

## Sales in Chittagong's cattle markets gaining momentum

ARUN BIKASH DEY, Chittagong

WITH Eid-ul-Azha fast approaching, the port city's eight cattle markets are abuzz with buyers and traders.

The Chittagong City Corporation (CCC) has leased out seven makeshift markets -- Dhanialapara area, Bibirhat, Patenga, Salt Gola, Karnaphuli Hat, Steel Mill Bazar and Kamal Mahajan Hat -- along with the permanent market in Sagarika, for the festival.

To ensure the markets run smoothly in the lead-up to the Eid, police and Rapid Action Battalion are putting in their efforts, and Bangladesh Bank has provided 15 fake-currency identifier machines, said Ahmedul Haque, a CCC estate officer.

Abdur Rahim Sawdagar, a leaseholder at Bibirhat cattle market, said there is sufficient supply of cattle this year, citing around 2,000 traders have come to the market with thousands of cattle.

"So the traders are in a position to offer reasonable price for their animals to the buyers."

Aside from the local cattle, a significant number of Indian cattle have also been brought into the market, he added.

Afsarul Alam Babul, a leaseholder at Sagarika cattle market, said around 3,000 traders with thousands of cattle -- from Kushtia, Chapainawabganj, Rajshahi, Bogra, Jhenidah, Meherpur, Faridpur, Comilla and Pabna -- have come into the market.

"As sales are at an early stage, traders are demanding high prices for cattle," he said, citing an ox priced at Tk 4.5 lakh, the highest so far.

Indian cattle seem to be in high demand in all the markets, costing between Tk 40,000 and Tk 80,000 each.

Ali Ahmad, a trader at Sagarika, said he has brought 50 cows from India.

"The cost of sacrificial animals is a bit high this year. The higher carrying costs have forced us to hike the prices of animals."

He said traders have to pay Tk 45,000 for a cattle-carrying-truck that can load 15-16 cattle, while rampant extortion from Benapole to Chittagong raises the costs.

"We have to pay extortion in five to six points to different bodies, including the police and local goons."

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# GP aims to lead the way in stockmarket development

## Chief Financial Officer Fridtjof Rusten speaks on global best practices

SARWAR A CHOWDHURY

GRAMEENPHONE, the country's largest mobile phone operator, will hold an 'Investor Night' in November to provide greater transparency to its shareholders, said the company's Chief Financial Officer Fridtjof Rusten.

Rusten, who assumed his position at Grameenphone in May, spoke to The Daily Star in a recent interview about the event, which will take place annually to enhance shareholder communication.

"The annual investor night is part of our initiative to introduce global best practices in the market," said Rusten, adding that such events are widespread in developed markets of West Europe, North America and the Asia Pacific.

The event will be an interactive session where investors and analysts can communicate with the whole Grameenphone management team.

"We have plans to live broadcast it via the web so that all interested investors and analysts, from anywhere in the world, can have access to the event," he said.

"The company believes in transparent and consistent communication to all its shareholders, so that they can make an informed decision about their investment."

He called on all listed firms to hold such events to bring more efficiency and stability to the stockmarket which has been in a volatile mood since the crash of early 2011.

Since its listing in November 2009, Grameenphone has put in place a dedicated 'investor relations' team, whose main responsibility is to broadcast company information in an accountable and transparent manner -- to help investors make an informed decision.

Although there are detailed guidelines, rules and procedures on investor communication, Rusten feels they are insufficient when viewed against countries like Malaysia and Singapore.

"Having said so, I must say that I have lot of hope on the current SEC [Securities and Exchange Commission] leadership. There is a strong will to develop and be competitive like the regional rival markets like Sri Lanka, Pakistan and Thailand."



Fridtjof Rusten

"We, as the largest corporate house of the country, and with our experience from our parent company, Telenor, which has strong footage in Nordic and South Asian markets, are willing to work as developing partners in formulating detail regulations in these areas."

With regards to the market crash of last year, he thinks it was a positive learning curve for the regulators.

"One should understand that market imperfections exist in every capital market but the extent of imperfection varies from one market to another. This is more to do with the stage of market maturity and the learning curve of the regulators."

