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80pc micro-finance institutions found ineligible for licence

SAJJADUR RAHMAN

Over 80 percent of micro-finance institutions (MFIs) that have applied for licence to run their business do not fulfil the criteria set by the Micro-credit Regulatory Authority, a top official said.

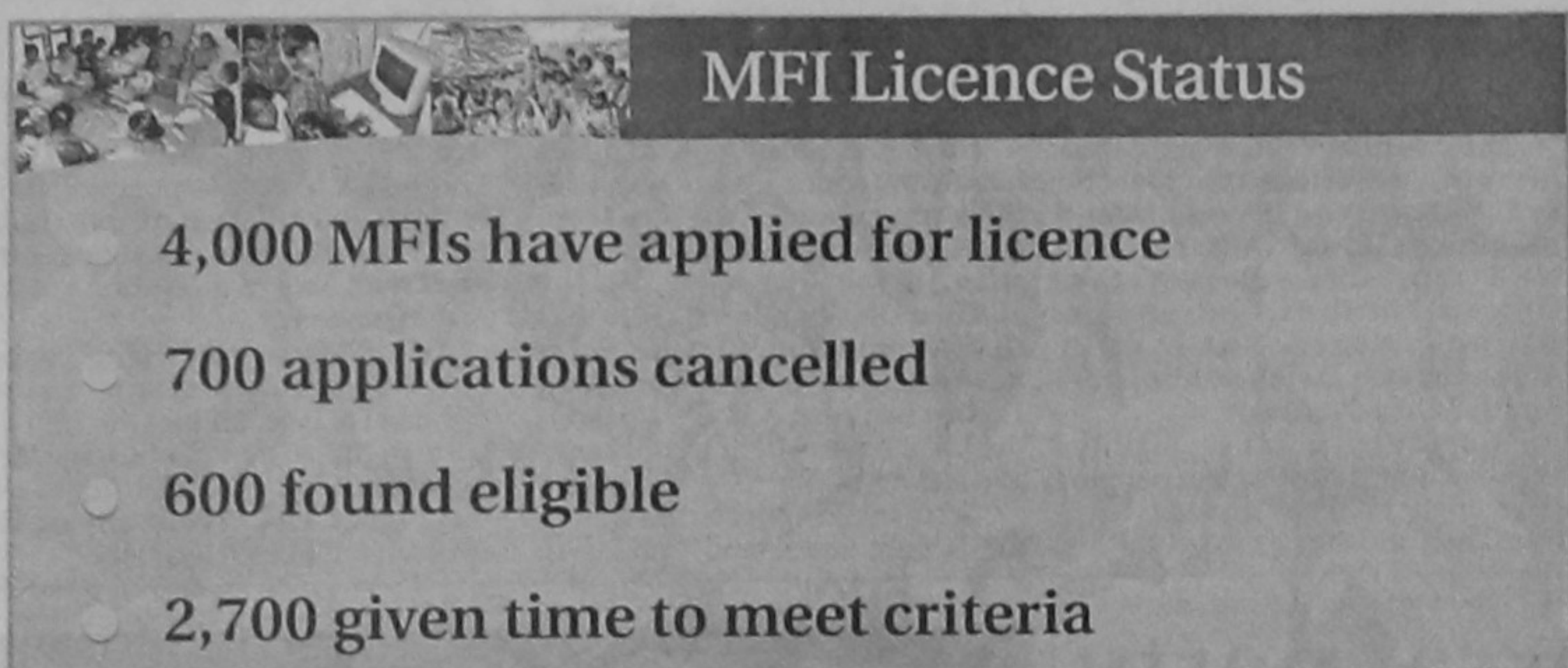
"About 600 MFIs, out of 4,000 applicants, meet the requirements set by the authority," said Khandakar Muzharul Haque, executive vice-chairman of Micro-credit Regulatory Authority.

Haque said: "700 applications were cancelled in a primary selection." The remaining 2,700 MFIs have been given time until June 2009 to fulfil the conditions for getting licence, he added.

The regulatory body was established in accordance with a new law, Micro-credit Regulatory Authority Act 2006, which has been in effect since August 27, 2006. The authority has a Board of Directors with Bangladesh Bank governor as its chairperson.

