

Microcredit boosts job prospects of borrowers

Study shows male borrowers get more benefits than females

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Microcredit increases the employment opportunity of borrowers by 19 percent a year compared to non-borrowers, according to a recent study.

In absolute terms, a family borrowing from a microfinance institution has 53 more days of employment a year than the non-borrowing households, according to the study by SR Osmani, a professor of development economics at UK's Ulster University.

The male members of borrowing households get 43 more days of employment a year, while the female ones gain eight additional days in the same period.

This indicates that although women mainly take out micro loans, their employment gain is lower than that of their male counterparts.

In absolute terms, the male members gain more employment than the females, but in proportionate terms, the females gain

more, Osmani said while presenting the findings of the study -- Micro Credit and the Rural Labour Market in Bangladesh -- yesterday.

The Institute of Microfinance (InM) organised the event at Bangabandhu International Conference Centre.

"Microcredit also reduces underemployment -- we have found employment increases all across the board."

He said the extent of employment effect differs depending on the use of microcredit.

As expected, households that use loans mainly for productive purposes gain more employment compared to those who use their loans in unproductive ways, according to Osmani.

The main effect is on self-employment rather than wage employment.

But there is a significant impact on wage employment on non-agriculture as well, he said, adding that the increase in employment enjoyed by microcredit borrowers represents a net addition to rural

employment.

"It does not come at the expense of non-borrowers. The estimated gain of borrowers is a net gain for the rural economy as a whole."

Apart from increasing employment at the household level, microloans also have a significant and positive effect on the rural wage rate.

If spreads of microcredit double in a village, the wage rate goes up by 46 percent, he said.

"The positive effects of microcredit outweigh the negative ones. So, there is net gain," Osmani added.

However, Rushidan Islam Rahman, research director of Bangladesh Institute of Development Studies, said employment increase by eight days in absolute terms is insignificant.

"Women's job opportunities should be increased manifold. The microfinance institutions should not be satisfied with proportionate increase in women's employment," she said.

"Women are receiving loans but these are used by households, as they have realised that loans can be obtained by keeping women at the forefront," said Rizwanul Islam, former special adviser on growth, employment and poverty reduction at the International Labour Organisation.

Sajjad Zohir, executive director of Economic Research Group, said access to credit has facilitated migration and employment elsewhere.

Mahabub Hossain, distinguished professor of Brac University, said there is a huge debate on whether microcredit contributes to poverty reduction, but this study shows positive impact.

The rural economy has now turned into a multi-occupational economy, so there is a system of repayment of loans, he said.

Qazi Kholiduzzaman Ahmad, chairman of InM, and Selim Raihan, a professor at the economics department of Dhaka University, also spoke



Officials pose at the launch of Symphony's flagship smartphone ZVI recently. The phone with Android kitkat operating system, 1.4 GHz octa core processor and a 13 MP rear camera bears the price tag of Tk 14,990.

Microsoft cuts 7,800 jobs

AFP, Washington

Microsoft announced plans Wednesday to cut 7,800 jobs, most from the struggling mobile phone division acquired last year from Nokia.

The US tech giant will also write down the value of the Nokia unit by some \$7.6 billion, in a reflection of its woes in the global smartphone market.

The announcement represents the second major round of layoffs in a year for Microsoft, which cut some 18,000 jobs a year ago as part of its effort to integrate the

newly acquired group. A Microsoft statement said it would "restructure the company's phone hardware business to better focus and align resources."

The cuts will also require Microsoft to take a restructuring charge of between \$750 million and \$850 million, the statement said.

Microsoft has failed to get much traction for its Windows Phone platform even with the acquisition of Nokia. A survey by IDC said Windows was expected to capture just 3.2 percent of the global smartphone market this year.

The dreamer is gone, but the dream lives on

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Then in 1985 he stumbled upon the idea of Pran and leased six acres of land in Narsingdi.

Initially, the land was used to cultivate papaya, banana, pineapple and other crops, which were brought to the market fresh.

But the retired army major found it frustrating that a good harvest often did not mean a fair price due to glut in the market.

"I thought to myself, this is funny. It is like: despite being a good student and doing well in exams, you are given negative or low marks," Chowdhury said in the 2010 interview.

He had then realised that the key to agriculture lay in increasing their shelf lives. Subsequently, he had decided to concentrate on processing the agricultural commodities instead of marketing them immediately.

But preservation and processing were not commonplace in Bangladesh in comparison to northern South Asia or the colder parts of the world, where the vegetables and other agro-commodities are preserved for sustenance during the long winter season.

To learn the trade, Chowdhury had travelled to Thailand, Taiwan, India, Pakistan and the US.

