

DHAKA FRIDAY NOVEMBER 6, 2009

think electronics... think DIGITAL

TRANSCOM

DIGITAL

Your Trusted Electronics Retailer

Consumer Electronics | Appliances | IT & Camera | Electrical Products

Customer Care Center: 8855366-8, 01712 665463

Stocks
DGEN ▲ 0.29% 3,413.52
CSCX ▲ 0.10% 7,357.81

Asian Markets
MUMBAI ▲ 0.95% 16,063.90
TOKYO ▼ 1.29% 9,717.44
SINGAPORE ▼ 0.73% 2,629.35
SHANGHAI ▲ 0.85% 3,155.05

Currencies
Buy Tk Sell Tk
USD 68.60 69.60
EUR 99.90 105.17
GBP 111.39 116.85
JPY 0.74 0.80

SOURCE: STANDARD CHARTERED BANK

Commodities
Gold ▼ \$1,091.46 (per ounce)
Oil ▼ \$79.70 (per barrel)

SOURCE: AFP (Midday Trade)



Visitors take a look at clothes on display at the 20th BATEXPO-2009 at Sonargaon hotel in Dhaka yesterday. A total of 62 companies -- mainly from the UK, US, Canada, the Middle East, Hong Kong and Japan -- are taking part in the three-day fair. (Story on page 1)

AMRAN HOSSAIN

Agriculture, SME branches now mandatory for banks

REJAUL KARIM BYRON and SAJJADUR RAHMAN

The central bank is set to ask private commercial banks to open agriculture and SME branches from next year to boost lending to farmers and small businesses across the country.

Bangladesh Bank as the regulator took the decision yesterday and is expected to issue a circular next week.

"I have already signed the circular," BB Governor Atiur Rahman told The Daily Star.

Agriculture and SME branches must be located outside divisional headquarters, according to the circular.

Presently, private banks operate

SME and farm lending through conventional bank branches and some SME service centres.

In a decision last year, Bangladesh Bank allowed commercial banks to open SME service centres to serve the SME sector exclusively. The centres were not allowed to run conventional banking.

According to the circular, SME service centres will turn into SME branches and no permission will be given to banks to open new SME centres.

Agriculture is a priority issue both for the government and the central bank. The government has already reduced the prices of fertilisers and other inputs.

On the other hand, the central

bank has set a Tk 11,512 crore farm credit disbursement target for banks for the current fiscal year, an increase of nearly 24 percent from a year ago.

A senior central banker said the move would help banks reach out to rural potential customers.

"We are taking this initiative to boost lending to small and medium enterprises and the farm sector," said BB Deputy Governor Nazrul Huda.

According to the circular, half of the fund to be collected through SME and agriculture branches has to be invested in those sectors. The central bank will monitor the loan disbursement issue strictly.

