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SINGAPORE	▼ 0.17% 2,662.82
SHANGHAI	▼ 0.52% 2,838.84

(Friday closings)

  

Commodities	
Gold	▼ \$991.50 (per ounce)
Oil	▼ \$66.62 (per barrel)

SOURCE: AFP  
(As of Friday)

**News in Brief**

**Stock trading resumes today**

STAR BUSINESS REPORT

Trading on the country's two bourses resumes today after a nine-day break on account of Eid and the weekend.

Both the Dhaka and Chittagong stock exchanges remained closed since September 18.

However, the bourses again remain closed for another day on account of Durga Puja, the biggest religious festival of the Hindu community.

Market operators anticipate the holiday mood to continue in the bourses for a few more days this week.

The secondary market may witness an outflow of funds this week, as Grameenphone's IPO, the largest of its kind, will begin on October 4, they said.

Grameenphone, the leading mobile phone operator, will float Tk 486 crore shares to general investors at a price of Tk 70 each, including a premium worth Tk 60.

**Eighth US bank declared closed**

AFP, Washington

US government bank insurer FDIC announced Friday the latest in a string of US bank failures with the closure of Georgian Bank -- the eighth biggest failure in the United States this year.

The failure brings to 95 the number of US banking institutions that have closed their doors this year, the Federal Deposit Insurance Corporation said in a statement.

Georgian Bank is the 19th bank to fail in the US state of Georgia since January 1.

The government insurer also said the institution had total assets of two billion dollars, and that a South Carolina bank had agreed to enter a partnership with the FDIC to assume the deposits.

The FDIC said it estimates the takeover cost for its Deposit Insurance Fund to be some 892 million dollars.



Hindu devotees buy ritual items at Dhakeshwari Mandir in Dhaka yesterday for celebrating Durga Puja. SHAFIQUL ALAM

## Two banks give some respite to small entrepreneurs

**Lending rate cut up to 1.5 percentage points**

SAJJADUR RAHMAN

Two local private commercial banks have cut interest rate up to 1.5 percentage points for term loans to small industry, central bank data show.

These banks are United Commercial Bank (UCB) and Southeast Bank. Term loan is a lending for a certain period that ranges from six months to five years.

However, two foreign banks -- State Bank of India and HSBC -- have raised the lending rate up to 2 percentage points in August from what the July was.

Presently, 48 banks, including the state-run ones, are in operation in the country.

The rates that other 44 banks charge remain unchanged, according to Economic Trends, a flagship monthly publication of Bangladesh Bank.

The Economic Trend's August issue showed UCB's lending rate for small industries is 13.25 percent in August, while it was 14.75 percent the previous month. Southeast Bank slashed the rate by 1.5 percentage point to 15 percent from 16.5 percent in July.

Hong Kong and Shanghai Banking Corporation, widely known as HSBC Bank, has kept the rate unchanged at 13 percent in sub-sector category 1. The rate under sub-category-2 was raised by 2 percentage points to 15.5 percent in August from 13.5 percent in July.

"We have cut the interest rate for loans to small industry to support



business growth," Shahjahan Bhuiyan, managing director of UCB, told The Daily Star.

Bhuiyan said the UCB has cut the rate in line with the recent deposit rate cut move by private banks.

Mahbub-ur Rahman, head of corporate affairs of HSBC, however denied any rate hike for small industrial credit in the last three months.

Of the 48 banks, 30 are private, nine foreign, four state-owned commercial banks and five specialised banks.

Businesses often blame banks for charging higher interest rate, which small and medium enterprises (SME) deem a burden.

Despite the latest rate cut, small industrial lending rate remains higher than that it is meant for medium and large industries.

Even UCB charges 13 percent interest for loans to medium and large industries, whereas such rate for small industrial credit is 13.25 percent.

Southeast takes only 13 percent interest against its loans to medium and large industries, while the rate is 15 percent for small ones despite the latest move.

According to BB data, The City

Bank charges 16.5 percent for loans to small industries, while it is 13 percent for large and medium scale industries. Bangladesh Commerce Bank and BRAC Bank charge small industries 18 percent and 16.30 percent lending rates respectively.

Most private banks fix at least 14 percent interest for such lending.