"That was the turning point in my life," said Chowdhury, who bet on Bangladesh's comparative advantage in tropical climate, fertile soil and ample sunshine.

He began with sliced pineapples in canned form and then moved on to mango drink, jams and jellies, with a plan to cater to both the domestic and foreign consumers.

"It took us many years to generate profits through agro-processing." Now, Pran's products range from spices to snacks, confectionary, beverages and dairy.

The company also formed relationships with farmers who supply mangoes, mung beans, aromatic rice, tomatoes, peanuts and other commodities for processing.

In the final years of his life, Chowdhury had developed a passion for the dairy industry, a sector in which Bangladesh lags behind India and Pakistan, despite having the highest number of cows per square

kilometre in the world.

It invested heavily in the sub-sector so that the farmers in the village can produce more milk by increasing the productivity of each animal.

For Chowdhury, job creation through setting up businesses was the best practice of corporate social responsibility.

Pran now employs about 60,000 people directly and about 100,000 farmers nationwide.

RFL, which diversified its operation into PVC category in 1996 and in plastic sector in 2003, is the market leader in all these three sectors: cast iron, PVC and plastic.

Chowdhury's work did not go unrecognized.

In 2011, The Daily Star and DHL honoured him as the Business Person of the Year through Bangladesh Business Awards for transforming a simple idea of producing agro-processed foods into one of the largest companies in Bangladesh. In 2012, Pran Group won HSBC Export Excellence Awards.

In recognition of his contribution towards earning foreign currency, Pran achieved "Best National Export Award" for eight consecutive fiscal years.

In recent times, Pran was awarded the "UDC BUSINESS AWARDS 2011" as the best food and beverage products manufacturer in Malaysia.

Chowdhury's passing shocked many of his contemporaries.

One of them, M Anis Ud Dowla, chairman of ACI Ltd, a business conglomerate, paid tributes to Chowdhury, a two-time president of the Metropolitan Chamber of Commerce of Industry.

"He did an excellent job for the rural economy by way of creating agro-processing industry. His success in the export market is very encouraging for us."

Dowla, also a former president of MCCI, met Chowdhury last month for the last time.

"He was a nice person and very disciplined. He would always make people around him happy. We are deeply shocked. We will miss him."

Finance Minister AMA Muhiith also

expressed condolences over his death.

Banking from the comfort of one's home

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It is convenient for customers and cost-effective for banks, said Ahmed Kamal Khan Chowdhury, managing director of Prime Bank.

Chowdhury said banking through the internet has helped them achieve higher efficiency, control of operations and cost reduction due to replacement of paper-based and labour-intensive methods with automated processes.

Internet banking is a service that allows customers to access their banking information, conduct financial transactions, make deposits, withdrawals and pay bills through the platform -- without having to physically visit a branch.

Services through the internet are also called self-service channels, as it allows customers to enjoy banking facilities from their homes or offices without any intervention of banking staff.

Internet banking is relatively a new concept in Bangladesh. Very few banks offered off-line internet banking services, such as viewing the balance till 2005. After that, it got a jump when banks rushed to introduce core banking software, in which internet banking option was a built-in facility.

Yet, this technology-driven service failed to gather any momentum until the BB allowed third-party transactions through the internet in 2009-10.

"Internet banking gained momentum since then. But the channel has been geared up with the launch of 3G services in 2013," said Abul Kashem Mohammad Shirin, deputy managing director of Dutch-Bangla Bank.

Now, of the 39 private banks and all nine foreign banks offer internet banking options. Dutch-Bangla is a pioneer when it comes to introducing this type of technology-driven services. It has the largest automated teller machines (ATM) network in Bangladesh.

Of the 20.91 lakh internet banking customers, private commercial banks have more than 19.55 lakh and foreign commercial banks nearly 1.38 lakh. Of those, Dutch-Bangla alone has about five lakh customers.

BB data shows customers transacted nearly Tk 5,000 crore through internet banking in the first nine months of fiscal 2014-15, up from Tk 4,600 crore a year ago.

Bankers said if the central bank allows transactions outside Bangladesh, the channel will get further momentum. Increasing investments in security measures, both software and hardware, is helping internet banking get popularity, Shirin said.

According to him, there is no restriction from the central bank on fund transactions, but banks have imposed self-restrictions for their own safety. Banks have set the maximum fund transaction limit of Tk 5 lakh per day for a customer. Every customer of a bank is entitled to the internet banking facility.

