

Economists oppose change in microcredit repayment time

STAR BUSINESS REPORT

Microcredit experts and economists yesterday warned that any shift from the weekly repayment system to monthly, quarterly or yearly one could lead to the rise in the number of loan defaulters.

Their warning came at a seminar on 'Gradual Repayment with Sequential Financing in Microfinance' at Bangladesh Institute of Development Studies (BIDS) in Dhaka.

BIDS Director General Dr Mustafa Kamal Mujeri presided over the seminar where presentations were made by Shyamal Chowdhury, lecturer of Department of Agriculture, Food and Natural Resources, University of

Sydney, Prabal Roy Chowdhury, professor of Planning Unit, Indian Statistical Institute, Delhi, and Kunal Sengupta, a professor of Business at University of Sydney.

Shyamal Chowdhury said the repayment of microloans starts the following week or two weeks later, which is a universal practice and does see very few defaulters.

"In this way, the microfinanciers have been able to lend large amounts of loans in a sustainable way," he said. "If the repayment period is deferred beyond weekly basis, the number of defaulters will rise."

"In India, we have seen the trend in test cases. The longer the repayment period, the higher

number of defaulters," he said.

In India, the government is mulling to repeal the weekly repayment system, which many critics have termed 'coercive' following suicides of some microcredit borrowers in the state of Andhra Pradesh.

In Bangladesh, although the government has not issued any such rule, the state-run Microcredit Regulatory Authority (MRA) has recently ruled that the grace period between the issuance of a loan and the repayment of first instalment will be at least 15 days.

The regulator however did not abolish the weekly repayment system; rather it set 50 instalments to settle a loan with a period of one year.

But some microfinance institutions (MFIs) are voluntarily pilot-testing monthly or quarterly repayment period to help borrowers first recoup return on investment and then repay the loans, as the existing system forces them to start repaying from the following week of issuance of loans.

"In most cases, the rise in loan defaults hinges on whether the MFIs are efficient, or not," said Fizzur Rahman, director of ASA, a leading MFI with 46 lakh clients and 65 lakh members across the country.

He told The Daily Star that they are introducing products to give borrowers more time, as they cannot make enough money the following week

after getting loan.

"The longer period will give them more time to invest without being worried about repaying loans in every week," he said. "By shifting to longer repayment periods, the MFIs will be able to increase productivity of their staff and reduce costs, thus increasing earnings."

Rahman said there are many countries in the world, where microcredit operations are mainly based on monthly or quarterly repayment system.

Around 1,200 microlenders only 540 registered with the MRA operate in Bangladesh, serving around 4 crore clients. They are mainly based on weekly repayment system, boasting over 95 percent recovery rate.



Chairman of Agricultural Marketing Co (Pran) Mahtabuddin Ahmed and Managing Director Amjad Khan Chowdhury attend the company's 25th annual general meeting at a community centre in Dhaka yesterday. The company declared 30 percent dividends for 2009-10.

Pran declares 30pc dividends

STAR BUSINESS DESK

Agricultural Marketing Co Ltd, AMCL (PRAN), declared 30 percent dividends for its shareholders for 2009-10 in Dhaka yesterday, said a statement.

The announcement came at the company's 25th annual general meeting at a community centre where Chairman Mahtabuddin Ahmed and Managing Director Amjad Khan Chowdhury were present.

The pre-tax profit of the company was Tk 53.59 million in 2009-10 and gross turnover was Tk 1,284.07 million. The company's export figure was

New president for ICAB

STAR BUSINESS DESK

Parveen Mahmud has been elected president of Institute of Chartered Accountants of Bangladesh (ICAB) for 2011 in its council meeting yesterday.

Mahmud is the first woman president for ICAB since its establishment in 1973, said a statement.

Former ICAB vice president in 2008, she is the deputy managing director of Palli Karma-Sahayak Foundation.

A working group member of the United Nations Conference on Trade and Development, she started her career with BRAC and later work with different national and international development partners.

The ICAB meeting also elected Md Abdus Salam, Md Shahadat Hossain and Nasim Anwar as vice presidents for the same tenure.

Hossain is a member of the council. Salam is fellow member of the Institute of Chartered Secretaries and Managers of Bangladesh and Anwar is the finance director of TK Group of Industries.



Parveen Mahmud



STANCHART

From left, Rashid Faruque, visiting research fellow of InM; Imran Matin, deputy executive director of BRAC International; Masudur Rahman, an economist of MRA; Abdul Awal, executive director of Credit and Development Forum; Joseph Silvanus, regional head of development organisations in Southern Asia for StanChart; Rozina Razzak, the bank's head of development organisations, attend the launch of a risk management toolkit at a programme in Dhaka recently.



MIDAS FINANCING

Rokia Afzal Rahman, chairman of Midas Financing, inaugurates the company's Jessore SME branch on Monday. Shafik-ul-azam, managing director, was also present.

StanChart's risk management toolkit for microloans

STAR BUSINESS DESK

Standard Chartered Bank and MicroSave have launched a risk management toolkit for micro-finance institutions in partnership with Credit and Development Forum (CDF).