The rates offered by four state banks Sonali, Janata, Agrani and Rupaliare relatively lower -- between 12 percent and 12.50 percent.

"Parleys on easy loans to small entrepreneurs took place several times, but it happens rarely," said Nasreen Awal Mintoo, the past president of Women Entrepreneurs Association of Bangladesh.

She said many small entrepreneurs, especially women, now feel discouraged to go for bank borrowing fearing that they will not be able to repay a bigger amount.

Mahbub-ur Rahman of HSBC attributed the higher cost for small industry loans to risk parameters. "Overhead monitoring cost for such loans is also higher than other loans," he noted.

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## Istanbul meet: Dhaka to seek more aid to face global crisis

REJAUL KARIM BYRON

Bangladesh will spell out its concern over how it is being hit by global recession and climate change at the annual meeting of World Bank (WB) and International Monetary Fund (IMF) in Istanbul, Turkey.

The meeting, due on October 6-7, is aimed at finding strategies to come out of the ongoing crisis.

Finance Minister AMA Muhith will lead a high profile team at the Istanbul meet. Other members are Bangladesh Bank Governor Dr Atiur Rahman, Economic Relations Division Secretary Mosharraf Hossain Bhuiyan and Finance Secretary Dr M Tareque.

Bangladesh delegation will also suggest ways and means that world leaders and the two lending agencies can choose to overcome the financial firestorm worldwide, according to the finance ministry sources.

The delegation is expected to meet with WB and IMF high officials on the sidelines of the meeting, where they will pursue increasing assistance to Bangladesh.

An IMF press release said last year's financial meltdown hit the global economy badly since the Great Depression in the 1930s.

The Istanbul meet will assess global reaction to the crisis and set strategies for the future.

World Bank, in a paper centring the G-20 meeting, said while the global economy is showing tentative signs of recovery, 43 low-income developing countries are still suffering the consequences of global recession, which highlights the need to increase support to the poorest countries dealing with economic volatility.

"The poor face the greatest risk from economic shocks -- families are pushed into poverty, health conditions deteriorate, school attendance declines and progress in other critical areas is stalled or reversed," said WB Group President Robert Zoellick.

According to the WB forecast, low-income countries have been hit hard by the downturn in global trade, with export market demand estimated to drop by between 5 and 10 percent in 2009.

The forecast also said the sharp deterioration in economic conditions has led to a significant decline in remittance to low income countries, which is anticipated to fall by between 5 and 7 percent in 2009, recovering modestly in 2010.

## Farm loan high on agenda at bankers' meet today

STAR BUSINESS REPORT

Strategies for the next five years, farm loan and banking automation are on top of the agenda for today's meeting of bankers with Bangladesh Bank (BB).

BB Governor Dr Atiur Rahman will chair the meeting, to be attended by chief executives of all banks.

A senior BB official said the other issues to be discussed at the meeting include implementation of BASEL II, strengthening the Dhaka Inter-bank Offered Rate (DIBOR) and setting the country's benchmark interest rate for the financial market.

The meeting will be the second of its kind since Dr Atiur Rahman took charge as governor of the central bank in May this year.

A couple of months ago, the governor initiated the introduction of a five-year strategic plan for the banking sector enabling it to absorb shocks like ongoing global recession.

"Automation of the banking industry is also a priority for the governor," the central bank official said.

Rahman is well known for his pro-poor stance and is a fervent supporter of widening farm credit. He made farm credit mandatory for all banks.

"Issues over agriculture loans will be discussed at the meeting," said a BB official.

## LDCs affected unduly

Minister tells Group of 77

UNB, Dhaka

Foreign Minister Dipu Moni has said that the least developed countries (LDCs) are being affected unduly and disproportionately due to the global financial crisis, climate change, food and energy crisis and unemployment.

She said this in a statement on behalf of the LDCs at the 33rd Annual Meeting of the Foreign Ministers of the Group of 77 and China on Friday.

The participants discussed issues of common concern for the group, as a Ministerial Declaration was adopted in the meeting, according to a message received here yesterday.

The minister attended a number of programmes on the sidelines of the 64th session of the UN General Assembly (UNGA).

She attributed the anomalies and lack of proper regulation in the international financial institutions for such crisis.

