

# Third seaport planned for Patuakhali

Hasina says existing ports to be upgraded

**BSS, Dhaka**  
Prime Minister Sheikh Hasina said yesterday that the government is planning to build the country's third seaport in Patuakhali to facilitate economic activities.

"We have a plan to build another seaport in Patuakhali as well as making Mongla seaport more vibrant and equipped with modern technologies, to boost the country's economic activities," the PM said.

She said this to a 41-member dele-

gation of the Chittagong Metropolitan Chamber of Commerce and Industry (CMCCI), led by its President Abdus Salam, which called on the premier at her office in Dhaka.

Regarding use of Chittagong seaport, Hasina said only 40 percent of the port's capacity is being used now.

She said that her government is working relentlessly to enhance capacity of the port for the sake of economic growth.

The deep seaport would be useful for China, India and other neighbour-

ing countries of Bangladesh, and allowing the use of the deep seaport would financially benefit Bangladesh, she added.

Regarding prices of essential foodstuffs, Hasina renewed her call to the business leaders to take all out measures to keep these prices within the reach of commoners during Ramadan.

Hasina also said the upgrading Dhaka-Chittagong highway to four lanes is rolling out fast as part of the government's view to build smoother communications inside the country.



Prime Minister Sheikh Hasina receives a crest from a delegation of Chittagong Metropolitan Chamber of Commerce and Industry, led by its President Abdus Salam, as they called on the premier at her office in Dhaka yesterday.



Playwright Humayun Ahmed browses through the latest collections at an Onnomela outlet at Bashundhara City shopping mall in Dhaka. The showroom of the boutique opened yesterday with an array of collections from clothes and ornaments to handicrafts and books.

# Indian microlender makes strong market debut

**REUTERS, Mumbai**  
A strong market debut for Indian lender SKS Microfinance, which counts US billionaire George Soros as one of its investors, has boosted prospects of more such offers in the world's largest market for small loans.

SKS, India's largest microlender, rose as much as nearly 18 percent on Monday, the best debut performance among major issues since March, after raising about \$358 million to become the country's first micro finance institution to tap the market.

"Subscription and listing performance both show that if there are new themes, and if it is coated by the India growth story, there is investor appetite," said Jagannadham Thunuguntla, head of equity at SMCCapitals in New Delhi.

"You saw that in MakeMyTrip and now in SKS," he said, referring to Indian travel company MakeMyTrip Ltd whose shares surged as much as 92 percent in their US stock market debut last week.

Founded by Vikram Akula, a former McKinsey consultant who was named one of the world's most influential people by Time magazine SKS has nearly 7 million clients and has disbursed close to \$3 billion in total. It claims a 99 percent repayment record.

"The shares have opened much higher than expected," said Arun Kejriwal, director at KRIS. "It will give an opportunity for more micro finance institutions to come to the market."

At least half a dozen large Indian MFIs, encouraged by the response to SKS, may be contemplating IPOs, analysts say. These may include Spandana Sphoorthy Financial Ltd, Share Microfin Ltd, Asmitha Microfin and Bhartiya Samruddhi Finance.

Shares in SKS that gives tiny loans to poor women, were up 13.6 percent at 1,118.65 rupees in a Mumbai market that was little changed.

The stock is the third-largest major stock in terms of volume with 4.3 million shares changing hands.

"This is a new concept and I believe the company's business strategy will play out well in the medium to long-term," said Dhara Kapadia, a retail investor in the SKS share offering. "The SKS listing gains has changed my sentiment towards the markets."

State-run Coal India, the world's largest coal miner, last week filed a draft prospectus for an initial public offering to raise as much as \$3 billion, and the issue is expected to hit the market around October 15.

Since April, India has raised \$260 million by selling shares in state-run utility SJVN's IPO, and another \$211 million through a share sale in Engineers India. Both offers saw strong response from investors.

Other government share sales in the pipeline this fiscal year include public offerings in Steel Authority of India Ltd, Hindustan Copper and Power Grid.

SKS had received bids for 13.7 times the 16.8 million shares on offer in its IPO and had priced the shares at 985 rupees each, at the top end of the indicative price band.

**PROFITING FROM POVERTY?**  
Akula set up SKS as a not-for-profit body in 1998 and converted to a for-profit model five years ago. High-profile investors such as venture capitalist Vinod Khosla and Infosys founder NR Narayana Murthy were drawn to it, in a country where 40 percent of the 1.2 billion population lives on less than \$1.25 a day.

"If you look at the market opportu-

nity there is a tremendous opportunity to grow," Akula said after the listing. "Across the country there are 150 million poor households and only 22 million households have access to finance. There is a large unmet need.

SKS' is the most high-profile listing of a microfinance firm globally since the 2007 debut of Mexico's Compartamos and has drawn keen interest from countries with major microfinance industries, as well as the private equity firms who have recently piled into the sector.

