

Stocks

DGEN ▲ 0.01%
2,778.03

CSCX ▲ 0.53%
6,184.36

Asian Markets

MUMBAI ▲ 0.55%
14,957.91

TOKYO ▼ 2.86%
9,752.88

SINGAPORE ▼ 1.23%
2,288.16

SHANGHAI ▼ 0.48%
2,776.02

Currencies

Buy Tk Sell Tk

USD 69.05 69.05

EUR 96.59 96.64

GBP 112.94 112.97

JPY 0.70 0.70

SOURCE: BANGLADESH BANK

Commodities

Gold ▲ \$936.75
(per ounce)

Oil ▲ \$71.19
(per barrel)

SOURCE: AFP

(Midday Trade)

More News

Solar power leads green revolution



Like all rural Bangladeshis, Saidul Islam knows the hardships of summer, when his tin-roofed house turns into a furnace with not enough electricity to power even a fan. For the 100 million Bangladeshis -- most of them farmers -- who live in the countryside, the notion of electricity supply is little more than an empty promise bandied about by politicians at election time.

B-4

International

Big four emerging economies meet for first summit

Leaders from the world's leading emerging powers met Tuesday to show their unity amid the economic crisis and coordinate strategy for increasing their influence. Presidents Dmitry Medvedev of Russia, Hu Jintao of China, Luiz Inacio Lula da Silva of Brazil and Indian Prime Minister Manmohan Singh were in the Russian city of Yekaterinburg for their first official four-way meeting.

Broadband gains traction despite economic crisis

More people worldwide are subscribing to high-speed Internet connections, despite the economic downturn, with China and other Asian countries among the growth leaders, a study showed Tuesday.

B-4

Contact Us

If you have views on Star Business or news about business in Bangladesh, please email us at business@thedailystar.net

SME loans on a roll

SAJJADUR RAHMAN

Loans to small and medium enterprises (SMEs) increased by 140 percent in just one year between March 2008 and March 2009, Bangladesh Bank (BB) data shows.

Total SME loans rose by Tk 44,243 crore to Tk 75,770.66 crore at the end of March 2009 compared to Tk 31,527.65 crore in the same month a year ago, mainly because of private commercial banks' aggressive lending to SMEs.

Thirty local private commercial banks disbursed Tk 37,892 crore during the time, while the SME loan portfolio stood at Tk 54,822 crore showing the figure at Tk 16,930 crore in March 2008. The growth rate was an amazing 224 percent between the periods.

