

REHAB fair upbeat

STAR BUSINESS REPORT

It was a busy weekend morning, when a few hundred visitors were placing queries at stalls at a five-day housing fair on the international trade fair ground in Agargaon yesterday.

Many visitors came with their families to see the best offer made by the developers, and most of them were looking for payment information such as terms and conditions of down payment and instalments.

"I have come to the fair to have a general idea about the price of an apartment. And since it's not possible to roam around the city in a day to get all the information, the fair is an easy answer," said Majeda Zannath, a pediatrician came all the way from Uttara.

"I am planning to buy an apartment soon, so I am actually trying to find the best offer at an affordable price," she added.

Zannath collected a few brochures and was calculating her savings, and finally came to a decision to go for a spot booking for a 1,500-square-foot flat at Uttara.

But many visitors could not find the best offers from the 304 stalls at the fair, while many planned to wait for the rest two days and discuss with their family members before booking.

Abdus Sakur, a retired government official, said higher apartment prices forced many people to shelve their plan. "My daughter wanted to buy a flat within Tk 20-30 lakh. But now it seems quite impossible to find a three-bed flat within this budget," he said.

"She has now decided to invest in the capital market instead."

Apart from that, many participants said the overall sales of apartments slowed in the last one and a half years mainly due to the late effect of global financial meltdown. They also claimed that the rate of spot bookings is lower than the previous housing fair.

Mohammad Nasir Uddin, senior assistant manager of Manama Developments, said the apartment sales declined by 10 percent in the last one and a half years.

"The high prices of building materials have made the apartments costlier," he said.

However, top realtors like Building Technology and Ideas, Navana, Concord, Rupayan, Asset Development, Bay, Assurance Developments, Dom-Inno, Structural Engineers, and Sheltech witnessed a huge crowd at their stalls.

They were also receiving a good number of advance bookings, according to their officials.

Mohammad Nasir Rahman, assistant mar-

keting manager of Sheltech, said his company logged 14 bookings in the first two days of the REHAB Vision Fair 2010.

He saw no reason to get less spot orders at the fair. "People come to these fairs to compare different offers, and finally choose the best offer that includes a trusted name that delivers apartments without any hassle and on time."

Biswas Builders Ltd, another reputed company, bagged eight bookings in two days, said ASM Solyman, senior executive of the company.

Meanwhile, many firms have come up with discounts and instant cash-back offer to attract more customers.

Building Development and Design Ltd (BDDL), one of the top realtors, has received eight spot bookings in first two days, said Meheeb Hasan, senior executive of the company.

BDDL is attracting customers with a 25 percent cash-back offer on booking money for spot orders at the fair.

A total of 306 participants, including two financial institutions, are showcasing their products and services at the fair.

The show will remain open from 10am to 9pm with an entry fee of Tk 50 for a single person, and Tk 100 for a five-day package.



A woman briefs a customer on her company's offers at REHAB fair at Agargaon in Dhaka recently.



Grameenphone CEO Oddvar Hesjedal hands over a token key for three GP sites to his Warid counterpart Chris Tobit at a ceremony to celebrate the infrastructure-sharing deal between the two companies in GPHOUSE, in Dhaka on Thursday. The deal allows them to optimise resource utilisation and reduce cost of network deployment. (Story on B1)

Govt, donors review progress report today

STAR BUSINESS REPORT

Bangladesh could not yet implement some major action plans, including the coal policy and tax reforms agreed at the last meeting of Bangladesh Development Forum (BDF).

The government and development partners sit together today to review 25 action plans adopted at the BDF meeting in February.

"We have prepared a progress report and I think we are on track," Economic Relations Division (ERD) Secretary Musharraf Hossain Bhuiyan told The Daily Star.

The government and the development partners have jointly prepared an action plan and an interim review of the plan will be done today.

Bhuiyan said the meeting would review the implementation of 25 agreed points.

According to the action plan, the government was to finalise coal exploration principles by July. To make the best use of domestic energy, the government was to constitute a

dedicated body by September.

But the government has not yet published the coal policy. According to the government's progress report, the coal policy is in the final stage and it will be published soon.

The government has formed a separate Energy Development Agency and it is working under the Power Division.

With the budget of the current fiscal year, the government was meant to implement various reform programmes, including the formulation of a new value added tax (VAT) law.

The progress report mentioned that the VAT law would be revised and updated. Work on moderation of the departments of customs, VAT and income tax has been undertaken.

