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## Stocks

DGEN	↑ 1.30%
3,025.48	
CSCX	↑ 1.35%
5,031.74	

## Asian Markets

MUMBAI	Closed
TOKYO	Closed
SINGAPORE	↓ 0.23
2,824.91	
SHANGHAI	↑ 1.13%
3,804.05	

## Currencies

	Buy TK.	Sell TK.
USD	68.30	69.30
EUR	104.90	109.50
GBP	133.46	138.63
JPY	0.68	0.72

SOURCE: STANDARD CHARTERED

## Commodities

Gold	\$941.48
Oil	\$99.81
(per ounce)	(per barrel)

SOURCE: AFP

## More News



Like her over 2,500 female workers across the country are involved in knitting such types of toys which find their markets in Europe and America.

## International

### Indian inflation leaps to nearly 6 percent

India's inflation rate jumped by almost a full percentage point to hit a more than 10-month high, data showed Wednesday. Annual inflation leapt by 0.81 percentage points to 5.92 percent for the week ended on March 8 from 5.11 percent the previous week.

## Bangla Biz Lexicon

Bhotbhoti-a vehicle whose chassis is built locally and which is powered by an irrigation pump engine. The name reflects the noise the vehicle makes. It is most common in rural areas especially in the north of Bangladesh.

## Contact Us

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# BB home loan scheme yet to reach mid-income people

## Banks find low-income group risky for loan repayment

The central bank's low-cost home loans under refinance scheme has so far failed to reach the target group -- the middle and lower income people mainly because the banks and other financial institutions believe the group is risky for repayment of loans.

A senior central bank official said in the first six months of the scheme the Bangladesh Bank only refinanced Tk 1 crore out of Tk 100 crore allocated for the first year of the three-year programme.

"Response of the scheme so far is very poor," the official said.

"We receive 75-100 applications from loan seekers every month, but only 5 to 6 are getting the home loans under the Bangladesh Bank refinancing scheme that charges 10 percent interest," said Mahbubur Rashid Al-Amin, manager and head of operations of National Housing Finance and Investment Limited (NHFI).

He said most of the applicants are risky as per the respective financial institution's loan policy.

The applicants are either small private sector jobholders or small businessmen who according to the financial institutions are risky for repayment of the loans.

"Although the BB refinances the scheme, respective financiers have to recover the loans,"



Vehicles ply past Japan Garden City at Mohammadpur, one of the largest apartment blocks in the capital, yesterday. The central bank's low-cost home loans under refinance scheme has so far failed to reach target group -- the middle and lower income people -- mainly because the banks and financial institutions consider the group is risky for repayment of loans.

Mahbub said. "I sought Tk20 lakh loans under the scheme, but the National Housing has rejected my application because it does not think me credit worthy," said an employee of an international courier service, who draws Tk 20,000 a month.

"If I loan Tk10 lakh I have to pay Tk 9,680 a month for 20 years to repay the loans," he said. And he was told by the National Housing that he would not be able to repay the loans since his monthly salary is only Tk 20,000.

The Bangladesh Bank in July last year launched the Tk 300 crore refinancing scheme for housing for three years for lower and middle middle-class people. Borrowers are entitled to maximum Tk 20 lakh loans at 10 percent interest, which is repayable in highest 20 years with one year grace period.

The scheme however has barred government employees and others who are entitled to getting housing loans from their respective organizations, no matter what the amount is. "I would request the government to include government employees in the scheme," the

BB official said.

"We're frequently asked by banks and other financiers to include government employees in the scheme to make it successful," he said.

A person whose monthly income is less than Tk 30,000 can apply for loans to buy an apartment of a maximum size of 1250 square feet in six divisional cities along with Tongi, Gazipur, Narayanganj and Savar areas.

Delta-BRAC Housing, which is the largest private sector housing loan provider, also echoed the National Housing.

"We're getting dozens of applications everyday, but a very few of them are getting the loans," said a senior DBH official preferring not to be named.

The DBH, which has financed Tk 710 crore as housing loans from its own fund in the last fiscal year, also tops the list of BB's refinance scheme with Tk 60 lakh till December 2007.

"Salary bar on Tk 30,000 a month is a major obstacle to the home loan scheme," the DBH official said.

Of the other problems, the National Housing official said the delay in disbursement of the refinancing money by the Bangladesh Bank is a major concern.

"The amount we disbursed in January, the BB will refinance us after March. This delay increases the costs of funds," he said adding that National Housing will request the BB for quick disbursement of refinanced money.

A total of 12 banks and 17 financial institutions have signed participation agreements with the Bangladesh Bank to join the refinancing scheme.

sajjad@thedailystar.net

## BB asks banks to open desk for women entrepreneurs

STAR BUSINESS REPORT

Bangladesh Bank (BB) has asked all commercial banks and other financial institutions to open a dedicated desk for facilitating financing to small and medium women entrepreneurs under the BB-launched refinance scheme.

