

Govt to cap interest rates for microcredit soon

Atiur says regulations on cards for the financiers

STAR BUSINESS REPORT

Microcredit Regulatory Authority (MRA) will soon frame regulations specifying the interest rates the country's hundreds of micro-finance organisations will be able to charge, its chairman Atiur Rahman said yesterday.

"Bangladesh is the only country with a regulatory authority to regulate the sector and there is scope for improvement," said Rahman while addressing a group of businessmen in the city.

He said: "We are now looking at the operation modes of the microcredit organisations. Very soon, we will have regulations on how much interests they should charge."

The comments from Rahman, also the central bank governor, came amid growing debate about the country's micro-finance organisations charging exorbitant interests from the borrowers.

The BB boss was speaking at the monthly luncheon meeting of France Bangladesh Chamber of Commerce and Industry at Dhaka Sheraton Hotel.

Rahman told The Daily Star that the government has formed a committee headed by Qazi Kholiquzzaman Ahmad, an economist, to recommend the interest rates for the organisations.

The committee is expected to submit recommendations in the next one or two weeks.

"I have also given my input and the

committee has almost reached a conclusion," he said.

"The interest rates vary from institutions to institutions so we are going to put a cap on the maximum limit as we have done for the banks."

Syed Shah Kamal, the chamber president, presided over the meeting. Humayun Rashid, vice president of the chamber, and Eric Blanc, trade commissioner of economic department of French embassy in Dhaka, also spoke.

Rahman at the meeting said the positive achievements of the country should be highlighted and projected to help brighten its image abroad.

"Compared to the neighbouring East Asian countries, we have achieved remarkable returns despite low investment. Reputed international rating agencies have accorded Bangladesh very good credit ratings," he said.

"In the last 39 years, our per capita income has increased fourfold and poverty rate halved; the nation is now moving in the right direction to achieve most of the millennium development goals."

Rahman said the country will become a middle-income one within the next three years. The rest development criteria will gradually be met in the next 10 to 12 years, he added.

The central bank chief said energy crisis and weak infrastructure are dampening the growth prospect, but those problems will be addressed soon.

"We can ensure a 7 percent growth in the urban areas, but we need to reach out to our farmers and small and medium entrepreneurs."

He said time has come to make the public private partnership (PPP) initiative a reality, as the process has got stalled now. "We have taken sufficient preparation for it."

The governor also called for enhancing tax collection by bringing in more taxpayers under the net, as the country's tax-gross domestic product (GDP) ratio is one of the lowest in the region.

He urged the government to be cautious about allocating land for industrial purposes. "Companies are buying hundreds of acres of land and they are not using those. We need to come up with strict zoning."

The country has to stomach a bit of inflation to achieve desired economic growth, he said. "We are watchful about not letting inflation go beyond control. The half yearly monetary policy of Bangladesh Bank will anchor inflation expectation of economic agents and general public."

Replying to a question, Rahman said the central bank is not in a mood now to permit the local investors to invest abroad.

On the 'double-digit' bank interest rates, he said Bangladesh Bank cannot force the banks to lower the interest rates.



AAM Zakaria, managing director of First Security Islami Bank Ltd, opens the bank's Mymensingh branch yesterday.

Bourse leaders urge govt to ensure offloading new shares

STAR BUSINESS REPORT

A demand came from bourse leaders yesterday that the government take initiatives to ensure availability of new shares in the stockmarket. "We urge the government to facilitate supply of new stocks because the market is now overvalued," said Fakhor Uddin Ali Ahmed, president of Chittagong Stock Exchange, at the inaugural of Fareast Stock and Bonds, a brokerage house, in Dhaka.

The programme, with the new organisation's Chairman M A Khaleque in the chair, was also

addressed by Dhaka Stock Exchange President

Md Shakil Rizvi. Rizvi hoped that 26 state-owned enterprises would go public soon, as the government declared earlier.

The Fareast Stock chief said his company will open its new ten branches by the year-end.

"We're now trading over Tk 100 crore each day and proving service to over 1000 customers," said Khaleque.

Asad Khan, a director, laid bare the company's plan to offload shared at the end of the year.

The CSE chief suggested that merchant banks should come forward to play a facilitator's role so that leading organisations feel encouraged to come to the stockmarket.

He also urged the market watchdog to redefine the ownership of a shareholder, pointing to the existing rule that does not allow investors to get ownership of any scrip until passing off three days from the date of trading.

"We suggest such ownership should be from the day any scrip is purchased," said Fakhor Uddin Ali Ahmed.



Rahimafrooz Renewable Energy Ltd (RREL) has recently agreed to provide service and material for the implementation of solar home system programme to Green Housing and Energy Ltd (GHEL), a sister concern of ASA Foundation. GHEL Managing Director Mostaq Ahmed signed a deal with his RREL counterpart Munawar Misbah Moin in Dhaka.

Ship breakers demand changes to new policy

STAR BUSINESS REPORT

Ship breakers have urged the government to reverse a new policy that they say are hurting a growing industry.

They called for reducing the time of taking environmental clearance certificates from the government, which is set at a minimum of 90 days.

