

## Stocks

DGEN ▼ 0.36% 3,000.49

CSCX ▼ 0.29% 5,853.57

## Asian Markets

MUMBAI ▼ 2.47% 13,461.60

TOKYO ▼ 0.46% 13,481.38

SINGAPORE ▼ 0.28% 2,947.54

SHANGHAI ▼ 0.45% 2,736.10

## Currencies

Buy TK. Sell TK.

USD 68.15 69.15

EUR 106.06 110.69

GBP 134.18 139.50

JPY 0.64 0.67

SOURCE: STANDARD CHARTERED

## Commodities

Gold \$933.93 (per ounce)

Oil \$143.91 (per barrel)

SOURCE: AFP

(Midday London Trade)

## More News

Corporate social responsibility

**corporate social responsibility**

There is a great myth about 'corporate social responsibility', in short, CSR. We often get confused between charity and CSR, indulging in several activities in the name of CSR. Corporate social responsibility goes far beyond charity. It is not just about making contributions towards good causes or charitable organizations but also an all year round responsibility of serving the community, integrating corporate values, cultures, business strategy.

## DSE indices falling

Price indices on the Dhaka Stock Exchange (DSE) continued falling yesterday, led by falling prices of mutual funds' shares. The DSE General Index fell by 11.12 points, or 0.36 percent, to 3,000.49 points, while the DSE All Share Price Index declined by 4.39 points, or 0.16 percent, to 2,588.02 points.

## International

Travel, gems favoured by Asia's rising millionaires

India and China have the world's fastest-growing populations of millionaires, with a penchant for luxury travel, gems and designer clothes, a study said. The number of Indian millionaires jumped 22.7 percent last year to 123,000, followed by China where the number of high rollers rose 20.3 percent to 415,000.

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# SMEs yet to benefit from BB's refinance scheme

## Interest rates range from 20pc to 24pc

SAJJADUR RAHMAN

Bangladesh Bank's move to provide small and medium enterprises with easy access to loans is yet to benefit the SMEs because of high interest charged by financial institutions.

According to the central bank sources, banks and non-bank financial institutes charge as much as 24 percent interest rates for the loans provided under the BB's SME refinance scheme, introduced in 2004 to provide an easy access to bank finance for the sector.

"We have found in our monitoring that banks charge highest 24 percent and lowest 20 percent interest rates for the loans under the scheme," a senior BB official told The Daily

Star yesterday.

He said: "No financial institute takes less than 20 percent rate."

Although the BB has fixed 10 percent interest rate for two other similar schemes - housing and women entrepreneurs - it has failed to do so with the SME scheme.

Banks are cashing in on the situation and imposing as much as 24 percent rate due to absence of any BB directive in this regard, the sources said.

To promote the SMEs, the government has taken several measures that include establishment of the SME Foundation. An SME help line centre will be set up in every district soon, which aims, among other things, at promoting women entrepreneurship.

As part of the government's moves, the central bank in 2004 introduced a SME refinance scheme (revolving) with Tk 100 crore to increase SMEs' access to bank finance at lower rate. Later the fund was increased to Tk 300 crore in fiscal year (FY) 2007-08 and Tk 500 crore for FY 2008-09.

Initially, the BB imposed 4 percent interest rates, which was raised to 6 percent. But no financial institute followed the rate. Sources said later BB was compelled to withdraw the directive on interest rate in May 2004 and allowed financial institutes to fix a rate as per its business strategies.

"Banks lend with the BB money and earn huge profit by charging up to 24 percent interest rates, thus depriving the SME borrowers badly," the

central bank official said.

When contacted, Muhammad A Rume Ali, an experienced banker and a former deputy governor of the BB, viewed different on the issue.

"BB should not impose any rate on the banks," said Ali, chairman of the country's largest SME financier BRAC Bank Limited. "No bank had disbursed any SME loan under the BB refinance scheme after the rate was fixed," he said, adding that the BRAC Bank withdrew itself from the BB refinance scheme due to the latter's intervention in the bank's interest rate.