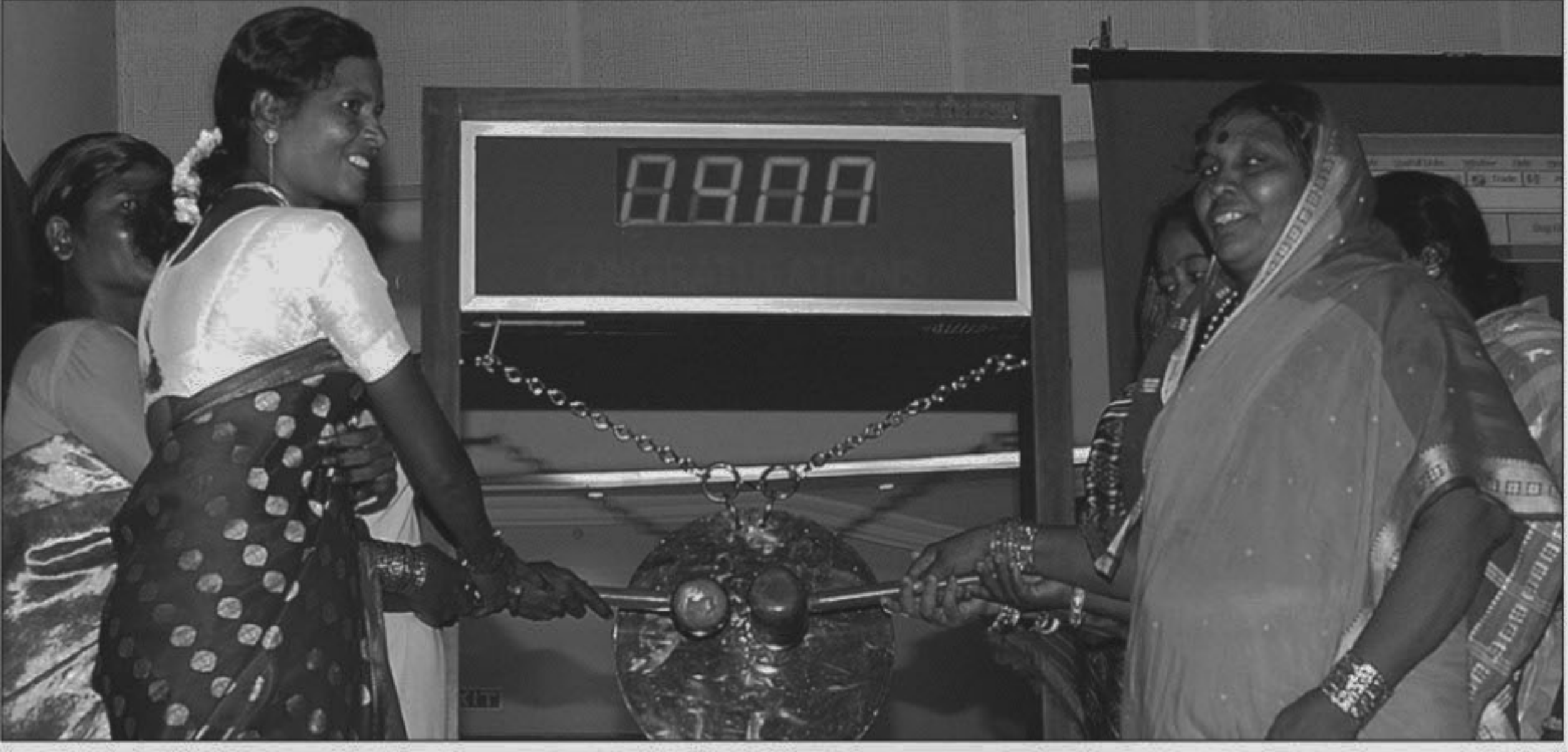
"Capital markets globally have not had many chances to taste issues from this sector though there is debate about these institutions whose very purpose is social justice and financial inclusion," Thunuguntla said.

SKS has been criticised for charging a 28 percent interest rate to its borrowers, mostly poor women in self-help groups who take collateral-free loans of about 12,000 rupees (\$261) to buy cows or set up small shops.

The company plans to use the sale proceeds to augment its capital base to meet future capital requirements, which are likely to be fuelled by growth in the business, the company had said in its offering prospectus.

There are more than 400 active microfinance institutions in India serving about 70 million poor people, according to industry estimates. With a potential base of 120 million unbanked homes, microcredit demand in India has the potential to rise sharply.

While microfinance has existed in many forms for decades, the sector has burgeoned into a large market since Muhammad Yunus was awarded the Nobel Peace Prize in 2006 for increasing access to finance for the poor.



Villagers from the farthest corners of western and southern Indian states -- clients of SKS Microfinance -- ring the gong to symbolically start the company's debut trading at a listing ceremony at the Bombay Stock Exchange in Mumbai yesterday.