Opening of a dedicated desk for women entrepreneurs is mandatory for every bank and financial institution, according to an amended circular issued yesterday.

The desk should be equipped with woman officers, suggested the central bank.

The BB earlier had issued a circular in this regard on February 7, 2007.

Such a desk will also help women entrepreneurs in project planning, papers preparation and quick processing of loan proposals, it said.

## India's exports decline on rising rupee

PALLAB BHATTACHARYA, New Delhi

The Indian government admitted that appreciation of rupee against the US dollar had resulted in the loss of about two million jobs and a decline in exports.

"Certain sectors like textiles, leather, marine products and handicraft, show net decline in exports, which has led to job losses. Total job losses could be as high as two million, unless remedial measures are taken," Minister of State for Commerce Jairam Ramesh told Rajya Sabha Wednesday.

Recent statistics revealed that the job losses in the textile sector due to the appreciation of Rupee against the dollar had been more acute than what the government had anticipated.

## Widening social safety net only option to offset price spiral

SAYS FINANCE ADVISER

STAR BUSINESS REPORT  
Finance Adviser Mirza Azizul Islam yesterday said the government is passing a tough time due to skyrocketing prices of essentials, and now it has no alternative to widening the social safety net programmes to mitigate the sufferings of the poor.

"All the quarters I have so far met in pre-budget discussions were of the opinion that something has to be done as the family budget is failing to buy food," the adviser told reporters after a pre-budget consultation with editors of print and electronic media.

"What could be that 'something'? What should be done [to check price increase]? Nobody came up with any concrete suggestion," Azizul said.

Asked about former finance adviser Akbar Ali Khan's suggestion for providing free food to 1.5 crore people for a certain period, Islam said the government has no such plan.

"We will have to consider the financial implications of such plan if we wish to provide one kilogram of rice daily

to 1.5 crore people for two months," he said, posing a question who will finance the free feeding programme.

Editors at the meeting raised issues including poor implementation of the Annual Development Programme (ADP), wastage of government resources and ways to provide food subsidy from foreign exchange reserve.

He disagreed on financing from forex reserve for food subsidy and said there is a wrong perception about the forex reserve.

"It's [forex reserve] not a government property. The reserve is not too high against the absolute requirement for keeping a reserve equivalent to three months' import payments."

The adviser said more than 30 lakh tonnes of rice were imported until March 15 of the current fiscal year, whereas the total rice import during the previous fiscal was 24 lakh tonnes.

About ADP implementation, he said the government's attention was diverted from the development works due to floods and cyclone Sidr.

# Ceramic tiles feel the pinch of slump in housing market

SAYEDA AKTER

Local ceramic tiles manufacturing has grown from almost nothing to a multi-billion taka industry in the past seven years, but is now experiencing slower growth due to the slump in the housing market and the rising prices of raw materials.

Industry experts estimate the size of market involved in producing floor and wall fitting is around Tk 1600 crore, previously which was totally import dependent.

By the end of 2000, local entrepreneurs, who were mainly involved with importing tiles and other housing materials, started thinking about manufacturing.

Now, 9 companies manufacture ceramic tiles that meet more than 55 percent of local demand.

Industry people also said 4 local companies -- Great Wall, Modhumoti Tiles, Mir Ceramic and ATI Tiles -- hold at least 50 percent of the domestic market share.

But currently the sector is facing difficulties due to heavy duty on import of raw materials and soaring price hikes.

"The government imposes

By the end of 2000, local entrepreneurs, who were mainly involved with importing tiles and other housing materials, started thinking about manufacturing. Now, 9 companies manufacture ceramic tiles that meet more than 55 percent of local demand.

20 to 25 percent duty on raw materials including China clay, ball clay and silica sand," said SM Shahjada, assistant general manager of Great Wall.

"Moreover, the housing market is going through a hard time following the government's anti-crime drive. The slump in property market has cast an adverse impact on ceramic tiles manufacturing industry," he added.

Asfaque Imam, an executive of Modhumoti Tiles, said the government should reduce the bank interest for housing sector against the backdrop of soaring prices of raw materials.

"The government should also introduce low-cost housing schemes to boost the real estate sector. And the housing interest should come below 6 percent," said Imam.

Shahjada said his company started manufacturing in November 2006 and now it has 15 percent of total market share.

"The high quality of our products helps us grab the market and it will expand further in near future," said Shahjada.

He said his company company is going to open two exclusive display centres in Dhaka and Chittagong.

He also said the company will start export to India, Nepal and UAE by the end of June this year.

Seeking anonymity a senior official of RAK Ceramic said prospect of the industry is bright, as more local investors are getting involved with the manufacturing.

"When we started manufac-



turing in 2001, many of our rivals couldn't even think of setting up plants," he added.

Bangladesh as a part of its expansion plan. RAK has established itself as the leading ceramic tiles business house in the country.

sayed@thedailystar.net