As for the recent stockmarket performance, he feels the looming political uncertainty in the run-up to the national election next year is being factored into investors' decision-making.

"This is of course nothing abnormal, rather a logical reaction from the market. Investors are shying away from taking long-term positions -- and this is being played out in the market on a weekly basis," Rusten said.

Political stability, fuel, electricity and food prices are the key determinants of the broader macroeconomic stability in the country, according to Rusten.

"As we approach 2013, we might continue to see cautious response from both local and international investors."

Two features of the country's capital market, however, struck him -- the overwhelming number of retail investors and the absence of futuristic data and insufficient number of analysts -- and he feels they are holding the market back from developing further.

"I do not want to undermine the willingness of the retail investors to participate in the market. But the investment decisions should be made based on pure financial and business rationales, which, the financial analysts working in the brokerage houses and in the asset management companies are more skilled to do."

Transparency and availability of information about the companies to make informed investment decisions, and participation of institutional investors, Rusten said, can make a big difference to the market.

"The regulator could facilitate these three elements to bring stability and confidence among the investors, and to ensure long-term development of the market."

Asked his views on insider trading, which happens from time to time in Bangladesh, he said it has got more to do with a company's own governance mechanism and commitment of the board -- than the regulators.

"However, I should emphasise on having sufficient skills and tools on the part of the regulators to ensure enforcement of the insider trading rules, and, above all, political commitment."

To conclude, Rusten reiterated the company's commitment in developing the country's stockmarket.

"Being the largest listed company and the lone telecom company in the market, we have an earnest responsibility in leading the way. So far, I believe we have been able to set good examples for the rest to follow -- and we will continue to do so in the future."

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# A big breakthrough in tiny loans

## A nonprofit lender makes it easier for mom-and-pop merchants to pay down their balances

E SCOTT RECKARD, Los Angeles Times

THE Alameda Swap Meet in South Los Angeles is about the last place you'd expect to find a breakthrough in small-business lending.

Filled with Spanish-speaking mom-and-pop vendors selling cowboy boots, videos, quinceañera dresses and fresh fish, the indoor bazaar tends to be long on cash sales and short on formal bookkeeping.

But vendor David Manzo is building his business one swipe at a time. Every time a customer pays with a credit or debit card, a portion of that sale automatically goes to pay down a \$5,775 loan to the Mexican immigrant, whose Mirna's Market offers herbal remedies and religious items.

The loan's 12 percent interest rate is a fraction of what Manzo paid in the past for expansion and inventory loans. And he never worries about repayment. If business slows down, his instalments drop automatically; when things pick back up, the higher sales mean the loan balance goes down faster.

Keeping up with his payments "is just not a problem," Manzo said, surrounded in his cramped stall by kidney pills, amulets, bath salts and devotional candles. "I really don't have to think about it."

In a season of political clashes over Uncle Sam's role in the private sector, Manzo's loan -- an innovative product dubbed EasyPay -- was made possible by a little-known partnership involving the government, financial institutions and charities.

His lender is Opportunity Fund, a San Jose nonprofit that is among roughly 700 federally certified Community Development Financial Institutions. The CDFIs, as they are known, include some small banks and credit unions, but most are community loan funds along with a scattering of venture capital funds.

The institutions provide subsidised loans to low-income and hard-to-serve customers using funds from banks, foundations, religious groups and individuals, along with awards from the US Treasury. In Los Angeles, the nation's capital for immigrant-run businesses, there are plenty of potential customers.

Such microlending has boomed in the developing world, involving "lending circles" of individuals who pool their savings. There are also loans from institutions such as Grameen Bank of Bangladesh, whose founder, Muhammad Yunus, is a Nobel laureate.

Mainstream US banks have found tiny loans expensive to administer and fear being criticised for charging rates high enough to cover their costs. So they have largely yielded the field to nontraditional private-sector lenders, including the CDFIs.