Pointing to the fact that his bank disburses Tk 300 crore loan a month on an average among the SMEs, Ali said, "The bank cannot put its business at

## MAIN FEATURES OF BB SME REFINANCE SCHEME



- Fund has been increased to Tk 500 crore from Tk 300 crore.
- Initially, interest rate was fixed at 4% for SME borrowers. Later, it was re-fixed at 6%.
- In May 2004, BB was compelled to withdraw imposed rates seeing the financial institutes' poor response.
- Financial institutes are allowed to fix interest rates for SME borrowers.
- Now, financial institutes charge highest interest between 20% and 24%.

stake by lending a few crore taka to few borrowers at lower rate."

The BRAC Bank chairman however hailed the BB for the move and said it would encourage banks to give more access to the SME sector.

BB statistics showed that it had refinanced a total of about

Tk 60 crore in the first quarter (January-March) of 2008. The refinanced amount would be around Tk 70 crore in the second quarter till June 30, sources said.

Of the Tk 300 crore revolving fund for the fiscal 2007-08, Tk 214 crore is now in the BB's balance sheet.

BB has SME refinance agreements with 16 banks and 22 non-bank financial institutions. Of them, Eastern Bank, Dhaka Bank and Mercantile Bank have so far disbursed the highest amount of SME loan under the scheme this year.

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# Oil leaders meet amid blame game over price hike

AFP, Madrid

Leading figures in the oil world gathered in Madrid on Monday for one of the industry's biggest events, with the search for a remedy to record crude prices again stymied by division about the causes.

A week after failing to deflate the price of crude at a summit in Saudi Arabia, the world's biggest oil producers and consumers will get another chance during talks here to explore ways of calming tense global energy markets.

One of the main points of contention is the role of speculators, which are blamed consistently by producer countries for the doubling of crude prices over the last 12 months.

Western oil chiefs, backing the view of governments in consumer countries, insisted on Monday that speculators were the wrong target and that the failure of supply to match rising demand was the real cause.

"This is a fundamental thing. It's not about speculation," the chief executive of British oil group BP, Tony Hayward, told delegates at the World Petroleum Congress, adding that it was a "myth" that speculators were to blame.

"Investors is a better word



Truckers block on both sides the A1 northern bound motorway in Phalempin, France yesterday as they stage a nationwide strike to protest the rising cost of fuel, caused by skyrocketing oil prices. Leading figures in the oil world gathered in Madrid yesterday to search for a remedy to record crude prices again stymied by division about the causes.

than speculators. They are investing in the oil market because they believe prices will go up."

Jeroen van der Veer, head of British-Dutch oil group Shell, also said blaming speculators was wrong, adding that the role

of the market was "the translation of things that might happen in the future into the price."

World oil prices approached 142 dollars in Asian trading on Monday after breaking through the 140-dollar-per barrel level for the first time last week.

More than 3,000 delegates, including leading corporate and political figures, are attending the four-day World Petroleum Congress, which runs from Monday to Thursday after an official opening reception on Sunday.

## New asset management firm to float Tk100cr mutual fund

STAR BUSINESS REPORT

A new asset management company plans to float a Tk 100 crore mutual fund by December this year, says a press release.

Aiming to open opportunities for investing in foreign private equity to local entrepreneurs, Bangladesh's fourth asset management company, LR Global Bangladesh Asset Management Company Limited, starts operations today.

LR Global Bangladesh is a subsidiary of US-based investment firm LR Global, which focuses on the developing markets.

Founded in 1997 by LR Global Partners and the Rockefeller family, LR Global currently manages assets worth \$449 million.

Chairman of Securities and Exchange Commission (SEC) Faruq Ahmad Siddiqi will inaugurate the operation of the company at a ceremony at Hotel Sheraton in Dhaka.

Focusing on offering mutual funds and private equity deals, the new asset management company also plans to float another mutual fund of similar size by mid 2009.