# \$40m ADB support to boost incomes of poor farmers

**BSS, Dhaka**  
The Asian Development Bank (ADB) will provide Bangladesh with US\$40 million to grow high-value crops, including vegetables, spices and fruits, which will help boost incomes of poor farmers.

The fund will be disbursed among the farmers in 27 districts of southwest and northwest parts of the country, including some of the poorest least developed and most climate-vulnerable areas.

The loan would be disbursed under the Second Crop Diversification Project with special focus on increasing agriculture output, officials of the Manila-based international lender.

Over 75 percent people are involved in the cultivation of rice, the prime crop.

However, the supply of fruits and other nutritious foods is not sufficient forcing the country to rely on pricey imports. Given the situation, the government has put in place an agriculture development strategy to diversify crops, ensuring national food self-sufficiency and increased incomes for farmers.

With Bangladesh highly susceptible to extreme weather events due to its low-lying position along the Bay of

Bengal, the new project will pilot test climate-resilient varieties of crops in drought and flood-prone areas.

The new project will build on the gains of an earlier ADB-assisted North-west Crop Diversification Project and provide farmers in the targeted districts with the latest high-value crop production techniques, including 'green' technologies for organic manure.

The main focus of the project will be given on the proven market demand, high profitability and commercialization, including fruits, vegetables, pulses, spices, cut flowers, potted plants and value-added agro-products.

"Agriculture projects continue to be important for promoting social inclusiveness, particularly of women and ethnic minorities, and this initiative will benefit marginal, small and medium farmers in target areas, as well as generating employment opportunities for landless people," said Jiangfeng Zhang, a senior economist at ADB's Bangladesh Resident Mission.

Training in the production and post-harvest processing and marketing of high-value crops will be provided equally to men and women and to reduce post-harvest losses and

improve produce quality.

The project will support investments in low-cost community-based infrastructure such as collection and post-harvest handling centres, and small scale cool, cold and dry storage facilities.

As small farmers typically lack savings to make business changes, the project will provide about 175,000 farmers with access to agriculture credit to diversify crops.

The project will also undertake a feasibility study on setting up a quality standards certification system for fruit and vegetable farms to pave the way for access to domestic retail outlets, including supermarkets, and to reduce food contamination," said Zhang.

The new initiative complements and incorporates lessons from agriculture projects undertaken by ADB's development partners in Bangladesh, including World Bank, Danish International Development Agency, International Fund for Agricultural Development, Islamic Development Bank and Food and Agriculture Organization.

Department of Agricultural Extension and Bangladesh Bank are the executing agencies for the project, which is expected to complete by June 2016.

# China outperforms Japan

**REUTERS, Tokyo**

Growth in Japan's economy slowed to a crawl in the second quarter and analysts see more weakness ahead, adding to policymakers' headaches as they grapple with deflation and a rise in the yen that threatens an export-reliant recovery.

The government is considering new stimulus measures including boosting graduate employment and the corporate sector, Kyodo News Agency said late on Monday, after data that testified to slowing growth in Japan's main

export destinations such as the United States and China and a stimulus-driven domestic recovery that has petered out.

Against a backdrop of concerted efforts to talk down the yen after it surged to a 15-year high against the dollar last week, quarterly gross domestic product grew just 0.1 percent for annualised expansion of 0.4 percent.

That was well below the median market forecast of 2.3 percent and the United States' 2.4 percent annualised growth in the same quarter.

It followed revised 4.4 percent

annualised growth in the first quarter, when both exports and a stimulus-driven recovery in consumption contributed to overall growth.

In the April-June quarter the stimulus effects have worn off, leaving exports as the sole engine of growth and with its contribution to growth halved to 0.3 percent, the economy just eked out a third straight quarter of expansion.

Prime Minister Naoto Kan and Bank of Japan Governor Masaaki Shirakawa are expected to meet later this week to discuss possible policy responses.

# Dwindling gas exports lower Norway's trade surplus

**AFP, Oslo**

Norway's trade surplus slipped five percent in July compared to the same month a year ago, largely pushed down by lower exports from the country's important oil and gas sector, Statistics Norway said Monday.

The Scandinavian country last month saw its trade surplus tick in at 28.4 billion kroner (3.6 billion euros, 4.6 billion dollars), down from 29.9 billion kroner a year earlier.

"The decline in trade surplus compared with July last year is explained by both higher imports and reduced exports in July this year," the statistics agency said in a statement.

Compared to July 2009, overall exports were down 1.0 percent at 61.7 billion kroner, while imports were up 3.0 percent at 33.3 billion.

Norway, one of the world's leading oil and gas exporters, was especially hit by a clear fall in the volume of natural gas exports, with income from gas sales abroad falling 6.5 percent.

The country also saw a drop in the volume of oil exported, from 56.5 billion barrels in July 2009 to just 48 billion last month.

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