The policy known as Ship Breaking and Dangerous Waste Management Rule is nothing but a conspiracy to destroy the ship-breaking industry, alleged Salah Uddin Ahmed, the technical adviser to Bangladesh Ship Breakers Association (BSBA), in a news briefing at Dhaka Reporters

Unity yesterday.

"It would have been better to tell us to shut the industry instead of imposing this new policy on us," he added.

In a written statement, Zafar Alam, president of BSBA, said the new ship-breaking regulation would hinder the import of scrap ships.

The ship-breaking industry employs more than 25 lakh directly and indirectly, he said.

It used to take only 24 hours to buy an old ship on the international market, but now it will take 90 days from the government to take permission to open a letter of credit in Bangladesh for import, said Zafar. Over the last 40

years, ship-breaking has grown into a big industry in Bangladesh, he said.

In another report, Industries Minister Dilip Barua said the government was trying to build an environment-friendly ship-breaking industry, news agency UNB reports.

He was speaking to newsmen while a ship builders' delegation from the Netherlands met him regarding investment in Bangladesh.

Barua said ship-breaking has already been included in the proposed industrial policy as an industry and ship breakers must follow the environmental regulation to become an industry.

New adviser for Southeast Bank



STAR BUSINESS DESK

Former finance secretary Zakir Ahmed Khan joined Southeast Bank as adviser recently, according to a press statement.

During his 38 years of public service, Khan held various senior level positions in the ministries of finance, commerce, establishment, energy, civil aviation and tourism, cabinet division and Bangladesh audit and accounts Department.

He also served the National Board of Revenue for five years as chairman. Prior to his retirement in 2009, Khan worked as alternative executive director at World Bank for three and a half years.

Japan-Bangladesh venture plans \$25m for RMG

BSS, Dhaka

Lyric Garments Ltd, a local export-oriented readymade garment (RMG) company, has signed an agreement with Japanese apparel giant Kojima IRYO Company to set up a composite factory in Bangladesh.

The Japan-Bangladesh joint venture company will set up an RMG unit with an initial investment of \$2.4 million at Gazipur.

The joint venture known as Kojima Lyric Garments Ltd will produce export quality ladies suits for Japan and US markets, said Imrul Anwar Liton, managing director of the company.

Liton said the company has a plan to increase the investment up to \$25 million and create jobs for 3,000 people, up from 500, in two years.

"The government will provide every possible support to protect your investment," Industries Minister Dilip Barua said at the launch of the joint-venture company in Dhaka yesterday.

Chairman of Lyric Group of Bangladesh Gazi Mazharul Anwar chaired the inaugural session while Japanese Ambassador to Bangladesh Tamotsu Shinotsuka spoke as the special guest.

Among others, Kojima IRYO Company Chairman Masamori Kajima, President Hiroshi Wada and Managing Director

Maekawa also spoke.

Barua said the government has attached priority to the industrial sector and so it has already approved a new national industrial policy to boost industrialisation process and ensure rapid economic growth.

Bangladesh will benefit immensely from the Japanese technical know-how in the apparel sector, he said. The government is providing diversified and flexible investment options to local and foreign investors in Bangladesh, the minister said.

The Japanese ambassador underscored the need for carrying researches and transferring technology with the two friendly countries for benefiting equally.

He noted with appreciation the robust growth of Bangladesh's garment export and said the country will be the next destination for the Japanese investment.

Kojima established a factory in China in 1990 and the labour cost has since increased 10 times, which encouraged the company to choose Bangladesh as its next production centre, said Masamori Kajima.

An UK-based magazine has carried out a survey of 700 economic zones worldwide this year and ranked Chittagong Export processing Zone fourth in best economic potential category and third in the best cost-effectiveness category.

HSBC gets new head of global markets



STAR BUSINESS DESK

Hongkong and Shanghai Banking Corporation (HSBC) Ltd in Bangladesh has recently appointed Bashar M Tareq as global markets director, says a statement.

Tareq will also join the bank's management committee in Bangladesh.

A certified treasury professional from the Graduate School of Business at Melbourne University, Australia, he also obtained a master's degree from Dhaka University.

Before joining HSBC, Tareq had worked for international banks including Citigroup and ANZ. He is a former chairperson of the technical committee of Bangladesh Foreign Exchange Dealers Association.

Commenting on the appointment, Sanjay Prakash, chief executive officer of HSBC in Bangladesh, said: "I'm delighted to welcome Bashar to HSBC. I'm confident that his extensive knowledge and experience will assist us in driving our business ahead."

Tareq will replace Tarique I Khan, who is leaving for personal reasons.

Taiwan to approve China flat-screen plan

AFP, Taipei

Taiwan is expected to approve a flat-screen maker's huge Chinese investment plan this month in another sign of the island easing high-tech controls on its formerly bitter rival, a report said Sunday.

The economic ministry has completed much of the screening for AU Optronics' application to build a three billion US dollar flat-screen plant in China's eastern Kunshan city, the state Central News Agency said.

The plan has drawn special attention as it is seen by many as a barometer of the government's relaxation of long-standing restrictions on high-tech investment by local companies in China.