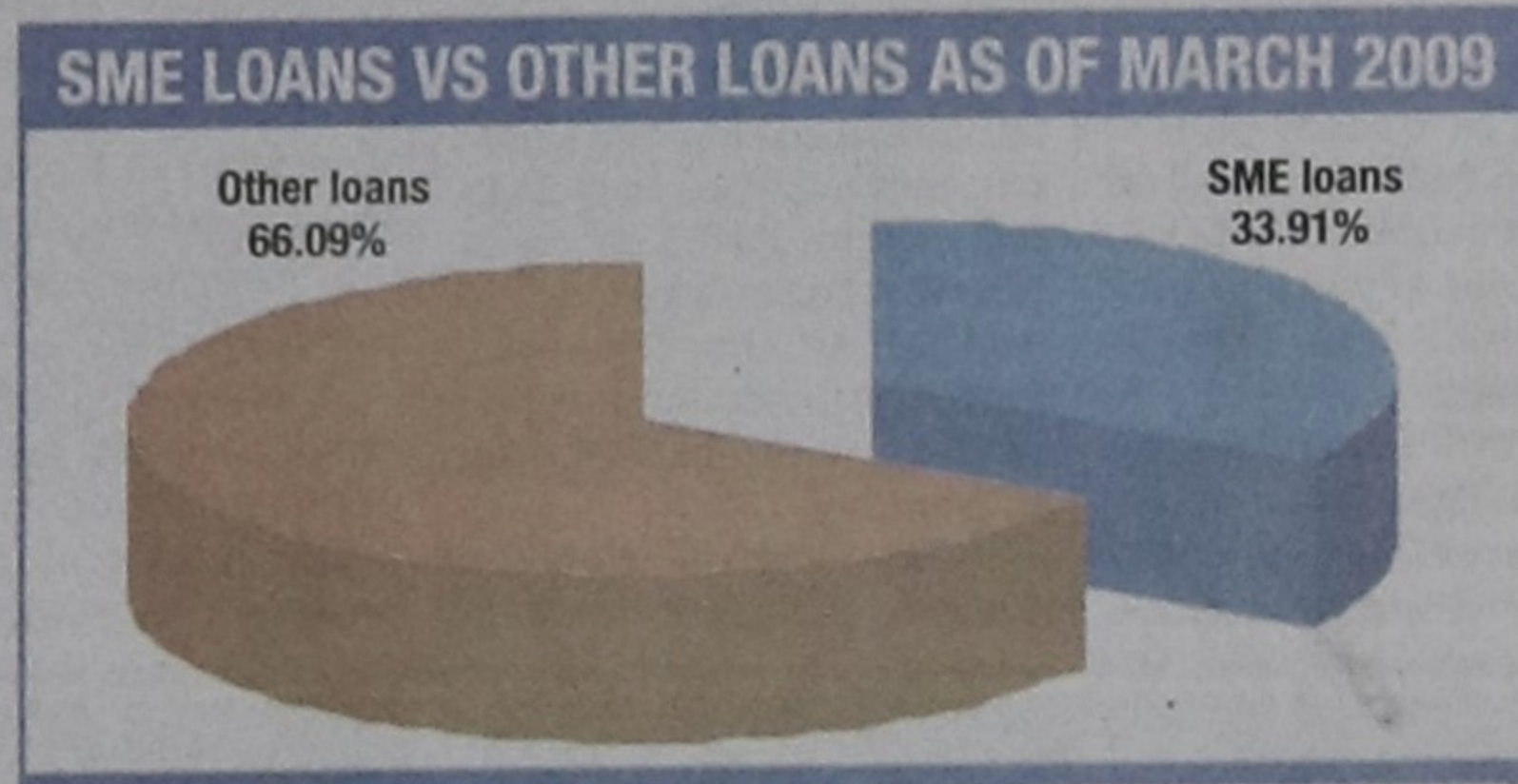
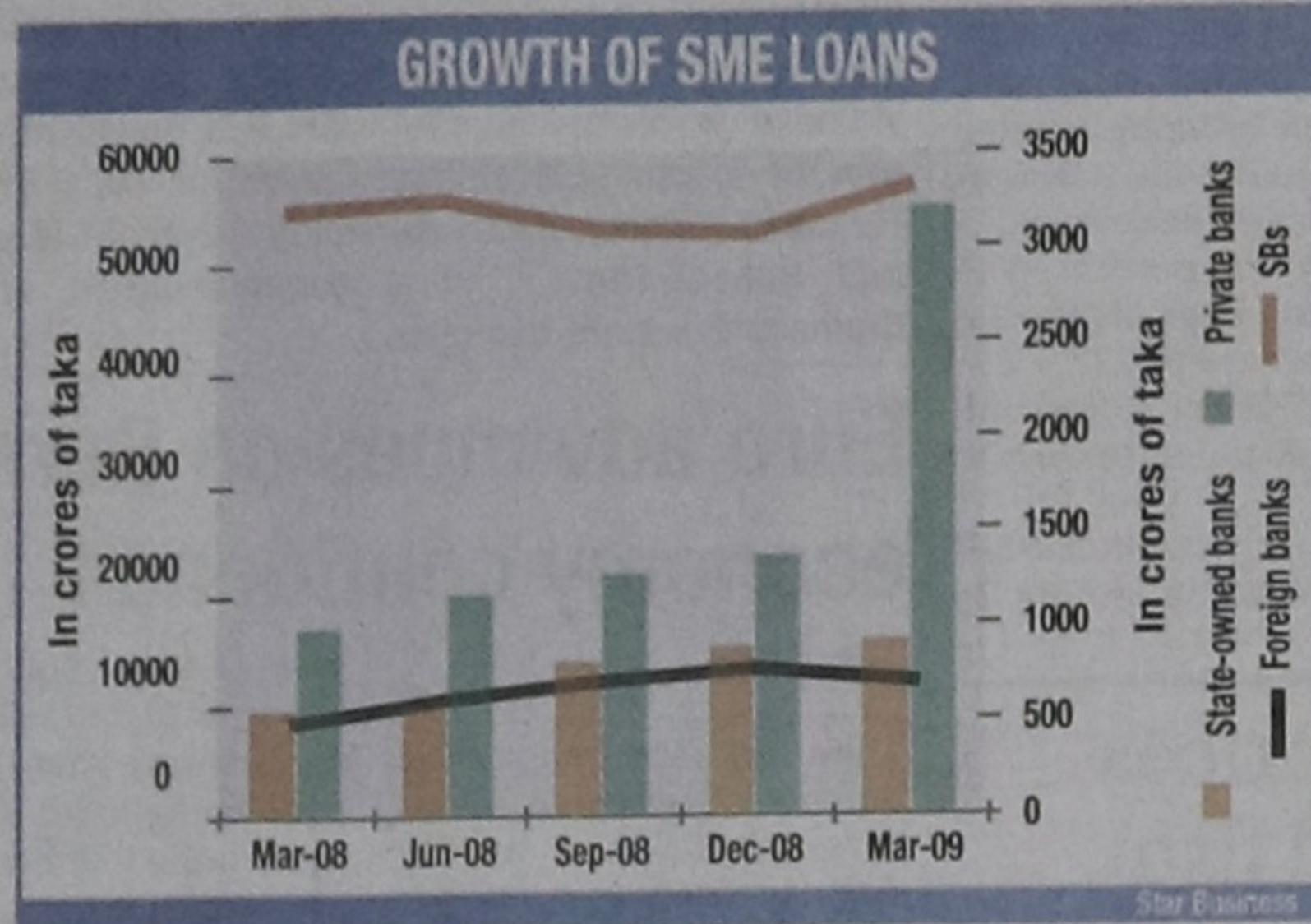
"Diversification of loan portfolio, higher earning, urbanisation and above all central bank's motivational pressure have helped boost private banks' SME credit," said Helal Ahmed Chowdhury, managing director of Pubali Bank.

