC-B President Mahbubur Rahman (L) is also seen.

Speaking at the function, Mohd Ruhul Amin, director general of BIBM, said the regulators should leave it to the contracting parties to choose payment method for export-import transactions. "This will help both the exporter and importer to reduce their transaction cost," he said.

M Aminuzzaman, managing director of National Bank, said open account is a frequently used payment device on international trade deals.

"If we do not accept the method, we will lag behind in international trade," he said, urging the regulators to be objective.

In his welcome speech, ICC-B President Mahbubur Rahman said the recent statistics show that about 20 percent of global trade are now transacted through L/C. International standby practices and open account transactions as well as documentary collections are also widely used in settlement of trade payments world over.

"Therefore, Bangladesh Bank may also review these alternative methods for adoption in line with international practices," he said.

On the central bank's contractionary monetary policy, he said the policy has been questioned not only by the private sector but also by the economic analysts, as this policy does not necessarily and automatically help contain inflation.

"We apprehend that due to tight monetary policy the cost of doing business will increase and the banks' lending rates are expected to rise resulting in slow growth of the private sector, which may further affect the projected growth of GDP in FY 2008," he said.

Presenting a keynote paper on International Trade Payments-Practical Problems Being Faced by the Banking Sector, Mamun Rashid, managing director, Citibank NA, Bangladesh, said the foreign buyers such as JC Penney, Mark Spencer, Wall Mart, K Mart, Lewis and H&M are pushing the local exporters to go for open account payment method, as the foreign buyers want to reduce their cost of import.

He also suggested immediate update of Foreign Exchange Regulation Act, 1947.

"Such an old act cannot guide the future of a country," he observed.

Dr Toufic Ahmed Choudhury, professor and director of BIBM, presented another keynote paper on An Evaluation of the Operations of International Trade Payment Methods in Bangladesh.

Among others, Mutual Trust Bank Managing Director Kazi Md Shafiqur Rahman and Premier Bank Managing Director Abu Hanif Khan spoke at the function.

RMG COMPLIANCE

Adviser calls for united stand

STAR BUSINESS REPORT

The labour and employment adviser yesterday underscored the need for united efforts of government, employers and workers to ensure compliance and standards in the country's readymade garment (RMG) sector.

Reiterating the government's strong stance on the issue of implementing the tripartite agreement on minimum wage, Md Anwarul Iqbal said any misconduct with the workers by the factory owners in contravention of the wage and labour laws will severely be dealt with.

He also urged the workers to refrain from any destructive activities in the RMG units.

The adviser was speaking at 'National tripartite meeting on social compliance in RMG industry,' jointly organised by International Labour Office in Dhaka, commerce ministry, and labour and employment ministry in the capital.

Secretary to commerce ministry Feroz Ahmed and Secretary to labour and manpower ministry Ashfaq Hamid spoke at the meeting, which was also attended by Director of ILO Dhaka Gopal Bhattacharya, Secretary General of National Coordination Council for Workers' Education Mejbahuddin Ahmed among others.

The meeting was organised to elicit views from the social partners on the issues and challenges of social compliance in the RMG sector, review

the progress made in this regard, and jointly draw action plans on labour and social standards.

With regard to social compliance, Gopal Bhattacharya has put some recommendations on the table including effective enforcement of the labour laws, development of long-term partnership with the stakeholders, and linking the compliance issue with factory inspection system.

The issues that the workers' representatives have raised include violation of workers' rights such as non-payment of overtime bill, non-implementation of minimum wage, lack of health and safety measures, need for freedom of association and retrenchment and maternity benefits.