

Govt approves petroleum import from Maldives

UNB, Dhaka

The cabinet committee on public purchase Tuesday approved import of 150,000 tonnes of petroleum fuels from a company of the Maldives at a cost of \$183.44 million (Tk 1273.07 crore).

Of the total imports, 90,000 tonnes are diesel, 30,000 tonnes jet fuel and another 30,000 tonnes octane.

The Male-based state-owned Maldives National Oil

Company Ltd (MNOCL) will supply the bulk fuels from its Singapore-based refinery.

The premium for the import has been fixed at \$5.19 per barrel for diesel, \$5.60 for jet fuel and \$7.50 for octane.

LGRD Advisor Anwarul Iqbal, who presided over the meeting of the committee, told reporters that the company's premium offer was found lowest although it is not a petroleum-rich country.

"We've chosen the Maldives as an alternative country for outsourcing petroleum as the conventional exporting countries were doing monopoly," he said.

The committee approved another proposal for the import of 20,000 tonnes of non-urea (MOP) fertiliser from Russia at a cost of Tk 159.81 crore.

Bangladesh Chemical Industries Corporation (BCIC) will make the fertiliser import

at the rate of \$1,151 per tonne.

Iqbal said the government went for the bulk import of fertiliser to meet emergency needs in the ensuing winter-crop cultivation.

At present, the country has a stock of 15,000 tonnes of MOP fertiliser.

A proposal of the housing and public works ministry was also approved by the meeting for earth-filling works under Purbachal Model Town project at a cost of Tk 16.17 crore.



A Matin Chowdhury, managing director of Malek Spinning Mills, signs a Paripassu Security Agreement with eight leading financial institutions of the country.

Japanese political crisis clouds economic outlook

AFP, Tokyo

Asia's largest economy was left rudderless again Tuesday after Japan's prime minister quit suddenly, sparking concerns that free-market reforms will be put on a backburner as a recession looms.

There was a weary sense of déjà vu on financial markets, as the return of the revolving door politics of the recession-ridden 1990s left the country searching for its third prime minister in less than two years.

Whoever replaces Fukuda will inherit the same problems -- a deadlocked parliament, a worsening economy, an ageing

population and huge public debts.

The Nikkei stock index ended down 1.75 percent while the yen was higher.

"The political uncertainty may add volatility to the market in the short term," warned Kenichi Kawasaki, chief economist for Lehman Brothers in Tokyo.

"However, we do not expect economic policies to change significantly as a result of a change in the prime minister," he said, predicting the ruling party could be forced to hold an autumn general election.

Fukuda's surprise announcement late Monday

came after the 72-year-old political moderate failed to reverse a slump in his popularity despite reshuffling his cabinet and unveiling a major economic stimulus package.

Many investors had already been disillusioned about the prospects for further economic reform given the legislative deadlock and signs that the ruling party is more concerned about the next election, due by September 2009.

"There is already political deadlock and elections are expected in the coming year," said Kazuhiro Takahashi, head of equities at Daiwa Securities SMBC.

Former foreign minister Tarō Aso, seen by many as the front-runner to replace Fukuda, would be likely to push for increased government spending to support the economy if he takes office, analysts said.

Aso would "appeal for an increase in budget-spending to support economic activity," predicted John Richards, head of Asia-Pacific Strategy at RBS Securities.

Until recently, Japan's economy had been recovering from a slump stretching back more than a decade. But a contraction in the second quarter left the country teetering on the brink of its first recession in six years.

Tk 352cr syndicated loan for Malek Spinning Mills

STAR BUSINESS DESK

Eight leading financial institutions of the country have signed a Paripassu Security Agreement with Malek Spinning Mills Ltd for an amount of Tk 352 crore loan recently for business expansion, says a press release.

Of the total amount, Tk 63 crore as term loan, Tk 23 crore as funded working capital and Tk 266 crore as non-funded working capital, have been allocated.