The toolkit aims to support microfinance in Bangladesh and strengthen relationship with stakeholders, StanChart said in a statement yesterday.

The toolkit will be gradually disseminated to MFIs across the globe

and cover the management of credit, operational, financial and strategic risks. It comprises 'ready-to-use' training material.

Rozina Razzak, director and head of development organisations for StanChart, and Mosharraf Hossain, chairman of CDF, emphasised the importance of the toolkit and the reasons for supporting such activity.

Shafiqul Haque Choudhury, president of ASA, was present as the chief guest and formally declared the launch of the toolkit, followed by a

panel discussion. Joseph Silvanus, regional head for development organisations in Southern Asia of StanChart, moderated the discussion.

"We have spent a lot of time and resources and engaged MicroSave, a leading technical assistance agency to develop this toolkit," said Tanveer Ahmed, associate director of Standard Chartered.

This is part of a series of efforts that have been made by StanChart to strengthen the development organisations sector globally, he added.

New Western Marine to build double hull tankers for local client

STAR BUSINESS DESK

Leading shipbuilder New Western Marine Shipbuilders laid keels of two double hull tankers for a local company to transport fuel oil across the country.

In September, the company signed a deal with Carbon Holdings and Coastal Gas Ltd to build two tankers for transporting fuel oil of Jamuna Oil Company through river routes.

Both the 64-metre tankers having a capacity of 1,350 tanker dead weight will be built under the supervision of international classification society Germanischer Lloyd (GL) and are expected to be delivered by September 2011.

The ceremony was held at New Western Marine's shipyard at Kolagaon in Patiya where CF Zaman, country manager of GL, handed over keel-laying certificate to the shipyard and owners of the vessels, according to a statement released yesterday.

Bangladesh needs more tankers to transport oil through river routes to reduce traffic congestion on roads, said Sakhawat Hossain, managing director of New Western Marine.

These tankers will play a vital role in easing the power crisis in Bangladesh, as the tankers will be used to carry fuel safely and cost-effectively in various fuel generated production sites within the country, Hossain added.

Ezazur Rahman, managing director of Carbon Holdings, hoped the project will prove to be successful in future.

Mizanur Rahman, managing director of Jamuna Oil, said Western Marine should build more of such tankers to contribute to the economy.

Dhaka chamber gets new president

STAR BUSINESS DESK

Asif Ibrahim, vice chairman of Newage Group of Industries, has been elected president of Dhaka Chamber of Commerce and Industry (DCCI) for 2011.

The new Board of Directors elected him at the chamber's 49th annual general meeting yesterday.

TIM Nurul Kabir, managing director of Spinnovation Ltd, a software development and IT



Asif Ibrahim

services company and Nasir Hossain, proprietor of Nahrin Corporation & Shahrin Corporation, were also elected as senior vice president and vice-president respectively, said a statement.

The newly elected directors are ASM Mohiuddin Monem, Osman Gani, Khairul Majid Mahmud, KMN Manjurul Hoque, Absar Karim Chowdhury and M Abu Horaira.



KOHINOOR CHEMICAL

Mohammad Obaidul Karim, chairman of Kohinoor Chemical Company (BD) Ltd, presides over the company's 23rd annual general meeting at Bangabandhu International Conference Centre in Dhaka yesterday. The company approved 40 percent cash dividends for 2009-10. Md Rezaul Karim, managing director, was also present.



ORION INFUSION LTD

Mohammad Obaidul Karim, chairman of Orion Infusion Ltd, presides over the company's 27th annual general meeting in Dhaka yesterday.

Kohinoor Chemical approves 40pc cash dividends

STAR BUSINESS DESK

Kohinoor Chemical Company (BD) Ltd yesterday approved 40 percent cash dividends for 2009-10 in its 23rd annual general meeting in Dhaka.

Mohammad Obaidul Karim, chairman of the company, presided over the meeting at Bangabandhu International Conference Centre.

Md Rezaul Karim, managing director, and Md Ferdous Jaman, company secretary, were also present along with other high officials and many shareholders.

The chairman highlighted some briefings on the company's audited accounts and future planning. Shareholders later unanimously approved the audited accounts for 2009-10.

Kohinoor Chemical is the first company in Bangladesh to manufacture soaps, cosmetics, toiletries and beauty care products since 1956 using the

Orion Infusion declares 14pc cash dividends

STAR BUSINESS DESK

Orion Infusion declared 14 percent cash dividends for 2009-10 in its 27th annual general meeting in Dhaka yesterday.

The Chairman of the company Mohammad Obaidul Karim presided over the meeting at Bangabandhu International Conference Centre.

He said the revenue and profit of the company increased by 14.5 percent this year and he expects the growth will remain consistent.

Orion Infusion Ltd, a member company of Orion Group, manufactures Large Volume Parenterals and other sterile products. Its major products include Amino Acid and Plasma Substitute.

The chairman also said Orion Pharma, a sister concern of Orion Infusion, is also going to issue