As per the new law, no MFI is allowed to do its business without any licence from the regulatory body. The authority is entitled to take punitive measures against any MFI found non-compliant with any provision of the new law.

In September 2006, the regulatory body invited applications from MFIs to award licences and received some 4,000 applications within the



deadline of February 2007.

According to the regulatory body executive vice chairman, any micro-finance institution having outstanding loans of at least Tk40 lakh and 1000 borrowers is entitled to get a licence.

"Many MFIs that applied for licences have been found small and unsustainable," Haque, who is also a Bangladesh Bank (BB) executive director, said, adding that most of the applicants failed to fulfil the criterion either for outstanding loans or the number of borrowers.

Motiur Rahman, executive director of a Meherpur-based NGO, Rural Reconstruction Society, said his NGO was not given licence for

not meeting the criteria for outstanding loans and borrowers.

"I got a letter from the regulatory body in this regard last month," Rahman added. "I hope our NGO will be able to meet the criteria by the deadline of June 2009."

The executive vice-chairman of the regulatory body said some 150 MFIs, which have fulfilled the conditions, have been awarded licence to operate their micro-credit activities.

"Action will be taken against any NGO found continuing lending activities without a licence," another senior official of the regulatory body said.

Bangladesh is known globally for pioneering micro-credit activities. Many countries later adopted the idea to bolster their poverty alleviation efforts.

Micro-credit is a nation-wide activity in Bangladesh. The issue of a regulatory framework came to the forefront a couple of years ago because MFIs had been providing credits to the poor defying the formal banking system.

Grameen Bank was the only formal micro-finance institution before the passage of the new law on August 27, 2006.

Grameen Bank and its founder Dr Muhammad Yunus shared Nobel peace prize in 2006.

World's mobile phone industry heads for Barcelona event

AFP, Paris

The most established names in telecoms, Internet and media will come together next week in Barcelona for the Mobile World Congress, one of the world's biggest events for the mobile phone industry.

This year, like others previously, debate is likely to focus on how to encourage users in developed countries to use their phones for more than simply making calls.

With competition and regulatory action lowering call costs in many countries, operators are increasingly eager for customers to use their mobile phones for Internet services, games, music downloading or watching television.

As a result, the congress will bring together content providers such as music channel MTV and news producer the BBC, Internet leaders such as Google and Facebook, as well network operators including Vodafone and China Mobile.

Handset manufacturers such as world leader Nokia and competitors Samsung, LG, Motorola and Sony Ericsson will also been keen to showcase their latest models.

There are already rumours about what will be announced in Barcelona, where the event runs from Monday to Thursday.

The online edition of magazine MarketingWeek has reported that Google is to team up with US technology giant Dell to launch a phone, while the PaidContent site suggests social networking group Facebook is to conclude a deal with Nokia.

The increasing use of mobile phones in the emerging and developing world is also attracting interest from handset manufacturers, Internet companies and operators.

With mobile phone markets nearly saturated in the developed world, the industry's biggest players are turning their attention to the fertile ground of emerging countries.

Making affordable phones and targeting consumers with smaller budgets were clearly priorities at the Barcelona event in 2007.

Entertainment and content providers are also cottoning on to the idea that mobile phones are the main technological device owned by people in poor countries, rather than computers.

"A lot of Internet players and media companies see in the mobile phone a way of accessing emerging markets where there are only a few computers and where the population has not heard of Facebook or Google," said analyst Vincent Poulbere from consultancy Ovum.

Soros buys \$100m stake in India's Reliance Entertainment

AFP, Mumbai

US-based billionaire investor George Soros has bought a 100 million dollar stake in films-to-mobile Indian media company Reliance Entertainment owned by tycoon Anil Ambani, an official said Friday.

"A fund owned by George Soros has picked up a three percent stake in Reliance Entertainment for 100 million dollars," a Reliance spokesman said, adding the sale valued unlisted Reliance Entertainment at 120 billion rupees or three billion dollars.

Reliance Entertainment is owned by the diversified Anil Dhirubhai Ambani Group, and makes and distributes movies, provides gaming services and runs a social networking portal.

It will use the money to boost its presence in the media sector and to produce movies for which it has already signed up top Bollywood directors, the Economic Times newspaper said.