The financial institutions involved are Eastern Bank Ltd, Dhaka Bank Ltd, HSBC, One Bank Ltd, Trust Bank Ltd, Shahjalal Islami Bank Ltd, IPDC Ltd and Citibank NA. Malek Spinning Mills Managing Director A Matin Chowdhury said the company is going to list on bourses within this year.

Cotton USA Licensee Malek Spinning Mills started operations in 1990.

Nokia Siemens appoints new country director



STAR BUSINESS DESK

Nokia Siemens Networks (NSN) Bangladesh appointed Khaled Shams as the country director, according to a press release.

Shams has more than 16 years of experience in the telecom industry and he was part of the Siemens communications group for more than 14 years. Prior to NSN's formation, he was the head of the Communications Division at Siemens Bangladesh.

NSN is a leading global provider of communication services.

Iftekhar off to Kuwait today

Set to address workers issue

UNB, Dhaka

Foreign Adviser Dr Iftekhar Ahmed Chowdhury leaves for Kuwait today on a two-day visit to the Gulf state, where Bangladeshi workers recently got into problem.

During the tour, the adviser, also in charge of the Ministry of Expatriates' Welfare and Overseas Employment, is scheduled to meet with Kuwaiti Prime Minister Sheikh Nasser Al-Mohammad Sabah

Al-Salem Al Sabah, Deputy Prime Minister and Foreign Minister Dr Sheikh Sabah Al Salem Al Sabah and other senior officials of the ministries of labour and social welfare.

"It is expected that he will address issues pertaining to the Bangladeshi workers in Kuwait," said an official release yesterday.

He will also discuss ways and means of broadening economic cooperation between Bangladesh and Kuwait.

European currencies slide in Asia

AFP, Tokyo

The euro and the pound fell against the dollar in Asia Tuesday on expectations of lower interest rates in Europe to stave off the threat of recession, dealers said.

The yen shrugged off Japanese Prime Minister Yasuo Fukuda's abrupt resignation, which analysts said was unlikely to bring a major policy shift given the current political deadlock in Asia's largest economy.

The dollar was at 108.10 yen in Tokyo afternoon trade, against 108.18 in London on Monday, when US markets were closed for the Labor Day holiday. The euro slipped to 1.4573 dollars from 1.4606 and to 157.52 yen after 157.99.

The greenback could post further gains against other major currencies as central banks outside of the United States are expected to acknowledge the worsening economy, Chuo Mitsui Trust Bank strategist Yosuke Hosokawa said.

"Markets are focused on the weakness of economies other than the US. There is a widespread view that currencies will further weaken against the dollar," he said.

The Bank of England and the European Central Bank are both expected to leave their key lending rates on hold on Thursday, but there is specu-

lation they will be forced to cut rates before long due to the weak economy.

The Australian central bank cut its benchmark rate Tuesday for the first time since 2001.

The pound dipped below 1.79 dollars for the first time in more than two years on growing worries about the health of the British economy, while the euro touched a fresh record high of 81.52 pence.

"The pound has broken through major support levels," Satoshi Okagawa, head of forex forward trading at Sumitomo Mitsui Banking, told Dow Jones Newswires. "There's nothing now to hold it, so it remains to be seen how far it can go."

Traders are also bracing for the Federal Reserve's Beige Book economic report due on Wednesday, followed by key US jobs data on Friday.

The European Union's decision to freeze talks on closer ties with Russia over its military action in Georgia was also weighing on European currencies, dealers said.

Markets were little impacted by the sudden resignation of Japan's unpopular prime minister.

"In today's markets, Japan is no longer a central theme. With low interest rates and weak economic conditions, this type of news does not shake markets," said Hosokawa at Chuo Mitsui Trust Bank.

New chairman for Federal Ins



STAR BUSINESS DESK

Federal Insurance Company Ltd elected Nurul Alam as chairman and Jainal Abedin as the chairman of the executive committee of the board in a board meeting recently, says a press release.

Alam, an industrialist of Chittagong, is the chairman of RANL Group and former director of Chittagong Chamber of Commerce and Industry.

Abedin is the chairman of the Chittagong Builders and Machinery Group.