AEA Muhaimen, managing director of BRAC Bank that lends on an average 8,000 SME customers a month, said: "Earlier, banks have failed to brand SME. Now they are coming up realising that the sector is the engine of growth."

Prime Bank Managing Director M Ehsanul Haque said less demand in corporate lending prompts private banks to go for SMEs.

"Many banks are now redefining SMEs," said Haque.

Prime Bank's SME loan increased



by 27 percent in the last one year.

According to BRAC Bank's MD, SME loans account for the bank's 65 percent of the total loans, said Muhaimen.

Other banks such as state-owned, foreign, specialised and non-bank financial institutions are also marching fast to lend to SMEs.

The SME loans provided by state

banks increased 62 percent to Tk 15,561 crore in March 2009 from Tk 9,604 crore in March 2008.

Foreign banks' SME loan has also marked a 36 percent rise in March this year from the corresponding month a year earlier. Outstanding SME loans of nine foreign banks stood at Tk 690 crore in March this year from Tk 506 crore in March 2008.

SME loans provided by non-bank financial institutions also rose by 8.11 percent to Tk 1,391 crore in March 2009 from Tk 1,287 in the same month of the previous year.

The lowest growth was for the specialised banks only 3.31 percent. Four specialised banks' SME loan portfolio stood at Tk 3,306 crore at the end of March 2009 from Tk 3,200 crore in March a year ago.

Bangladesh Economic Review released last week during announcement of the budget proposals for the next fiscal year said the BB has refinanced nearly Tk 646 crore to 15 banks and 20 non-bank financial institutions till March 2009 under its own refinance scheme. Around 6,236 SMEs have so far been refinanced under the scheme.

The central bank has a scheme of Tk 600 crore revolving fund to refinance the institutions lending to SMEs.

Besides its own fund, the central bank also refinanced Tk 206 crore and Tk 265 crore from two separate schemes funded by World Bank and Asian Development Bank respectively.

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TCB to import 4 essentials



STAR BUSINESS REPORT

Commerce Minister Faruk Khan has said the Trading Corporation of Bangladesh (TCB) will get the government's nod today to import four essential commodities, including edible oil and sugar, which aims to make it sure that the prices of essentials stay within the reach of common people during Ramadan.

"The import process will be finalised in a week. Around 12,500 tonnes of soybean oil, palm oil, and sugar each and 3000 tonnes of lentil are to import to cater to the increasing need for the essentials during the month," the minister told reporters yesterday after separate meetings with the representatives of American Chamber of Commerce in Bangladesh (AmCham) and Bangladesh Ship Breakers Association at his office.