"International financial institutions should have a more democratic ambience and LDCs need to be represented more to ensure their proper functioning," she said.

The minister emphasised a "more responsible act by the developed countries" to prevent the climate change damages and assist the developing countries for necessary adaptation measures.

"In order to further resist the aggravation of the financial crisis and its collateral damages the developed countries should act more judiciously in trade relations with the LDCs by reducing the barriers of import," she added.

Dipu Moni also attended a breakfast meeting Friday morning on "Combating Violence against Girls", which was co-hosted by the Foreign Ministers of USA, Brazil and the Netherlands.

## IMF raises global growth forecast

AFP, Pittsburgh

The International Monetary Fund foresees a stronger than anticipated recovery from the economic crisis, with global growth approaching three percent in 2010, world leaders said Friday.

The IMF had estimated in July a global contraction of 1.4 percent in 2009, followed by sluggish growth of 2.5 percent in 2010, but was more upbeat as Group of 20 leaders met in the US city of Pittsburgh.

"The IMF estimates that world growth will resume this year and rise by nearly 3.0 percent by the end of 2010," the Group of 20 developed and emerging economies said in a final statement to conclude a two-day summit.

Leaders of 19 rich and emerging nations plus the European Union pledged they would work together to help the world economy reach robust growth.

## Rice-husk power plant in the offing

SOHEL PARVEZ

The country's biggest rice-husk-burn power plant is set to be established in the north within the next year.

The private sector venture to be set up at Chilarong of Thakurgaon district will generate 400 KWh of electricity mainly for small and medium size rice mills in the surrounding areas at daytime.

"We have planned to set up the rice-husk-burn electricity generation unit considering its business potential," said Abul Fazal Manik, executive director of Sustainable Energy & Agro-resources Ltd (SEAL).

"Including two rice mills of our own, we want to supply electricity to about 20 mills. We also have plan to provide electricity for irrigation purposes at night," Manik said.

He said SEAL, which looks for finance from Infrastructure Development Company Ltd (IDCOL) for the venture, has taken the initiative considering availability of raw materials



Photo shows a power plant in Gazipur run by rice husk and diesel. Sustainable Energy & Agro-resources Ltd is set to establish a power plant in Thakurgaon by using only rice husk.

adjacent to the project site.

Power generation through the technology in countries such as India and China has also encouraged the company to plan the venture.

A good number of rice-husk-based power plants have been set up in these countries.

In Bangladesh, the technology is quite new and only a single power plant with 250 KWh electricity generation capacity is now running in Gazipur. But stakeholders said the unit is run by rice husk and diesel.

"We will generate electricity only by rice husk." It will be the first 100 percent rice-husk-based power plant in Bangladesh," said Manik.

According to industry estimates, Bangladesh produces about 60 lakh tonnes of rice husk a year from about three crore tonnes of paddy.

Analysts said about 40 lakh tonnes of rice husk are used for rice parboiling in tens of thousands of rice mills, domestic cooking, poultry and fish feed.

The rest could be used for power generation, they added.

They also said availability of rice husk will increase due to a gradual improvement in rice parboiling system by reducing rice husk consumption for parboiling at mills.

Manik said the plant will require 1.6-1.8 kg of rice husk to generate 1 kilowatt of electricity. Production cost will stand below Tk 5 per kilowatt.

SEAL also aims at producing import-substitute 'precipitated silica' with the rice-husk ash.

"There is a huge demand for precipitated silica in local market while global market for the product is

worth about \$2 billion," Manik added.

The stakeholders said precipitated silica is used in rubber, toothpaste and other chemical industries, and almost all the local demand is met by imports.

Total cost for both the projects is estimated to be around Tk 8 crore.

Officials said IDCOL targets to finance the venture for generating a total of 50 MW electricity through rice-husk gasification technology by 2012.

"We are conducting a feasibility study. So far it appears that the project is viable especially because of the silica production component," said Monirul Islam, general manager of IDCOL.

"Its positive impact is evident, as it will not create any additional pressure on conventional energy sources," said Islam. "If we can promote such power plants in off-grid areas, it will meet both the regional and national demand."

Saiful Huque, coordinator of Renewable Energy Research Centre at Dhaka University, said the expansion of the technology would help realise a portion of demand of the energy-starved country.

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