DSE gets new chief operating officer



STAR BUSINESS DESK

AFM Shariful Islam joined Dhaka Stock Exchange (DSE) Ltd as its chief operating officer (COO) yesterday, according to a statement.

Prior to joining the DSE, Shariful worked as executive vice president and head of Credit Administration of Southeast Bank Ltd.

A career banker having 21 years of experience, Shariful started his career as a probationary officer of AB Bank, previously known as Arab Bangladesh Bank Ltd, in 1986.

He also worked in Dhaka Bank, Prime Bank and Social Investment Bank Ltd.

BIZ LETTERS

bizletters@thedailystar.net

Letters will only be considered if they carry the writer's full name, address and telephone number (if any). The identity of the writers will be protected. Letters must be limited to 300 words.

Emphasis on mobile banking



Thanks to Star Business and Mr. Sajjadur Rahman for a detailed report on mobile banking titled "Mobile banking rattles banks". Since this writer has been working on mobile banking and other related banking products to integrate Bangladesh market and monetary practices with the rest of the world, thought it to be imperative to put in humble explanations to the concerns raised by other banking service entities and colleagues. Concern against anything new being launched is a phenomenon that is quite natural as human beings. However, having the benefit of being able to refer to the rich history of economic development, we have learnt - change is the only constant thing in this world. We did try to obstruct nation's subscription to submarine cable network with the plea that it will cause a leakage of national secrecy and readers are possibly aware, how we had to repair the dent of being indifferent to accepting changes for better communication to get into the information super way. However, to the best of my knowledge most of the concerns mentioned in the article raised by some banks have already been addressed by the initial proposal submitted by the mobile operators.

"The transactions must be done through the banks, and mobile phones should be used as a mere banking tool, a mobile phone outlet cannot be used as a bank branch."

The proposed remittance / money transfer model of the mobile operator is not meant to replace bank branches with mobile phone outlets. Rather so far I know, branches will support the mobile phone outlets with "cash in / cash out" as most mobile phone outlets do not have substantial cash in their dispensation and require overnight vaulting of cash. Here branches

will support the mobile phone outlets either by providing cash or by taking deposits of excess cash. This may actually generate additional income for the branches as they can charge fees/commission for providing such services to mobile phone outlets. These funds are currently not getting routed through banks in any way; the entire mobile banking strategy is based on the essence of bringing the unbanked / informal funds flow into the formal sector and make it countable within our GDP. This can easily be achieved by capping the amount or number of transactions that can be carried out using mobile phone by SIM / subscriber. This will be a tremendous boost for the economy as well as the banking sector.

"Banks fear the phone companies will take away a large swathe of their business because of thousands of outlets across the country."

Presently, there are around 4,500 bank branches in the country, which is not sufficient to cover a country of 150 million. That's why, we have seen recently many banks signing up with the Bangladesh Post Office, who has over 10,000 branches to reach out to the millions of people who do not have access to bank branches, where private banks find no incentive to open branches and specially the rural population which remains unbanked and underserved and some times not served at all by the formal banking sector. That's why, the fear that mobile phone companies will take away the bank's business by outnumbering through their thousands of outlets is totally unfounded.

We have seen banks using NGO networks for remittance distribution, central bank had progressively allowed that. If an NGO outlet can be used to disburse remittances and that is not a threat for the banking sector, how can a mobile phone outlet disbursing remittances be a threat to the banking sector? Do NGOs have better AML or transaction monitoring mechanisms? If NGOs can be opened up to provide network services to all banks, mobile phone outlets may also be allowed to be used as a network provider for the banks which will increase coverage rather than restricting it and brining people to fast-track money transfer and taking remittances out of the hands of courier / transport companies and hundi.

"There might be huge scope for abuse of the facility without a proper law."