On strengthening key democratic institutions such as the Anticorruption Commission, the Election Commission and the National Human Rights Commission, the report said the government has been working to that effect too.

New DMD for Premier Bank



STAR BUSINESS DESK

AKM Shamsuddin has recently joined Premier Bank Ltd as deputy managing director, said a statement.

Prior to the new assignment, he was the managing director of National Finance Ltd.

Shamsuddin started his banking career as probationary officer in Pubal Bank in 1977. He also served Prime Bank.

Minister questions microlenders' role to alleviate poverty

STAR BUSINESS REPORT

Pressures mount on microlenders after the finance minister yesterday urged them to analyse their failure to bring down the number of extreme poor people in the country.

The call from Finance Minister AMA Muhith came at the inaugural of the four-day event, 20 Years of PKSF and Development Fair 2010, at the auditorium of Palli Karma Sahayak Foundation (PKSF) in Dhaka yesterday. The fair is being held at the Bangabandhu International Conference Centre to celebrate 20 years of operation of the state-run lender.

Muhith suggested that the microfinance institutions (MFIs) should ask themselves why nearly one-third of the country's population, that is, around 6 crore people are still ultra poor and why the number is not shrinking.

"Some micro-financiers say consumption power of the poor in the areas they work have gone up by 30 percent. But I wonder why the total number of poor people is not dropping if their claims are true," he said.

"The number of the extreme poor should go down and the micro-financiers are supposed to play an important role in this regard," the minister said, putting the number of micro-financiers operating in Bangladesh at as high as 20,000.

"They should categorically look into the issue and find out the reasons," Muhith said.

At the fair, the partner and non-partner MFIs of PKSF are showcasing their products and activities at 130 stalls.

PKSF Chairman Qazi Kholiqzaman Ahmad presided over the opening ceremony, while Information Minister Abul Kalam Azad, former Finance Minister M Syeduzzaman and PKSF Managing Director Quazi Mesbahuddin Ahmed spoke.

Muhith said apart from microcredit, special attention should be given to the areas such as education, human resource development, health, skill development and information and communication technology.

"Perhaps we are not improving in these areas. As a result, we are not being able to achieve our goal with the help of microcredit alone."

The minister said poor people are lost in the credit maze, as they get loans from various organisations. "We will have to work now to call them out of the labyrinth."

He said around 4 crore of the country's 15 crore population borrow from the micro-financiers. "But we do not see any reflection of that while we would like to see them graduate from poverty to living well."

"Micro-credit is one tool. We have to connect other tools to it," Muhith said.

Ahmad said the MFIs realise money from borrowers as stamp charges, form charges, savings and deduction of 10 percent at the time of loan issuance. "Different micro-financiers charge different rates," he said.

He said most borrowers do not know how much interest they pay. They know that they are paying 12.5 percent interest on flat rate, but they do not know that it doubles, as so many charges exert a cumulative effect, the PKSF chief clarified.

"They also have to pay insurance fees. I think that in total the interest rates reach 50 to 60 percent," he said.

Ahmad said they have recommended that the Microcredit Regulatory Authority (MRA) fix lending rates on a declining basis. The micro-financiers have to mention how much they are charging exactly, he said.

"While disbursing loans to partner organisations, we have so far focused merely on recovery rate and health of the MFIs. We did not consider how the borrowers are repaying loans. We did not try to know whether they sold assets to repay loans and if any job opening has been created rendering the process sustainable," he said.

"We do not even ask since when the borrowers have been taking money from MFIs. Time has come and we have to ask these questions. The poverty rate will not go down without a comprehensive initiative that takes into account the borrowers' social and other standings," said Ahmad.

"Disbursing loans is not enough. We need to consider people's needs too and expand micro-credit programmes. People have been taking loans for years without creating any assets. We are now focusing on creating assets," he said.

The information minister said the poverty eradication efforts have to be humanised. He also said free flow of information should foster people's social and economic development.

At the inaugural, PKSF paid tribute to M Syeduzzaman for his distinguished role in the country's socio-economic development.

Unfair trade goes unchecked

Tariff Commission chief

STAR BUSINESS REPORT

Unfair trade is on the rise, as Bangladesh Tariff Commission (BTC) remains weak, said the commission's Chairman Mujibur Rahman yesterday.

A section of tax-dodging businessmen import different goods through under-invoicing, said Rahman at a seminar on Bangladesh Tariff Commission: Its role in industrial and trade development.