Khan said the TCB would start selling those essentials ahead of Ramadan through dealers across the country.

"We saw unstable market during Ramadan in the past as there was a gap between demand and supply. We'll remove the gap through TCB," he added.

BRAC Bank moves to buy stakes in EPL

SARWAR A CHOWDHURY

BRAC Bank has decided to acquire majority stakes in an investment bank and its affiliate brokerage house.

With the purchase of 51 percent shares in Equity Partners Limited (EPL) and another 51 in Equity Partners Securities Limited (EPSL) for Tk 59.20 crore, the bank will venture into capital market business.

A 'term sheet' agreement was signed yesterday between the two sides as per the bank board's decision on such acquisition Monday, according to Dhaka Stock Exchange website.

"Apart from commercial banking, we are trying to enter the equity market," AEA Muhaimen, managing director of BRAC Bank, told The Daily Star.

"We want to become such a financial institution from where we can offer the entire gamut of financial services to our customers," he added.

The final agreement is likely in a span of six weeks on setting all terms and conditions.

The acquisition is however subject to approval from regulatory bodies, including Bangladesh Bank and Securities and Exchange Commission.

BRAC Bank, with institutional shareholdings by the Bangladesh Rural Advancement Committee, International Finance Corporation and Shore Cap International,

is one of the fastest growing banks.

EPL, a joint venture company, provides merchant banking, brokerage and asset management services.

EPSL is the securities affiliate of EPL, having a membership at both Dhaka and Chittagong stock exchanges. The firm offers brokerage services to international and domestic institutions and retail clients.

"We will issue new shares to BRAC Bank and the new capital will be utilised for the companies' business diversification such as more participation in daily transaction, portfolio management and attracting foreign investment through banking channel," said Saiful Islam, managing director of EPL.

"BRAC Bank chooses us as it wants to take a strong position in the capital market through investment banklike us," he said.

Following the acquisition news, prices of each BRAC Bank share rose as high as by 8.12 percent to Tk 649.50 compared to previous day's closing at Tk 600.25.

Earlier in February this year, the BRAC Bank pulled back from a bid to buy 51 percent shares in GSP Finance Company Ltd (GSP), although the bank signed a memorandum of understanding with the GSP Finance.

The bank in a statement had said the two organisations could not reach an agreement because of differences on key areas.

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KEY FACTS



BRAC Bank will acquire a 51 percent stake in Equity Partners Limited

The bank will also acquire a 51 percent stake in Equity Partners Securities Limited

Total cost will be Tk 59.20 crore

Acquisition procedure will be complete in six weeks

GM sells Saab to sports-car maker

AFP, Stockholm

Fallen US auto giant GM said on Tuesday it is selling its beleaguered Saab unit to Swedish luxury sports car firm Koenigsegg, ending a 20-year tie-up which brought only a single annual profit.

"General Motors Corp. and Koenigsegg Group AB, a consortium led by Koenigsegg Automotive AB, today confirmed the details of a memorandum of understanding for the purchase of Saab Automobile AB that secures Saab's future," GM said.

GM, now in bankruptcy protection in the United States, put Saab up for sale in February as it tried to cut loose a series of underperforming assets in a major restructuring programme but failed to find a buyer.

Saab has been under reorganisation process since February 20.

Koenigsegg, founded in 1994 by Swedish businessman Christian von Koenigsegg, has just 45 employees and produces 18 high-end sports cars a year at more than a million euros (1.4 million dollars) each.

GM Europe President Carl-Peter Forster said in a statement that the deal "represents the best chance for Saab to emerge a stronger company."

The sale is expected to be completed by the end of the third quarter.

Money-whitening scope jars with govt's anti-graft stance

Seminar told

STAR BUSINESS REPORT

The proposed money whitening scope in the 2009-10 budget mismatches the government's anticorruption stance, speakers said at a post-budget discussion yesterday.

Terming it an unethical decision, they said both the prime minister and the finance minister oppose the provision and question who will benefit from such a provision.

"There is no moral basis for incorporating such a provision in the budget. The government's mechanism of whitening black money within the next three years is nothing but a weak strategy," said Selim Raihan, associate professor of economics at Dhaka University.

"The provision will create a bubble in the economy, leading to inflationary pressure," he said.

Raihan said an opportunity to invest black money in the housing sector may create a big bubble. "Therefore, black money may not be channelled into productive sectors due to a lack of entrepreneurship," he said.