"It's a free service and any of our customers can get the facility by setting up his/her account online," said Bitopi Das Chowdhury, head of corporate affairs of Standard

DSE loses 7pc in first half for political unrest

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On the backdrop of political uncertainty, sluggish credit growth and poor earnings declarations, the market went to the red in the first six months, said Brac EPL, a stockbrokerage firm, in an analysis. After witnessing correction from 2011 to 2013, the broader market index rebounded with a gain of 14 percent during 2014. However, the market could not hold the momentum in the first half of 2015.

Consequently, most of the sectors retraced in the year, headed by the financial sector, it added.

The entire financial sector declined steeply during the first half, with banks sliding 11.5 percent, non-bank financial institutions 15.8 percent, general insurance 22.4 percent and life insurance 23.2 percent.

Poor credit demand in the first six months, political unrest, piling up of non-performing loans and the governance of the overall financial sector led to further price correction of the sector, Brac EPL said. However, after the city corporation election in late April, political unrest subsided, which helped the market recover in the following months.

The interest rate cut by 2 percentage points on government savings certificates boosted investor confidence ahead of the national budget announcement.

The government also lowered the tax rate by 2.5 percentage points for all listed companies save for tobacco and telecommunication companies. Multinational companies outperformed the market with a 0.5 percent gain in the first half of 2015. Most of the companies posted healthy financial results with strong balance sheet.

They continued to pay better dividends, which were reflected in their high valuation, owing to the superior management and corporate governance.

Stocks inch up, CSE unveils new logo



CSE Chairman Muhammad Abdul Mazid unveils the bourse's new logo at its Dhaka office at Eunoos Centre in Motijheel yesterday.

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Stocks inched up higher and the mild increase in turnover continued as DSEX, the benchmark index of Dhaka Stock Exchange, rose 14.48 points or 0.31 percent to close the day at 4,579.72 points.

The market observed another green day as multinational stocks continued to register returns, LankaBangla Securities said.

However, small-cap companies dominated the top gainers' list and the pharmaceutical sector, with 22 percent of the total, accounted for the highest turnover, the stockbrokers said.

Turnover rose 1.9 percent to Tk 494.52 crore on transactions of 13.01 crore shares and mutual fund units. IDLC Investments said the bourse advanced marginally with activities throughout the session.

Of the traded issues, 163 advanced and 118 declined as 37 securities finished unchanged on the premier bourse.

Grameenphone dominated the turnover chart with 6.29 lakh shares worth Tk 20.84 crore changing hands, followed by Beximco Pharma, Beximco, ACI and IFAD Autos.

Aramit Cement was the day's best performer, advancing 10 percent, while

Standard Ceramic was the worst loser, slumping 8.07 percent.

Chittagong stocks gained with the bourse's benchmark index, CSCX, increasing 50.12 points to 8,597.5.

Gainers beat losers as 128 advanced and 77 declined, while 46 closed unchanged on the Chittagong Stock Exchange, which traded 1.38 crore shares and mutual fund units, generating a turnover of Tk 41.05 crore.

NEW LOGO

The CSE yesterday introduced its new logo with a promise to inspire all listed companies and investors in their working areas.

CSE Chairman Muhammad Abdul Mazid unveiled the logo at the port city bourse's Dhaka office at Eunoos Centre in Motikishu.

The Fibonacci bands' wave was the inspiration behind the new logo. Fibonacci bands are widely used in global stock market to analyse companies' shares.

Fibonacci frequency is called the string of 'magic numbers' that indicate a golden and successful future, and is also an important concept for mathematicians. The new logo aspires to be a reflection of success after all the highs and lows in the lives of shareholders, the CSE said.

IFC gives \$50m for factory upgrades

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IFC CEO Jin-Yong Cai said banks, international buyers and manufacturers have a shared interest in this issue because it is indispensable to making Bangladeshi garment factories more competitive and sustainable.

Both Alliance and Accord will each contribute \$250,000 to support the implementation of the programme, the IFC said in the statement.

Besides, together with the IFC, Accord and Alliance have both provided training to participating banks on the factory remediation process and understanding the resulting corrective action plans, and they are monitoring factory progress on compliance against these plans.

Ellen Tauscher, independent chair of

Alliance, said providing long-term loans to factory owners to undertake and implement remediation is an ongoing effort and the joint initiative will allow for a wider group of factory owners to have access to financing.

Rob Wayss, executive director of Accord, said the IFC remediation financing programme is an important contribution to the Accord's ongoing efforts to ensure necessary remediation at inspected factories and meets an express request of the local industry.

"Accord is pleased to be working with the IFC in supporting factories, particularly the smaller and medium sized ones, who are in need of this type of affordable long-term financing," Wayss also said.

Bangladesh Garment Manufacturers and Exporters Association in a statement wel-

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