As an example, Rahman said, some businessmen show the import price of a refrigerator at \$50 only, whereas a spare part of the same refrigerator should cost more than that.

The quality of the under-invoiced imports through is not good either, he said. "As a result, both consumers and domestic businesses suffer."

On one hand, the entrepreneurs, being aware of such malpractices, feel discouraged to invest in domestic enterprises; on the other hand, consumers are cheated as they are compelled to procure substandard goods, he said.

Pre-shipment inspection (PSI) companies were supposed to work on recommendations of the tariff commission, but the commission has no control over the PSI companies in Bangladesh.

He said businesses would not have faced such debacles if the tariff commission had been strengthened properly.

"The idea of the tariff commission materialised worldwide to protect the domestic industries, but in Bangladesh the case is different. Here the tariff commission can hardly work because it has not been

empowered effectively," he said.

The commission chairman also said the worldwide tariff rationalisation and tax overhaul are the jobs of the tariff commission, but in Bangladesh, those functions are performed by the National Board of Revenue (NBR).

At the seminar organised by Bangladesh Chamber of Industries (BCI), AK Azad, president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), said the commerce ministry and the NBR failed to make the tariff commission into an effective body.

"The growth of the domestic industry has been hampered because of the malpractices of some corrupt government officials. We need to change our mindset," Azad said.

Mentioning the contribution of the private sector in employment creation, the FBCCI chief said the private sector businessmen paid Tk 62,000 crore in tax and value added tax (VAT) in the last fiscal year. This year, the government's target exceeds Tk 72,000 crore in this regard. "We need to change the PSI system urgently."

Commerce Minister Faruk Khan said the tariff commission should be renamed Trade and Tariff Commission. "The tariff commission should work more and should deliver more for the greater interest of domestic industries," Khan said.

Mostafa Abid Khan, joint chief of BTC, presented the keynote paper at the seminar. BCI incumbent president Shahedul Islam Helal and its elected president ATM Wajjullah and FBCCI Vice-president Mohammad Jasimuddin also spoke.



Managing Director of Mobil Jamuna Lubricants Azam J Chowdhury hands over a crest to Energy Secretary Mohammad Mejbahuddin at Mobil's customer relationship programme at Radisson Water Garden Hotel in Dhaka recently.

Stocks pass another positive week

STAR BUSINESS REPORT

Dhaka stocks went through another positive week. However, instead of gaining in every session of the last week, the indices lost marginally in three trading sessions, while those gained handsome in the last day of the week, reaching another new high.

Week-on-week, the benchmark index of the Dhaka Stock Exchange -- DSE General Index (DGEN) -- advanced 49 points, or 0.63 percent to its highest level at 7,986 points -- showing a bull run for the seventh consecutive week.

Companies with year-end in December were disclosing their third quarter earnings last week

too. The financial results of the institutions, especially banks and non-bank financial institutions, encouraged many investors to take positions in the securities on expectation of a good return from the investment, stockbrokers said.

The single-day turnover also reached a new high of Tk3,208 crore on October 31, crossing the Tk 3,000 crore mark for the first time, beating the previous peak of Tk 2,946 crore on October 28.

The total and daily average turnovers however dropped slightly by 3.49 percent to Tk 12,643 crore and Tk 2,528 crore respectively.

The major sectors finished the week mixed. Bank was the biggest

gainer with a 6.05 percent increase on average.

Mutual funds appreciated heavily in the last trading session of the week, with advancing 7.15 percent on the day, following the regulator's approval of AIMS First Mutual Fund's dividend declaration.

Two big sectors -- fuel and power and telecom -- however shed 7.17 percent and 6.55 percent respectively, while non-banks declined 1.13 percent.

Gainers beat losers 136 to 108, with three securities remaining unchanged on the premier bourse, which traded more than 56.36 crore shares and mutual fund units.

Market capitalisation stood at Tk 3,37,595 crore, down by 0.06 percent.

People's Leasing and Financial Services topped the list of the turnover leaders, followed by Beximco Ltd, Titas Gas, AB Bank and Desco.

Chittagong stocks however marked a slight fall last week, with the CSE Selective Categories Index declining 0.51 percent to 14,562.

More than 6.92 crore shares and mutual fund units were traded on the Chittagong Stock Exchange on a value of Tk 1,693 crore.

Gainers beat losers 117 to 85, with three securities remaining unchanged on the port city bourse.

United Commercial Bank topped the list of turnover leaders, followed by AB Bank, Beximco, Premier Bank and NCC Bank.