"Only some tiny issues remain to be solved," an economic ministry official was quoted as saying, adding that the application is expected to be approved this month if the company provides required documents soon.

AU Optronics, a leading liquid crystal display manufacturer, filed the application to the government six months ago, and rumours of a government go-ahead have circulated for some time.

But last week the company was not on the list of local high-tech companies seeking official approval for their China-bound investments, touching off complaints from AU Optronics Chairman K.Y. Lee.

Taiwan relaxed the rules earlier this year, but local high-tech firms such as AU Optronics still need to keep more advanced technologies at home when applying to invest in China.

Taiwan's opposition, which favours independence from Beijing, has repeatedly warned against easing controls, fearing closer economic integration will mean job losses as the island loses out to China's relatively cheaper workforce.

Microsoft hopes to bury iPhone, Android

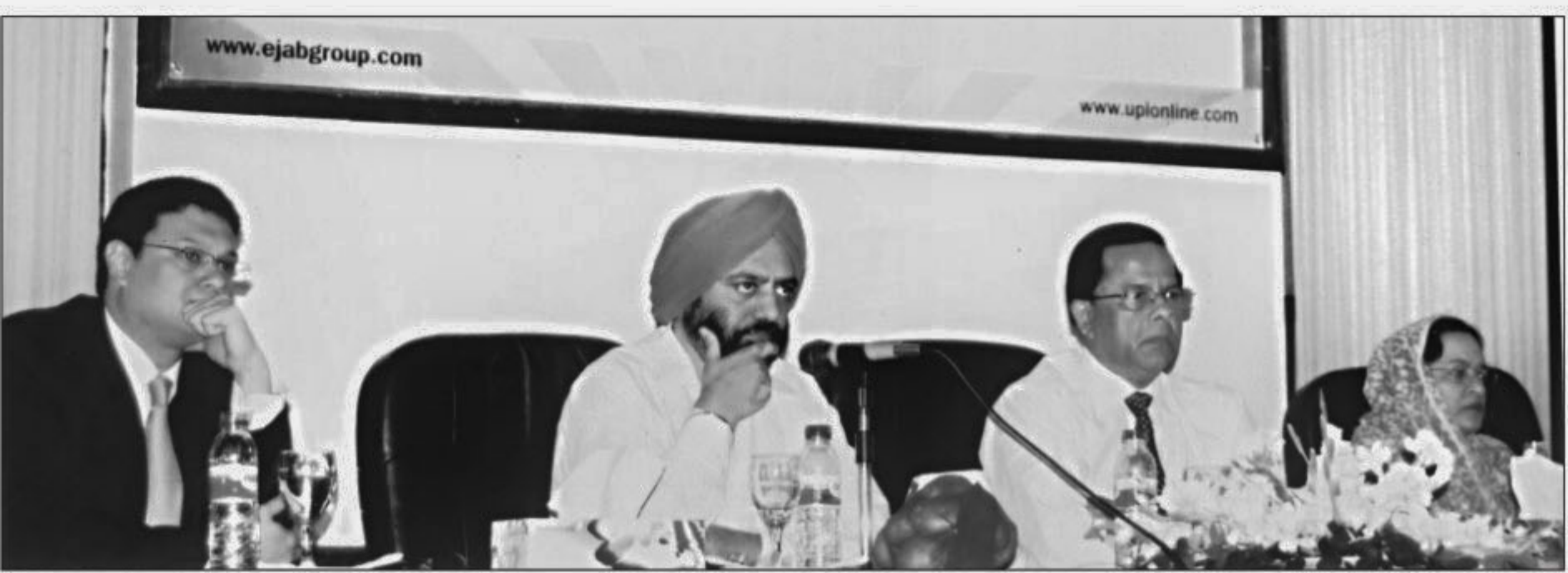
REUTERS, Seattle

Last month, a few hundred Microsoft Corp employees acted out their fantasy with a mock funeral for Apple Inc's iPhone at its Redmond, Washington campus.

The bizarre gathering, which morphed into a spirited Michael Jackson "Thriller" dance routine, marked the completion of its Windows Phone 7 software, and showed how badly Microsoft wants to resurrect itself in the viciously competitive phone market.

The new software, which will be publicly unveiled on October 11 and expected on handsets in stores by November, is Microsoft's last chance, some analysts say, to catch up with Apple and Google Inc's Android smartphones, after squandering its strong market position in only a few years.

A group of smartphone manufacturers including Samsung and HTC Corp are expected to roll out Microsoft-based phones for the holiday season.



KN Singh, business head of DECCO division of United Phosphorus Ltd (UPL) India, speaks at a product familiarisation ceremony for CIPC Chemicals in Spectra Convention Centre in Dhaka recently. Ejab Group and UPL jointly organised the programme where Eshtiaque Ahmed, managing director of Ejab Group, was also present.



Das Deba Prashad, managing director of Delta Life Insurance Company Ltd (DLICL), exchanges documents with Rafez Alam Chowdhury, president of Bangladesh Corrugated Carton and Accessories Manufacturers and Exporters Association (BCCAMEA), after signing a deal in Dhaka recently. The deal will bring all the employees and workers of the member factories of BCCAMEA under insurance coverage.