

# No need to 'reinvent the wheel' for SMEs

## Economist speaks on policy for small and medium enterprises

STAR BUSINESS REPORT

The government should strive to implement the recommendations already made to develop the country's small and medium enterprises (SME) instead of searching for new ones, said an economist yesterday.

"There is no need to 'reinvent the wheel,'" said Khondaker Golam Moazzem, senior research fellow at the Centre for Policy Dialogue, a think-tank.

There are specific recommendations about SMEs in the government policies, such as the SME Policy 2005, the Industrial Policy 2010 and the sixth Five-Year Plan (2011-15).

"Six studies have already been done on the sector," Moazzem said.

He said not many of the recommendations made by the studies have been implemented, adding that an "action-oriented approach" is needed rather than formulation of new policies.

With regards to new policies, he said: "We will have to start from the scratch, which takes a long time."

He also said the government and many other government agencies have taken various initiatives for the development of the sector, adding: "But are those services reaching the real entrepreneurs?"

"We also need to find out whether all of these activities cater to the needs of the sector," said Moazzem, while calling for a strong co-ordination between agencies who are working on the SME sector.

Moazzem's comments came at a seminar, "Competitiveness of Bangladesh: Prospects and Challenges for SMEs", organised by the SME Foundation at its headquarters.

The economist also opposed setting up any new village for small and cottage industries, saying: "The performance of the old towns owned by BSCIC [Bangladesh Small and Cottage Industries Corporation] should be assessed."

He also urged the policymakers and industrialists to take into consideration the total value chain of any sector to be able to enhance their competitiveness.

"We never thought about the value chain. But it could have helped them source raw materials easily, know about the market and rivals, any new threat and how can they solve those problems. We cannot only work on cost and price."

"It could help the SMEs lower their production cost and become more competitive. We cannot limit our energy to credit expansion. A value chain-based approach is necessary to address the challenges faced by them."

The economist said the country failed to create an environment where a small or medium enterprise could expand.

"But we could see it happening in many other countries. In Bangladesh, the number of industries only goes up -- but they do not expand vertically."

He said the government should stand by those who have potential to grow as they could "become the trendsetters for others".

Moazzem said the private sector is always asked to invest, but the business community is still not still convinced by the

country's investment climate.

The economist said an investor has to spend more to produce less in Bangladesh, as a result of which, the capital-output ratio is lower.

Bangladesh is a underperformer in most of the widely-used measures such as the World Economic Forum's Global Competitiveness Index, the World Bank's Doing Business Index, UNCTAD's FDI Performance and Potentiality Index and Transparency International's Corruption Index.

"The country's performance is also reflected in the actual data," he said, adding the investment-GDP ratio has remained stagnant at around 25 percent.

Ijaz Hossain, a professor of the department of Chemical Engineering at the Bangladesh University of Engineering and Technology, said the SMEs should be encouraged to adopt cleaner production and energy-efficient technology to be competitive.

Priti Chakraborty, chairman of Aysha Memorial Specialised Hospital in Dhaka and also a successful entrepreneur, said although the government has

identified a number of sectors as thrust sectors, these sectors are not getting any visible support.

A number of participants at the seminar urged the government to lower the bank interest rates as the SMEs are put off by the high lending rates, even though access to finance has been widened.

Mozibur Rahman, chief executive officer of Bangladesh Foreign Trade Institute, said: "It baffles me how interest can continue to go up and up in Bangladesh when the rates are going down around the world."

Speaking as chief guest, Shaikh Md Wahid-Uz-Zaman, principal secretary of Prime Minister's Office, said it has to be seen whether the country has been able to utilise all of its facilities in the existing industrial parks.

ABM Khorshed Alam, acting managing director of the Foundation, said the government should give tax benefit to the local industries so that they can go for manufacturing capital machinery rather than relying on costly imports.



M Shah Nowaz Ali, chairman of Rajshahi Krishi Unnayan Bank (Rakub), meets Atiur Rahman, governor of Bangladesh Bank, in Dhaka recently. Md Mofazzal Hossain, managing director of Rakub, was also present.

## DBH re-elects chairman

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Delta BRAC Housing Finance Corporation Ltd (DBH) has re-elected Faruq A Choudhury as its chairman for the next two years, the company said in a statement yesterday.

Choudhury, a former foreign secretary and ambassador, was re-elected at the 69th meeting of the DBH board held on Wednesday.

Choudhury presently serves on the Governing

## End of euro would be disaster: France bank chief

AFP, Madrid

Bank of France governor Christian Noyer said Friday the euro is here to stay and warned that its disappearance would be an "absolute disaster".

The central bank chief defended the currency as the recession-hit eurozone tried to contain a growing debt crisis, with Greece battling to avert default and Spain pondering a sovereign bailout.

"The future of the euro is absolutely clear cut," Noyer said in a speech to the annual assembly of Spain's Association of Financial Markets in the Spanish capital.

"I have absolutely no doubt that the euro will stay in the long term future," he added. "It is the natural continuation of the European Union, it was in the spirit of the founding fathers."

Noyer said the benefits of the single currency were "perfectly clear".

"People don't realise that if the euro disappears it will be an absolute disaster," he warned.

The French banking chief pressed European powers to set up a banking union as an urgent response to the region's financial crisis.

European leaders agreed in October to establish a regional banking supervisor in 2013, the first step towards a banking union that would allow the European Union to directly help troubled banks.

"We are moving towards a banking union, which was missing in the monetary union," Noyer said. "It is a crucial and urgently needed answer to the cri-



Abdullah Al Kaiser, a member of parliament, inaugurates the branch of Mutual Trust Bank at Meghna Industrial Park in Sonargaon in Narayanganj yesterday. Arif Dowla, chairman of the bank, was also present.