Whoever is the operator or facilitating bank must comply with local regulations. We welcome mobile banking regulations that will prevent money laundering as well as any illegal use of this system. I am sure the facilitator will have to arrange training and awareness sessions for the key staffs of the operators on AML issues from time to time based on the need. The facilitator can also offer assistance to the operator in developing the training module and to address the AML issues in the various processes / documentations related to this project. It can also play an advi-

sory role to the operator in setting up the mechanism and audit procedure for preventing possible fraud / AML.

"Local bankers claimed that mobile phone banking exists only in the Philippines, South Africa and Kenya."

This is not correct. I know of a large bank that has partnered with Obopay in the US and Digi in Malaysia to facilitate person to person (p2p) payments through mobile phones.

To conclude, I strongly support introduction of mobile payments and mobile banking in Bangladesh while regulating that through current as well as new laws that will prevent any misuse of the system as well as technology, which is non-negotiable. I have heard many times, Professor Jamilur Reza Chowdhury from Brac University, Professor Kaikobad from Buet and Professor Jafar Iqbal from SUST and even our Nobel laureate Professor Yunus focusing on further usage of technology to reach services to the "bottom of the pyramid". As a developing nation, it is a clear directive for us to move forward and help the nation advance to the next growth trajectory. The philosophy of remaining away from computers to save the electronic typewriter didn't work in the past and will surely not work in future too.

Mamun Rashid

Dhaka

Microcredit policy exploits macro interests

Non Government Organisations in Bangladesh boasts of their micro credit policies to elevate poverty from our country. It is mentionable that micro policy-holders under the poverty line have created opportunity for themselves by using their idle time. Many are found looking after domestic animals, pulling rikshaws, plantation nurseries and other self created employment areas.

On the other hand, NGOs drag out nearly 30 percent to 40 percent interest rate, including service charges against the sanctioned loans. Coupled with the strict and tight installment payment times, it creates a suicidal situation for many.

The interest rates and service charges should be made reasonable. Although Grameen Bank Founder Dr Yunus was awarded with a Nobel prize for the micro credit policy and has gained world wide reputation, the real story is different.

Loan seekers are exploited and are left with no savings after paying for food and lodging. They have no scope to enjoy health care facilities either.

Following in their footsteps, thousands of NGOs and Multipurpose Organisations have started the micro credit policy in every prose and corner of our country.

Notwithstanding, the rate of interest of private banks and

scheduled banks (except Bangladesh Krishi Bank) are still very high. Imposing high interest rates creates a negative impact and shows no sign of exultancy among the common people of our country.

ATN Bangla Chairman Mahafuzur Rahman also pointed the facts through his electronics media channel on August 22, 2008. Recently, Bangladesh Bank Governor Salehuddin Ahmed stressed the need to reduce the rate of interest but no concrete initiatives have been taken. The present care taker government should take prompt decisions to fix up the situation in every financial sector and that must lead to an ease of the price hike of commodities.

MZ Haider

Narsingdi

Focusing business under one body

Business in Bangladesh is booming. The country has bright prospects when it comes to setting up business firms. Whether it is a service-oriented business, a manufacturing based business or even a trading oriented business, Bangladesh is the perfect place to invest in.

A lot of foreign direct investors are now focusing on Bangladesh. Several factors play roles here. Labour is cheap and the working environment has recently improved due to less political tensions.

But I must say that in order to bring the entire business community under one umbrella, we must have a single monitoring body. I really do not know why we have so many bodies and what really are their functions?

We have the Dhaka Chamber of Commerce and Industry (DCCI), Metropolitan Chamber of Commerce and Industry (MCCI) and Federation of Bangladesh Chambers of Commerce and Industry (FBCCI). Can we have one body where all business communities will be under? In most cases, none of these bodies are that effective in playing significant roles in any business firms. For example, if anyone faces specific problems, then where should businesses go, DCCI, MCCI or FBCCI?

Our people set up businesses putting their own efforts rather than getting support from these bodies. In order to make the business environment friendlier, we should have a single business body that will have monitoring rights and legal powers over all business organisations.

I would suggest formations of a Bangladesh Chamber of Commerce and Industry (BCCI), where all the business communities will be under one roof.

Minhaj Ahmed

Dhaka