

More should be done for SMEs: Atiur

STAR BUSINESS REPORT

The country should do more to take financial facilities to small and medium enterprises as Bangladesh's success stories are the success stories of its entrepreneurs, the central bank governor said yesterday.

Atiur Rahman said SMEs are referred as the 'missing middle' - neither small enough for microcredit from microfinance institutions nor big enough to be considered bankable by lenders in the formal financial sector although successful SMEs are important sources of output, income and employment.

"Neglect of the important sources of output and employment growth remained a major market failure of our formal financial sector. And Bangladesh Bank's

financial inclusion drive is working to redress the market failure."

"There is, however, more that can be done in further developing financing support facilities for the SMEs," said Rahman.

The central bank chief said they never thought that the items bearing 'Made-in-Bangladesh' label would be available on the high street markets in the developed economies. "Our entrepreneurs have made it possible."

"As a result, we have been able to maintain a 6 percent steady economic growth despite low per capita income. Bangladesh has also been rated just one notch down than India, but higher than Pakistan and Sri Lanka."

Rahman said the BB has put a lot of emphasis on the SMEs. "It is true that we are not supposed to do this, but we are doing this to

set an example so that others are inspired and come forward."

His comments came at a seminar on "Alternative Sources of Finance for Small and Medium Enterprises" jointly organised by Dhaka Chamber of Commerce and Industry (DCCI) and SEAF Ventures Management LLC in the city.

In Bangladesh, the SMEs account for about 45 percent of manufacturing value addition, 80 percent of industrial employment, 90 percent of total industrial units and about 25 percent of total labour force.

Their total contribution to export earnings varies from 75 percent to 80 percent, according to a recent economic census. The SMEs make up 75 percent of the domestic economy. There are about 60 lakh SMEs and micro

enterprises in Bangladesh, according to Asian Development Bank.

DCCI President Asif Ibrahim, who chaired the seminar, said the SMEs are treated as one of the engines of growth.

He said, in the age of globalisation, only quality products can meet the challenges in the global market. The SMEs need to upgrade their technological capabilities and production facilities to produce quality products at competitive prices to face global competition.

"Financing is a crucial factor in this regard. But the SMEs may not always have the same access to banks and financial institutions as big firms. Thus access of the SMEs to the range of financial services is a key issue that needs to be considered," said Ibrahim.

Fahim Ahmed, managing

partner of SEAF, said, although the SMEs are considered the engine of economic growth and job creation they represent less than 25 percent of Bangladesh's gross domestic product.

"The SMEs have limited access to institutional capital and are underserved due to a lack of a robust risk assessment and monitoring mechanism."

He said financial institutions lack the expertise to assess the business risks of the SMEs, while such enterprises lack the reporting systems that can facilitate the risk assessment by financial institutions.

Zia Ahmed, managing partner of SEAF, and Sukamal Sinha Choudhury, general manager of Bangladesh Bank's SME & Special Programmes Department, also spoke.



WESTERN MARINE
Md Sakhawat Hossain, managing director of New Western Marine Shipbuilder Ltd, second from left, and Zahir Ahammed, MD of Nurjahan Group, sign an agreement in Chittagong on Monday. Under the deal the shipbuilding firm will build four oil tankers for the Group at a cost of Tk 50 crore.

India's Wipro profit edges up, shares dip on weak outlook

AFP, Bangalore, India

India's third-largest software firm Wipro posted a better-than-expected rise in first-quarter net profit on Wednesday but gave a muted revenue outlook due to global economic uncertainty.

The company's shares slid nearly five percent intraday on the Bombay Stock Exchange despite a 1.2 percent rise in net profit to 13.35 billion rupees (\$300 million) in the three months to June 30.

Profit was 13.19 billion rupees in the corresponding year earlier period.

Analysts had forecast net profit of 13.23 billion rupees on revenue of 84 billion rupees.

Total revenue for the quarter increased 18.4 percent to 85.64 billion rupees, the firm said in a statement.

The Bangalore-based firm, however, warned that revenue growth may undershoot industry estimates for the fiscal year ending March 2012.

Wipro's chief financial officer Suresh Senapaty told AFP that growth momentum would start to pick up only after the second quarter, which ends in September.

Projected IT services revenues are likely to be between \$1.43 billion and \$1.46 billion in the second quarter, up from \$1.40 billion in the first, the company said.

"The macro-economic environment continues to be volatile and gives some amount of uncertainty in the business," company chairman Azim Premji told a news conference.

The pace of growth for India's flagship outsourcing sector has been slowing recently due to fresh worries about the world economy, rising wages and top management restructuring at com-



BTCCI
Commerce Minister Faruk Khan speaks at the installation ceremony of Bangladesh-Thai Chamber of Commerce and Industry at a hotel in Dhaka recently, while Tasanawadee Miancharoen, second from left, Thai ambassador to Bangladesh, looks on. MA Momen, middle, president of BTCCI, and Mingpant Chaya, second from right, president of Thai-Bangladesh Business Council, were also present.



