

Microcredit for social welfare, not for anything else: Yunus

STAR BUSINESS REPORT

Nobel laureate Prof Muhammad Yunus yesterday said a line must be drawn between microcredit and non-microcredit organisations to tell apart the society-orientated operations from the money making ones.

"We introduced the microcredit system so that the poor can get rid of poverty and create self-generated employment. The whole thing was to help the poor. The idea of making money never crossed my mind," said the founder of Grameen Bank.

The microcredit pioneer spoke at an event, "Come Together: Social Business Event" on the premises of American International School Dhaka.

His comments came at a time when the microfinance movement is facing questions over whether the industry has lost sight of its main goal of alleviating poverty, as many microfinance organisations around the world seek to provide profits to those investing money.

Prof Yunus said microcredit is for social welfare, not for anything else. Microcredit has been very much in the news these days, he said. "When we became popular, many people came and said, 'Why don't you make money? You can make a lot of money out of it.' Some made a lot of money to the tune of millions of dollars, particularly in Mexico."

"Recently in India, SKS Microfinance went for IPO (initial public offering) and made a lot of money. That is not microcredit."

Yunus said: "Now the time has come to distinguish microcredit operations from non-microcredit ones. Microcredit is something that works for the people and the whole organisation is dedicated for their welfare."

"I am not against people doing business. But I will request them not to use the word microcredit when they do other businesses. People might get confused."

The American International School in association with Yunus Centre, a global hub for social business, organised the daylong

event in an effort to teach students how the increasingly popular concept can help solve social problems.

The event was the culmination of a series of events geared to teach the middle and high school students of the American International School and four other schools about social business and how it can be a powerful tool to fight social problems.

About 1,500 guests including ambassadors, dignitaries, students and teachers of American International School Dhaka, Australian International School, International School Dhaka, Scholastica and Sir John Wilson School attended the programme.

During his keynote speech, Prof Yunus, who is popularising the social business theory across the world, said the minds of the students are fresh.

"The fresher the mind is the quicker it will be able to find solutions to problems. Conversely, older minds stick to a mindset that finds it difficult to get new ideas."

"Ideas are floating in students' young minds. We have to open doors for them to make their ideas expressed. This is the process that can bring up all the ideas."

Yunus also countered criticisms that he has opened a number of social business ventures to become rich. "We have seen there are a number of problems which cannot be solved within the activities of Grameen Bank. So, whenever we saw a problem we have set up a social business initiative."

"We have created a large number of social business companies to solve a number of problems," he said. "It is the fault in the structure of our educational system that teaches business to be a for-profit organisation."

"We are all fitted with glasses of profit maximisation, which does not see problems. We will have to put on glasses of social business."

Shaundeel Leatherberry, high school principal of the American International School, said the world needs business that has ethics.

She also said the world is a

different place today, which needs globally-minded citizens to solve global issues. "The world has become so small that we can no longer think of own facilities. We have to think beyond the boundaries."

"From this paradigm shift, we need to look at problems. We need to think out of the box," said Leatherberry.

A number of booths were set up on the event venue, where activities of Grameen's various social business initiatives such as Grameen Danone, Grameen Veolia, Grameen BASF, Grameen Intel, Grameen UNIQLO, Grameen Yukiguni Maitake, Grameen GC Eye Care Hospital and Grameen Shakti were presented.

The daylong event, sponsored by Multimedia Group, Panther Media, Transcom Beverages and Meghna Group, also featured songs, puppet show and folk dance among other activities.

US Ambassador to Bangladesh James F Moriarty was also present on the occasion.



MINDSHARE
"Buy MAX and win a bike everyday" campaign's second week's winners pose with Yamaha motorbikes at the Yamaha showroom at Mouchak in Dhaka on Tuesday.

Student wins social business competition

STAR BUSINESS REPORT

Social business must achieve financial stability and have a social impact. It will not give any dividend to the investors and will only allow them to take their investment back, out of the profit the venture makes.

Those were the words that came from Maliyat Aniq, a 13-year-old schoolgirl, who won the first-ever social business plan competition for high-school students in the country yesterday.

Aniq, a class eight student of Sir John Wilson School, beat competitors from other schools with her idea of making papers from banana trees -- an idea, which, she thinks can create a lot of employment.

"My project will grow bananas for local people so that they can have cheaper fruit. Later, I will chop off the trees and make pulp from them. The village women will use the pulp to prepare handicraft items manually," she told a gathering of about 1,500 people.

The win gives her an internship opportunity at the Yunus Centre, a global hub of social business movement.

Aniq was among a few hundred students from five city schools who gathered at the "Come Together: Social Business Event" on the premises of American International School Dhaka in Baridhara to learn more about the social business model, directly from Prof Muhammad Yunus, who is championing social business around the world.

American International School in association with Yunus Centre organised the daylong event in an effort to teach students how the increasingly popular concept can help solve social problems.

About 1,500 guests including ambassadors, dignitaries, students and teachers of American International School Dhaka, Australian International School, International School Dhaka, Scholastica and Sir John Wilson School attended the programme.

Three companies recommend dividend for 2010

UNB, Dhaka

Three companies, including Rupali Bank, have recommended stock dividends for the year ended on December 31, 2010.