A bank will have to submit a list of branches it wants to open to the

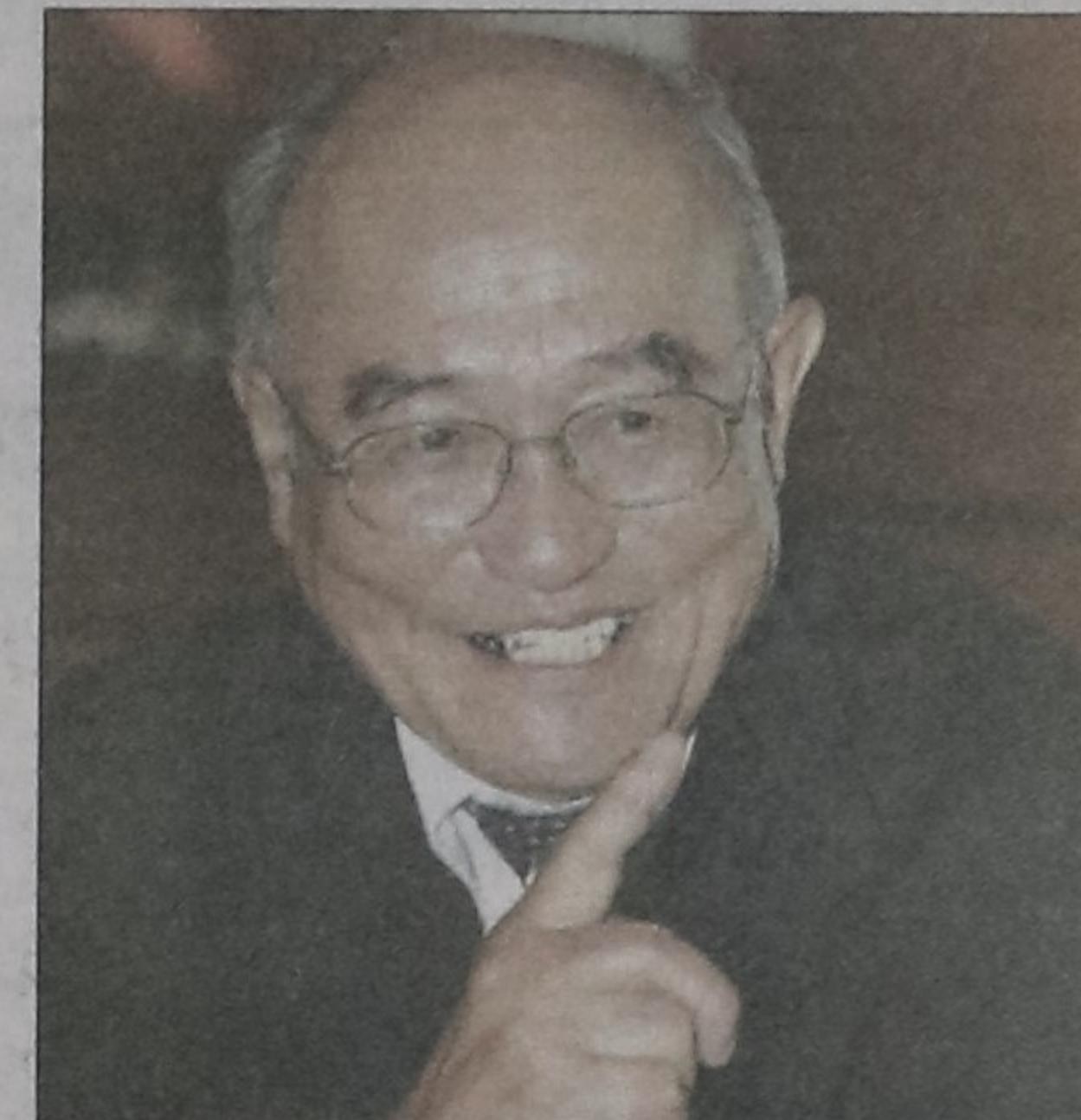
central bank every year.

The banks will have to mention the numbers of SME and agriculture branches along with their conventional branches.

Another BB official said banks will be given priority in opening branches in potential rural areas at upazila level. In these branches all types of transactions except for foreign currency dealings could be done.

Anis A Khan, managing director of Mutual Trust Bank, welcomed the BB move saying that it would help farmers and small enterprises get bank loans easily.

"We can't do banking through the existing SME service centres," said Khan. sajjad@thendaystar.net



Hiroshi Okada

"We will start operations with an investment of half a million US dollars in Bangladesh as lab tests do not need large investments at first. But we will employ a significant number of trained employees here," he said.

QTEC, which has been testing garment, leather and jute goods worldwide over the last 64 years, will work in joint collaboration with the local Pacific Quality Control Centre Ltd.

At present, QTEC has operations in Japan, China, Korea and the fourth will be in Bangladesh, he said, adding that QTEC earned \$38 million in 2008 in testing fees alone.

He said Japan is the latest avenue for Bangladeshi exports as a large number of Japanese customers are coming to Bangladesh after the Japanese government announced the China+1 Campaign.

Last year, Japanese entrepreneurs were advised to invest in other countries as well.

As a result, Japanese started relocating their factories in different countries, including Bangladesh. A strong presence of Japanese buyers was seen at the just concluded knitexpo, where more than 60 Japanese buyers and investors took part.

Leading Japanese socks maker Okamoto is also coming to set up a modern factory in Bangladesh.

BKMEA President Fazlul Hoque said the largest Japanese retail chain Uniqlo invested \$70 million in Bangladesh and they target purchase of apparel items in large huge volumes.