IFIC
IFIC Bank has appointed Vistaara Architects Ltd, a design consultancy firm, for the construction and decoration of IFIC Bank Tower. IFIC Managing Director Mohammad Abdullah and Vistaara Architects Managing Director Mustapha Khalid Palash signed the agreement at a ceremony at the head office of IFIC Bank in Motijheel on Wednesday.

Govt to take over four BSCIC projects

Plans to provide Tk 23cr as seed money

UNB, Dhaka

Finance Minister AMA Muhith yesterday said the government would form a new foundation under the Company Act to take over the activities of four completed projects under the Bangladesh Small & Cottage Industries Corporation (BSCIC).

"A foundation will be formed under the Company Act and it will take over the activities of the four projects," he said after a meeting held at the ministry secretariat.

The four projects are women industry entrepreneur development programme, self employment project through small and cottage industries, poverty alleviation project through income generation activities and strengthening rural economy through rural industry project.

The finance minister said the government would provide seed money to the foundation only one time to continue its activities that include bearing salaries of 511 office staff, continuing different programmes and rescheduling of bad debts.

He said Tk 23 crore might be provided to the foundation as seed money against proposed Tk 60 crore. He also said the revolving fund of the four projects is Tk 77 crore of which most of the amount has been disbursed as credit.

Muhith said they would ask the authorities concerned to place a five-year business plan and after getting the plan, the government would decide what amount would be given as seed money.

Asked about the activities of BSCIC, Muhith said it is uneven. "Sometimes they have done very well and sometimes they have not functioned."

About the failure of four projects, he said it became a failure because the authorities could not recover the money, which was disbursed as credit.

Answering to a question on the activities of multilevel companies in Bangladesh like Unipay2u, Muhith said: "The tendency for gambling should go."

BSCIC Chairman Fakhrul Islam and other officials concerned attended the meeting.

DSE starts mock e-trade

STAR BUSINESS REPORT

Dhaka Stock Exchange yesterday began mock trading using MSA-Plus software to familiarise stockbrokers and investors with the process, days before the official launch of e-trading on the premier bourse.

The mock trading, formally inaugurated by DSE President Shakil Rizvi, will continue for 21 workdays.

Mock trading is a computer simulation of trade used in training brokers, investment managers and investors.

MSA-Plus is an upgraded trading software that would replace the existing 'TESA Trading Software (client part) MSA (member's server application)'.

With MSA-Plus in place, a virtual marketplace for share transactions will be created. It will be a bridge to real-time online trading, through which investors themselves can execute the trade.

MSA-Plus will allow stock investors to place buy or sell orders online on the internet from any location. It means stock investors would not have to place buy or sell orders with authorised traders.

After the launch of the MSA-Plus system, BO account holders will get passwords from the DSE so that they can log onto the server. After logging onto the trading server, an investor, however, must change the password for protection.

When an investor gives order on the internet, it will come to the trading terminal, the authorised traders will just press a button, and then it will go to the trading engine and the order will be executed.

"After introduction of MSA-Plus, the investors can trade from any place of the world using internet," said Shakil Rizvi, adding that every investor will become a self-manager and will not even have to be present physically at any brokerage house.

"It will also ensure transparency in share transactions, increase management efficiency

and reduce risks at the client's end," the DSE president said.

He said the investors can also see the financial statement of their portfolios at any time from anywhere, and short-selling of shares cannot be done in the e-trading system.

Short selling is the practice of selling securities that have been borrowed from a third party with the intention of buying back identical assets later to return to the lender.

Although short selling is not allowed in Bangladesh stock market, such selling occurs occasionally or by mistake.

Since the introduction of the automated trading system in 1998, the system has been running based on TANDEM NonStop K204 System (mainframe server), which the DSE claims is fault-tolerant, scal-

able and maintainable.

The system software used in the premier bourse is HP proprietary NonStop Kernel and the database is NonStop SQL, which handles database functionality successfully. The central trading system, being on the stock exchange premises, runs round the clock, round the year.

The application software, the electronic system architecture (TESA), was developed on 32-bit application architecture for global securities markets. It has high processing speed, high message integrity and fully automatic recovery.

Though the transaction was automated and the network within the exchange was developed through local area network (LAN), physical presence of investors was compulsory to do share trading.

In 2000, wide area network (WAN) was introduced on the DSE and the trading was extended from main brokerage houses to branch offices outside the bourse building. The introduction of WAN enabled an investor to give buy or sell order to authorised traders over telephone.

Obama defends handling of crisis debt talks

AFP, Washington

US President Barack Obama defends his handling of crisis talks to avert a disastrous early August debt default in interviews Wednesday targeting voters in states crucial to his reelection bid.

Obama was also expected to hold another round of often acrimonious White House talks with fellow Democrats and his top Republican foes on raising the \$14.3 trillion US debt limit by August 2, officials said.

And pressure rose for a breakthrough as Wall Street giant Goldman Sachs warned in a new analysis that the political battle appeared to be frightening US consumers into pulling back spending, a key engine of economic growth.

Goldman cited the University of Michigan consumer sentiment index, which plunged unexpectedly in its early July reading, as well as data showing sluggish consumer spending so far this year.

While that drop could be due to other factors, the investment giant said, "the extent, timing and composition suggests that the uncertainty surrounding the debt ceiling is probably a contributing factor."

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