Finance Minister AMA Muhith proposed to allow people to whiten black money by paying a 10 percent flat tax on the amount, along with a caveat that the whitened money must be invested in any of the prescribed 62 sectors.

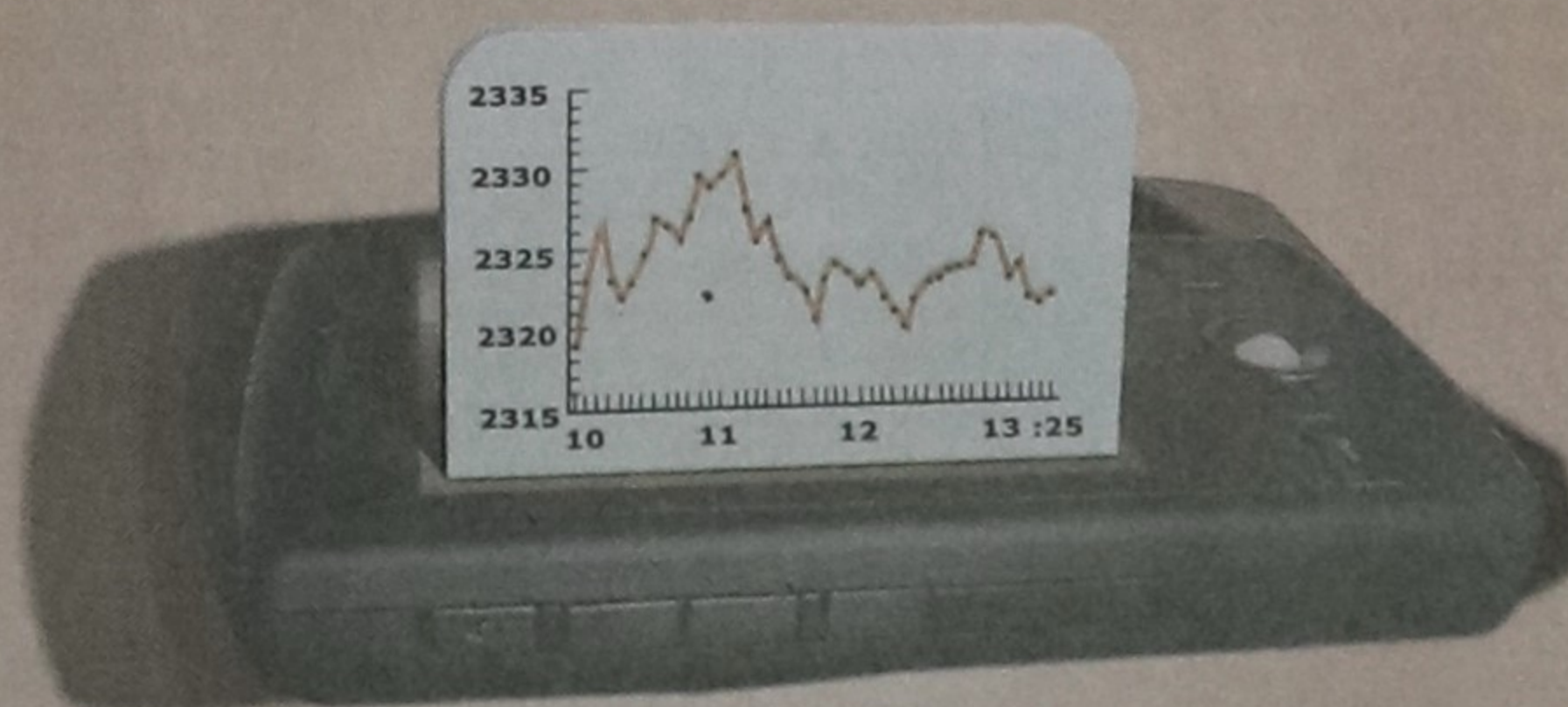
Khondker Ibrahim Khaled, chairman of Bangladesh Krishi Bank, however supported the provision. "If one bad deed creates 10 good opportunities in times of global recession, we can tolerate it," he said.

"But such a provision should not continue for more than a year," Khaled said, suggesting a change in the proposed budget.

However, he said the provision to purchase apartments or land with whitened money should be removed.

If the government withdraws the provision in its final budget, according to Khaled, the government can give the opportunity only to doctors and lawyers, so that they can legalise black money.

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