"Since Japanese customers are quality-conscious, setting up of such test labs and quality inspection companies will play a vital role in increasing exports to Japan," Hoque said. reefat@thendaystar.net

Minister seeks Japanese investment in textiles

UNB, Dhaka

Industries Minister Dilip Barua yesterday invited Japanese investors to invest in sectors such as textiles, leather goods, food processing and real estate.

"We can ensure that all facilities will be provided to the Japanese companies," he said while exchanging views with a Japanese business delegation.

The 23-member Japanese business delegation led by Kiyoshi Omori, who are here looking for business and investment prospects, called on the minister at his office yesterday.

Mentioning the business agreement between Bangladesh and Japan, signed in 1998, the minister said Japanese companies can invest, taking advantage of generous facilities for foreign investors.

Japan can also help Bangladesh by transferring their technology here in building a Digital Bangladesh by 2021.

"We will try our best to ensure security for the foreign investors and their capital in Bangladesh. Japanese companies can invest as Bangladesh might be the best location for future production due to low-cost and available labor force of the country," he said.

Barua said the government would announce a new industrial policy to attract local and foreign investors in investing their capital and creating a more industry-friendly atmosphere in the country.

"Bangladesh is a unique place for foreign investors as there is no political instability here now and an industry-friendly atmosphere is prevailing in the country. Foreign investors can invest their capital and earn profit easily," he said.

Business confidence turns around

Survey expects better growth in October-December period

STAR BUSINESS REPORT

Bangladesh's business community builds up confidence in a recovery hope in the global financial crisis, a study said yesterday.

Business confidence was better in the third quarter this year, which is expected to be stronger in the fourth quarter (October-December).

Prospects of new business opportunities that are rising gradually along with the recovery signs in the crisis-ridden global economies have helped build the business confidence in Bangladesh.

Most of the firms are expected to post better profit in the fourth quarter, according to the survey.

However, investment prospect remains same -- dull -- for the last quarter compared to the previous three months.

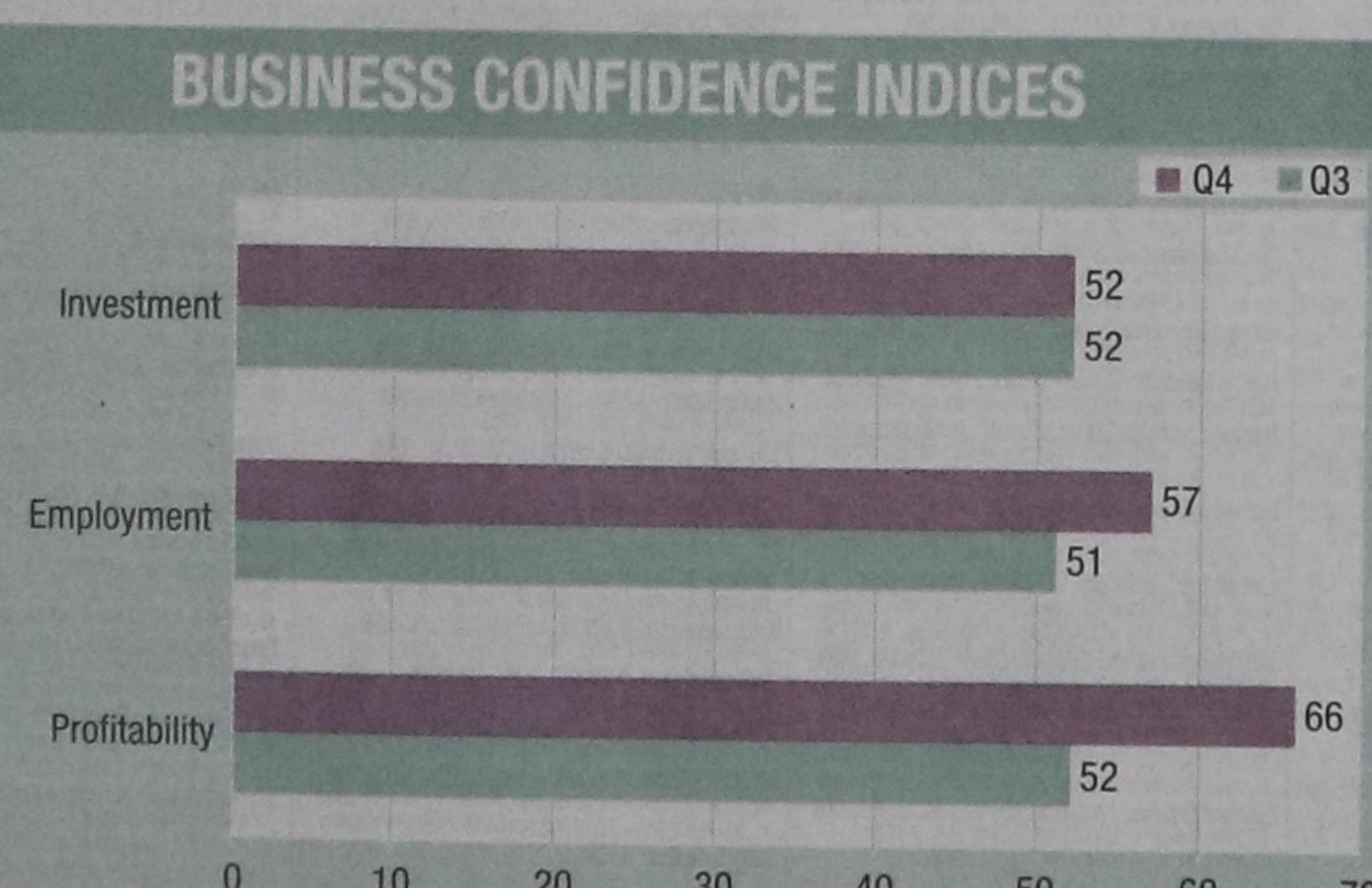
Bangladesh Investment Climate Fund (BICF) and International Chamber of Commerce - Bangladesh (ICC-B) jointly conducted the survey among 778 different firms across the country through a face-to-face interview method.