## Private rubber gardeners want subsidised fertilisers

STAR BUSINESS REPORT

Private rubber garden owners at a press conference yesterday criticised the government's decision of not providing fertiliser to the rubber sector at a subsidised rate and urged it to review the direction.

At a directive dated May 25, 2008, the Ministry of Agriculture said that since rubber is an industrial commodity, the sector should not get fertilisers at a subsidised rate, as being enjoyed by the agricultural sector.

The directive also suggested the rubber garden owners import fertilisers to meet their demand.

"On account of the government's assurance that it would provide support, we leased government owned land and established the rubber gardens. If now it suddenly stops giving fertilisers at a subsidised rate, we will not be able to maintain the private rubber gardens," said Haroon-Ur-Rashid, general secretary of Bangladesh Rubber Garden Owners Association (BRGPA).

The sector got fertilisers at subsidised rates in past years, he added.

He said there are around 1,300 private rubber gardens in the country.

Since each garden requires about six tonnes of fertiliser per year, it is very difficult for a private user to import the small amount of fertiliser.

"Even though we will have to import fertilisers at very high costs, the government sector will enjoy the subsidised fertiliser rates, which will make our products less competitive," he said.

The government accounts for 75 percent of the total domestic production of rubber, while the rest is produced by the private sector, said speakers at the press conference.

The government has a total of 16 rubber gardens situated in Chittagong, Cox's Bazar, Sylhet, Mymensingh, Tangail and Sherpur, having around 3 million rubber trees. Of them, 1.8 lakh trees produce rubber. Most of the privately owned rubber gardens are situated in Banderban.

"Rubber is such a product that without it the industrial world cannot run. If we get the government's support we will be able to export a large amount of rubber in the future. This is why the government should give fertilisers to us at a subsidised rate, as in the past," said Motaher Billah Chowdhury, vice president of BRGPA.

# BTCL to offload shares in one year

## Submarine cable co launches operation today

STAR BUSINESS REPORT

Bangladesh Telecom Company Limited, formerly BTCL, which makes its debut today as a public limited company, announced yesterday that it would offload shares in the next one year.

The BTCL also has plans to offer a wide range of broadband internet services soon.

Commenting on the new BTCL board, which is thickly populated by bureaucrats, its chairman Iqbal Mahmud said, "Undoubtedly, BTCL should go



for private sector financing to become a core business organisation. And keeping that in mind, we plan to offload 100 percent shares of BTCL to the private sector within the next one year."

Under the changed form, the government initially owns all shares of BTCL.

Meanwhile, Bangladesh Submarine Cable Company Ltd (BSCCL), another new company, also launches its operation today. The govern-

ment formed BSCCL as the sole distributor of submarine cable bandwidth, replacing BTCL.

Brigadier General (Retd) MA Malek, in charge of the post and telecommunications ministry, briefed journalists at a press conference, organised by both the companies yesterday. "We have no magic to change bad practices of dishonest employees overnight," Malek said, adding: "Anyone found guilty of malpractice will be dealt with accordingly."

A total of 12,636 officials of former BTCL will automatically be absorbed in the BTCL.

The telecom ministry in charge said BTCL has something lucrative to offer to its customers, and would gradually provide broadband internet and internet protocol based services, adding that the BTCL will provide the lowest landline tariff - ranging from Tk 0.10 to Tk 0.20 per minute - to its customer within a very short time.

The BTCL and BSCCL are valued at Tk15, 000 crore and Tk1, 000 crore respectively, according to him.

The main responsibility of BSCCL will be to sell bandwidth of the country's lone submarine cable.

# Star Business

## JOIN THE DEBATE

Do you have views on what you read in Star Business? What do you think of the state of the economy? Was it a good or bad budget? Should we be using more hybrid rice? Why do RMG workers riot? What are the new growth sectors? How do we encourage more foreign investment? Can we re-brand Bangladesh? Free trade or protectionism? Potatoes or rice?

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