The Board of Directors of Rupali Bank has recommended 10 percent dividends, according to the website of Dhaka Stock Exchange yesterday. The bank's annual general meeting (AGM) will be held on May 19 while the record date is April 12.

Union Capital has announced 75 percent dividends for its shareholders. Its AGM will be held on April 25 while the record date is April 4.

Meanwhile, Reliance Insurance has recommended 35 percent dividends. The company's AGM will be held on April 30 while March 30 is the record date.

StanChart high-ups due in town



Oliver Stocken

Richard Delbridge

STAR BUSINESS DESK

Richard Delbridge and Oliver Stocken, independent non-executive directors of Standard Chartered PLC, are scheduled to arrive in Dhaka today for a three-day official visit, said a statement.

They will meet senior government officials, clients and other important stakeholders of the bank.

Delbridge joined the board of Standard Chartered PLC as an independent non-executive director on January 1, 2010. He is a non-executive director of University College London Hospitals Foundation Trust.

His past professional involvements include managing director of JP Morgan, London; group finance director of Midland Bank and HSBC Holdings PLC, and group chief financial officer of National Westminster Bank PLC.

Stocken took the charge of his present post on June 1, 2004. He is the chairman of Home Retail Group, Oval Ltd and Stanhope Group Holdings Ltd. He was also the managing director of Barclays PLC and finance director of BZW.



STAR
Yeafesh Osman, state minister for science and ICT; HT Imam, an adviser to the prime minister, and Sunil Kanti Bose, telecoms secretary, attend a seminar on Digital Bangladesh, organised by Dhaka Chamber of Commerce and Industry in the capital yesterday. DCCI President Asif Ibrahim is also seen.



STAR
Muhammad Abdur Razzaque, second from right, food minister, and Rehman Sobhan, third from right, chairman of Centre for Policy Dialogue (CPD), attend a discussion, organised by CPD and Brac at Brac Centre Inn in Dhaka yesterday. (Story on B1)

MJL listing runs into debate

GAZI TOWID AHMED

The listing issues of MJL Bangladesh Ltd and MI Cement Ltd have triggered a debate, as compensation offers by the companies do not match the existing rules.

The two companies said they will compensate the retail investors as per clause 57 (2) C of the Companies Act, if their share prices go below the IPO prices within six months of trading.

The clause 57 (2) C states: "The share premium account may be applied by the company in writing off the expenses of, or the commission paid or discount allowed, on any issue of shares or debentures of the company."

It means, a company can compensate or write off when it issues shares or debentures at a discount price. For example, if

share price is Tk 100, and it is sold at a discount price of Tk 90 -- the company can compensate Tk 10 from its account.

But, here it does not mean that the company can compensate for secondary market investors, who are liable for losses or profit from share investment. And it is not also a company's liability if its share prices go up or down than the IPO price in the secondary market.

Following the two companies' offers, the Securities and Exchange Commission has asked the bourses to take necessary steps about the listing of the two companies in line with the listing rules.

But the stock exchanges are yet to take any decision, as they also found complexities.

The Listing Committee of the

Dhaka Stock Exchange will sit again today to find a proper solution. Earlier on Tuesday, the committee sat on the issue and primarily came up with a conclusion that if the two companies are now listed in line with the SEC directive, huge complexities will arise.

The companies and the stockbrokers will face problems to manage several lakhs of beneficiary owners' accounts, if their share prices come below the IPO prices, said a member of the listing committee.

"The only simple way would be to buy back," said a member of the listing committee.

However, a senior official of the SEC said the companies can offer compensation, if share prices go below the IPO price, in line with the Companies Act.

He said there is no complexity in the compensation package. The bourses will have to record who sells shares below the offer prices within six months of listing.

If the bourses want more time to resolve the complexity, then the commission can extend the time of listing under the commission's special power, he added.

Salahuddin Ahmed Khan, a professor of finance at Dhaka University, said listing with compensation package is not a good idea. "It will create more complexities."

"The issuer company may appoint some dealers who will always give buy order at certain prices so that the price cannot come down," he said.

Professor Mahmud Osman Imam, another teacher of finance

at Dhaka University, said the companies' go public to collect fund from the capital market, not to pay the compensation.

It is an international practice that the issue manager and underwriter give money to compensate to the IPO investors on condition, and so the SEC should follow the international trend of compensation, said Osman.

He also said the issue manager and underwriter should place a price same as the offer price through a merchant bank or a brokerage house so that the prices of shares do not cross the offer price.

If MJL Bangladesh and MI Cement cannot be listed within March 29, the two IPOs will be scrapped as per listing rules.

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BRAC BANK
BRAC Bank officials hand a cheque for Tk 10,000 to Taramon Bibi, one of the two women who were awarded the 'Bir Protik' medal, at Kacharipara in Kurigram recently. The bank will provide the same amount of monthly support to her for the rest of her life.



PANASONIC
Hiroki Miyaji, manager of Panasonic Corporation for corporate management division for Asia and Oceania, attends the launch of its brand shops along with Eco Ideas Ltd, at a programme at Radisson Water Garden Hotel in Dhaka recently.