The responses were converted into a linear scale of 0-100. Of the 0-100 marks, over 50 means better, less than 50 means worse and 50 means unchanged.

The survey said 91 percent firms expect better business in the fourth quarter.

According to the survey styled 'Business Confidence Survey 2009: Experience in July-September Quarter & Expectation for October-December Quarter', business confidence is expected to rise 65 percent in the fourth quarter, which was 51

BETTER EXPECTATIONS FOR TWO INDICES IN FOURTH QUARTER



percent in the previous quarter.

The survey predicts 66 percent profitability in the last quarter, which was 52 percent in the July-September period.

The anticipated employment generation for Q4 is 57 percent, which was 51 percent in the Q3. The investment index for Q3 and Q4 remains same at 52 percent.

In the Q3, the investment constraints what the survey identified for manufacturing and large-scale industry pushed down demands in the global market.

Lack of business opportunity and funding were identified as investment constraints in Q3 for services sector and small and medium enterprises.

However services sector and small firms were in a better position in the Q3 than large and medium

manufacturing sectors.

The businesses in these sectors are expected to perform better in the Q4, anticipating a performance gain of 84-93 percent.

Prof. Wahiduddin Mahmud termed the growing business confidence as 'animal spirits' and said such psychological turnaround indicates something better in the future.

"We, the business community, strongly feel that power generation and gas exploration should now be the top priorities of the government," said Mahbubur Rahman, president of ICC-B.

However some businessmen differed on some findings of the survey.

Referring to the negative export growth and reduction in import of capital machinery, Aftab Ul Islam, Commerce Minister Faruk Khan also spoke at the event.

chairman of SME Foundation, said: "I don't think we will be able to do something that we never saw before."

Mustafa K Mujeri, director general of Bangladesh Institute of Development Studies, said: "It's time to adopt a comprehensive policy for developing confidence among the businessmen."

James Crittle, head of BICF, said business environment must be improved. The government should take steps to boost confidence among businessmen.

"Rising business confidence means rising investment that creates job opportunities," said Crittle at the programme at Dhaka Chamber of Commerce and Industry auditorium.

Commerce Minister Faruk Khan also spoke at the event.