Reliance Entertainment, which has signed up Bollywood directors like Farhan Akhtar and Madhur Bhandarkar to produce films under its banner, recently bought a controlling stake in ND Studio, one of India's largest production outlets.

Mumbai-based Bollywood, the world's largest movie-making industry, turned out more than 250 films last year.

Reliance Entertainment also has plans to enter the television broadcasting business later this year. The Economic Times quoted Reliance officials as saying the company also hopes to raise money through a private share placement, debt or an initial public offer, the newspaper said.

Licence fees for petroleum transportation raised

STAR BUSINESS REPORT

The government has raised licence fees and services charges after 18 years for transportation of petroleum products and oil depots in a bid to generate more revenue from non-tax sources.

Fees for a joint licence for storage of petroleum products by importer and marketing company have been raised to Tk 7,000 from Tk 3,000 for storage of up to 250,000 litres.

Vehicles that carry petroleum products by road now need to pay

Tk 800 for carrying every 5,000-litre instead of Tk 200.

Ships that carry petroleum oil need to pay Tk 1,500 for every 400-tonne or less instead of the current Tk 500. An extra Tk 200 has to be paid for carrying every additional 100-tonne.

More over, test fee for an oil tanker to make it gas-free has been raised to Tk 300 from Tk 100.

"The Department of Explosive initiated the move to hike fees in a bid to contribute more to the national exchequer," said an official with energy and mineral resources ministry.

"Income from the fees and services is now expected to exceed Tk 2 crore," the official said.

According to official data, the Department of Explosive earned over Tk 1.57 crore from the sources in 2006-07 fiscal year.

The official said the NBR (National Board of Revenue) is yet to issue an SRO (statutory regulatory order) in this regard, although the finance adviser gave his consent in November last year.

Local firm to invest \$1.4m in Karnaphuli EPZ

Local company M/s ZANT Accessories Ltd will set up a garment accessories manufacturing plant in Karnaphuli Export Processing Zone (EPZ) with an investment of US\$1.395 million, says a press release.

The company will produce accessories for shoes, caps,

bags and garment items, and create employment opportunity for 73 Bangladeshi nationals.

An agreement to this effect was signed recently between the company and Bangladesh Export Processing Zones Authority (Bepza).

General Manager (Invest-

ment Promotion) of Bepza AZM Azizur Rahman and Chairman of the company Md Tafazzal Hossain signed the lease agreement on behalf of their sides, while Bepza Executive Chairman Brig Gen Ashraf Abdullah Yussuf, among others, was present.



General Manager (Investment Promotion) of Bepza AZM Azizur Rahman and Chairman of M/s ZANT Accessories Ltd Md Tafazzal Hossain exchange documents after signing a lease agreement in Dhaka recently. Under the deal, the local company will set up a garment accessories manufacturing plant in Karnaphuli Export Processing Zone with an investment of US\$1.395 million. Bepza Executive Chairman Brig Gen Ashraf Abdullah Yussuf, among others, is seen at the signing ceremony.

India hopes for better wheat production

ANN, THE STATESMAN

As of now wheat import is no more on the agenda of the Indian government. Last year the import of wheat had caused a controversy with both right and left wing parties attacking the government.

India's agriculture minister Sharad Pawar said better wheat production due to favourable weather conditions was expected this year.

He said rain in some parts of Punjab, Haryana and western Uttar Pradesh would be really beneficial for wheat crop and growth would be good.

Meanwhile, the agriculture ministry has released the Advance Estimates of production for major crops grown.

In 2007-08 the food-grains production at 219.32 million ton was estimated to be an all time record. Also the government has revised upwards wheat production to over 75 million ton for 2006-07 and hopes that output in the current season too will be better as weather conditions have been conducive for the crop. The final estimates, however, would be released later.

Rice and maize production at the estimated level of just over 94 million ton and 16.78 million ton respectively are going to touch an all time high. Soyabean and cotton production at 9.45 million ton and at 23.38 million bales of 170 kg each respectively were also estimated to be a record.

Oil prices up in Asia

AFP, Singapore

World oil prices rose in Asian trade Friday after Anglo-Dutch group Shell said production in strife-torn Nigeria, Africa's biggest crude producer, would be disrupted for two months, dealers said.