MTB

Mohammad Abdul Mannan, managing director of Islami Bank Bangladesh, receives the 'remittance ambassador of Bangladesh' award from AB Mirza Azizul Islam, former advisor to the caretaker government, at a ceremony held at a hotel in Dhaka on Saturday.

## Taskforce meets on Japanese investments in Bangladesh

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The first meeting of the task-force formed to increase Japanese investment in Bangladesh was held yesterday, the Japanese embassy said in a statement.

Shiro Sadoshima, the Japanese ambassador, attended the meeting chaired by Dr MA Samad, the executive chairman of Board of Investment.

Sadoshima stressed the need for easy visa processing and work permits, followed by financial regulations.

The meeting agreed on extension of visa duration for investors and their family members, which Sadoshima asked for.

Initially, investors will be granted a one-year visa, which can be extended to four years.

Sadoshima also stressed the need for appropriate implementation of letters of credit, deregulation of money transfer settlement and proper shipment of bills

## Stocks fall on profit-taking

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Stocks returned to the red yesterday, breaking a gaining streak of three days, as investors went for pocketing profits.

DGEN, the benchmark general index of Dhaka Stock Exchange, finished the day at 4,341.64 points, after falling 24.04 points or 0.55 percent.

"The day started with moderate gain, but couldn't sustain the tempo at the end of the day as some top traded stocks witnessed significant downturn," LankaBangla Securities said in its daily market analysis.

Moreover, investors were busy with profit realization, the stockbroker said.

"After a three-day rally DGEN shed amid profit taking by investors. Meanwhile, turnover got a 26.7 percent boost to Tk 369 crore, from the previous day," IDLC Investments said in its regular market analysis.

Investors seemed yet hesitant, as the market appears to be less lucrative. Thus, while activity surged in a number of scrips, lack of followers, including institutional

investors, appears to keep the market off the beat at this moment," it said.

A total of 0.95 lakh trades were executed with 10.82 crore shares and mutual fund unit changing hands on the Dhaka bourse.

Of the 269 issues that traded on the DSE floor, 172 declined, 80 advanced and 17 remained unchanged.

All the major sectors ended in the red. Pharma lost 0.89 percent, followed by banks 0.62 percent, non-bank financial institutions 0.36 percent, power 0.27 and telecomm 0.04 percent.

Travel and leisure lost 4.47 percent, information technology 3.9 percent, ceramic 2.65 percent and tannery 2.08 percent.

United Airways featured in the most traded stocks chart with 2.08 crore shares worth Tk 49.27 crore changing hands.

Jamuna Oil and Grameenphone were the next most popular stocks of the day.

Nine of the top ten gainers were from the textiles sector. Saitam Cotton Mills was the biggest gainer of the day, as it posted 9.76 percent gain. Metro Spinning was the worst loser, plunging by 11.79 percent.

## German bid to lure foreign professionals a flop

APP, Berlin

A programme to attract foreign professionals has flopped in Germany, drawing just 139 people since it was introduced in August, a newspaper reported Sunday citing official figures.

The Welt am Sonntag said that the "Blue Card" for skilled employees from outside the European Union had proved far less appealing than hoped, in part due to Germany's image as overly bureaucratic and unwelcoming to foreigners.

The report, which quoted figures provided by the Federal Office for Migration, found that of the 139 Blue Cards issued, 112 went to foreigners living in Germany before 2012 and thus already holding other work permits.

"The mass influx of skilled labour has not materialised," said the managing director of a board of experts from German foundations on integration and migration, Gunilla Fincke.

## China 'optimistic' about FTA talks with Japan, S Korea

APP, Phnom Penh

China, Japan, and South Korea are expected to agree on the launch of three-way free trade talks at a summit in the Cambodian capital this week, Beijing's foreign ministry spokesman said Sunday.

"I am optimistic the three parties can reach a consensus to commence the negotiations," Qin Gang told reporters in Phnom Penh where leaders of the three nations will attend an East Asia Summit from Monday.

Qin said trade ministers were likely to hold a trilateral meeting on the sidelines of the gathering despite a recent spike in tensions between Tokyo and its neighbours over two separate maritime rows.

"Hopefully we will have a positive announcement," Qin said. "But I don't have a timetable to offer for when the three countries complete the negotiations."

While ministers may be able to set aside maritime disputes to talk about trade, a Japanese diplomat said on Wednesday there are no plans for a customary Japan-China-South Korea leaders' meet-



VU MOBILE

Jari Tammisto, chief executive officer of MOMO Global, and Kaymun Amin, chief executive officer of VU Mobile, sign an agreement between their companies to launch Mobile Monday Bangladesh at a ceremony in Singapore recently.



Nazrul Islam Monju, a member of parliament, attends a discussion on the challenges that women entrepreneurs face, organised by Bangladesh Women Chamber of Commerce and Industry (BWCCI), USAID and the Asia Foundation in Khulna yesterday. Hasina Newaz, BWCCI vice-president, was also present.

## BB moves to design guideline to check suspicious stock trade

FROM PAGE B1

Debadrosad Devnath, general manager of Financial Intelligence Unit of the BB, said if the guideline is issued following the directives of the FATE, the foreign investors' confidence in Bangladesh's capital market will increase much.

It will also help attract more foreign investment in the stockmarket, he added.

A BB report submitted at the meeting said Bangladesh has not yet completely met the requirements of the international anti-money laundering body.

If the requirements are not met by January, Bangladesh may be blacklisted.

The meeting also decided that the anti-terrorism act will be amended by February to fulfil the conditions of the FATE.