"Microlending can be the answer to job creation and upward mobility in the US. The problem is that financ-



LOS ANGELES TIMES

**Entrepreneur David Manzo sells herbal remedies and religious items through Mirna's Market at the Alameda Swap Meet in South LA. The Mexican immigrant obtained a \$5,775 loan from Opportunity Fund, a San Jose-based nonprofit lender.**

ing a hair salon is a different ball of wax from financing a goat" in a developing country, said Mitch Jacobs, founder of On Deck Capital Inc, a for-profit microlender that makes short-term loans at 18 percent to 36 percent.

Jacobs said the biggest problem for banks is overhead costs, since determining a start-up's creditworthiness is far more difficult than pulling a consumer's credit score.

"Small commercial loans don't make money for banks," he said, "because rather than use the cheap personal FICO score, they have to gather business data, which is very hard to do with micro businesses."

By contrast, working intensely with tiny businesses is a primary focus of CDFIs, which have their roots in decades-old government efforts to reduce poverty. The CDFIs expanded their funding in the 1970s by reaching out to religious institutions, individuals and other private sources, but the biggest boost came from two early initiatives by the Clinton administration.

The Community Development Financial Institution Fund, a Treasury Department agency that certifies CDFIs and makes awards to them, was created in 1994.

A year later, the federal Community Reinvestment Act was revised so that banks could automatically receive credit toward their obligation to lend in lower-income areas by providing funding to CDFIs. The banks typically lend money at 2 percent to 3 percent interest to the CDFIs, which use the cheap funds to make loans of their own.

Over the years, CDFIs have extended about \$40 billion to tiny US businesses, almost all of it coming from banks and private investors.

"We're like tugboats we can sort of prod capital into our communities," said Mark Pinsky, chief executive of Opportunity Finance Network, an industry association and standard setter.

Traditionally affordable housing and small-business lenders, the CDFIs have proved much more adept than banks at serving certain niches.

Examples include loans to grocery stores in poor neighbourhoods and the financing of building purchases for charter schools, said Megan Teare, a Wells Fargo & Co senior vice president who manages the bank's \$400 million in CDFI lending.

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## Canada blocks Petronas' \$5.2b energy bid

REUTERS, Toronto/Kuala Lumpur

CANADA has blocked Malaysian state oil firm Petronas' C\$5.17 billion (\$5.22 billion) bid for gas producer Progress Energy Resources Corp, a surprise move that could signal problems for a much bigger offer by China's CNOOC Ltd for oil producer Nexen Inc.

The announcement late on Friday in Canada is a blow to the expansion plans of Petronas as its domestic oil supplies shrink and it seeks to boost its resources beyond Malaysia and volatile areas such as Sudan.

Its bid for Progress had not been expected to run into hurdles in a review process that asks the government to examine whether a deal is of "net benefit" to Canada. A rejection of both the CNOOC and Petronas bid could significantly damage the trade ties that Canada has been trying to build, especially with the Chinese.

Petronas, which said it was not ready to make any comment, has up to 30 days to make additional representations that could make its offer more palatable but it was not immediately clear what else it could put on the table.

"I can confirm that I have sent a notice letter to Petronas indicating that I am not satisfied that the proposed investment is likely to be of net benefit to Canada," Christian Paradis, Canada's minister of industry, said in a late-night statement.

"Due to the strict confidentiality provisions of the (Investment Canada) Act, I cannot comment further on this investment at this time," he said.

Paradis, whose statement on the Petronas-Progress deal came minutes before the official deadline on the review, said if required, the 30-day period could be extended with the consent of the government and Petronas.

"Subsequently, I will either confirm this initial decision or approve the acquisition," said Paradis, adding that Canada would maintain an open investment climate.

The deal attracted scrutiny after Chinese state oil firm CNOOC made a C\$15.1 billion bid for Canada's Nexen Inc. Some members of Canada's governing Conservative Party are wary of the CNOOC offer, in part because of what they say are unfair Chinese business practices.

Earlier this month, Prime Minister Stephen Harper said China's "very different" political and economic systems were a concern. The Canadian government has extended its review of CNOOC's bid for Nexen by 30 days, to November 11.

A CNOOC spokeswoman in Beijing said she had no comment on the ruling against Petronas or whether it could mean the Chinese company's bid for Nexen was in trouble.