A general rise in the prices of commodities including gold, platinum, soybeans and wheat helped lift crude oil prices to near 89 dollars a barrel, they said.

New York's main oil futures contract, light sweet crude for delivery in March, was 73 cents higher at 88.84 dollars per barrel.

Brent North Sea crude for March delivery was 88 cents higher at 89.39 dollars a barrel.

"News of production shut-downs in Nigeria offset market fears over the global economy," said Sudeen analyst Nimit Khmar.

Energy giant Shell said Thursday it would not be able to honour all its export contracts from its southern Nigerian Bonny export terminal for the rest of February and March because of sabotage.

The company said it has not been able to repair three pipeline leaks on the Nembe Creek trunk because of "serious security challenges."

Asia not 'immune' to US slowdown, says ADB

AFP, Tokyo

Asian Development Bank chief Haruhiko Kuroda warned Friday that the continent was not immune to a US economic slowdown, despite its resilience amid the housing market turmoil.

Asian economies "are not totally immune to global market turbulence and negative developments," Kuroda told a symposium in Tokyo ahead of this weekend's meeting of Group of Seven finance chiefs.

"A deep and prolonged US recession, should it ever occur, could be accompanied by much slower growth in Asia," he said.

"A significant slowdown in the US economy will most certainly affect the region's growth performance through trade, investment and financial linkages," he said.

Kuroda said spillover from the

world's three largest financial markets -- US, Europe, and Japan -- could be "potentially large" and called on Asian policymakers to take steps to ensure confidence in the regions' money markets.

The subprime crisis erupted last year as a growing number of Americans defaulted on loans which they received during the last housing boom despite patchy credit histories.

Asian banks have been less exposed to subprime losses than their US and European counterparts but the region's equities have still seen volatility.

Governments "must continue to pursue sound macroeconomic management, strengthen prudential supervision of financial institutions and improve structural resilience through more comprehensive reform efforts," Kuroda said.

For Japan only, Kuroda projected year-on-year growth of 1 to 1.5 percent, significantly lower than the 2 percent annualised rate attained in early 2007 as the country finally came out of a protracted slump.

Echoing Bank of Japan projections, Kuroda attributed the slower growth to tighter construction regulations that the government enacted in September after a scandal in which an architect faked earthquake-resistance data.

Kuroda expected Japan's growth to be back on track by the second half of the year.

Kuroda, a former senior finance ministry official, is seen as a potential candidate to replace Bank of Japan governor Toshihiko Fukui when his term expires in March.

Another likely candidate is current deputy governor Toshiro Muto.

US Congress backs stimulus for troubled economy

AFP, Washington

The US Congress has overwhelmingly approved a giant economic stimulus plan sought by the White House amid mounting fears that the world's biggest economy could be sliding into a recession.

Senate and House of Representative lawmakers approved the economic aid package in separate votes, clearing the way for it to be signed into law by President George W. Bush.

"The president will sign it next week," White House spokeswoman Cynthia Bergman told AFP. She said an exact date had not yet been announced.

Bush has hailed the package amid a worsening housing market

downturn and a dramatic slowdown in American economic growth.

The stressed economy lost jobs last month for the first time in over four years and a Wall Street credit crunch, triggered in part by rising home foreclosures, has raised global financial markets in recent months.

"This plan is robust, broad-based, timely, and it will be effective. This bill will help to stimulate consumer spending and accelerate needed business investment," Bush said in a statement released Thursday by the White House.

The plan is valued at around 150 billion dollars and crammed with temporary tax rebates and business incentives.

Tens of millions of Americans are likely to receive tax rebate checks in their mailboxes in coming months after Bush gives the stimulus his official blessing.

Treasury Secretary Henry Paulson also welcomed congressional approval of the package, saying it would inject money into a stressed economy.

"This package of payments to individuals and incentives for businesses to invest will support our economy as we weather the housing downturn," the Treasury secretary said.

Democratic and Republican senators had sparred over different incentives after the House of Representatives passed an initial version of the plan last Tuesday.



Chairman of BRAC Bank Ltd Fazle Hasan Abed inaugurates the bank's 34th branch at Borogola in Bogra town on Thursday.