

# Access to loans must be made easier for farmers: analysts

STAR BUSINESS REPORT

Banks and the regulator should simplify the lending procedure to help farmers and small and medium entrepreneurs, analysts said yesterday.

A cluster system for the farmers and a guideline to ensure best use of the loan should be formed, they said at a workshop at The Daily Star Centre in Dhaka.

Bangladesh INSPIRED and Aurora, an NGO, jointly organised the workshop on the opportunities and challenges in access to finance for agro-based SMEs and farmers.

INSPIRED is the acronym for Integrated Support to Poverty and Inequality Reduction through Enterprise Development, the name of a programme funded by the Bangladesh government and the European Union.

Surveys are necessary to find out the SMEs that need loans the most, said Sushen Chandra Das, additional secretary of the industries ministry.

The government is going to upgrade the SME policy to increase facilities for SMEs, he said.

"There are procedural complexities in giving out loans. A farmer can't read brochures written in English, so they tend to avoid taking loans," said Swapan Kumar Roy, general manager of Bangladesh Bank.

The loan ceiling without any collateral for female entrepreneurs



Analysts attend a workshop on access to finance for agro-based SMEs and farmers, at The Daily Star Centre in Dhaka yesterday.

set by the central bank is Tk 25 lakh, he said.

"But the women entrepreneurs cannot access the loans because of negligence of bank managers."

Motivational classes should be organised for the bank managers in rural branches to change their mindset towards women entrepreneurs, Roy said.

Bangladesh needs to put emphasis on processed foods as the product has prospective markets, said Ali Sabet, team leader of

Bangladesh INSPIRED.

It should be monitored whether the SMEs that need loans the most are getting those, said Khairul Kabir Menon, deputy secretary of the SME department of the industries ministry.

The number of defaulters is increasing because of handing over loans to the wrong SMEs, he said.

He suggested formulating a common platform comprising NGOs, banks and government organisations, which will give all-

out support to farmers and SMEs.

"A cluster system must be developed to help farmers access loans."

SMEs and farmers could not properly utilise the loans due to the absence of a guideline, said Ismat Jerin Khan, an entrepreneur and managing director of Jermatz Ltd.

Earlier, Md Quamruzzaman, CEO of Aurora, highlighted the facts of the "Agro-based SME cluster and value chain development" project funded by the European Union and Bangladesh government.

## Ranking of India's bank governor should be raised: Raghuram Rajan

REUTERS

India's central bank head Raghuram Rajan urged the government on Saturday to elevate the ranking of the Reserve Bank of India governor, while defending the need to ensure independence of the institution, in his last public speech before his departure.

Rajan said the ranking of the RBI governor, currently at cabinet secretary level, needed to be commensurate with the role - an issue that is believed to have played a part in Rajan's unexpected announcement in June that he would not pursue a second term.

Media reports that a selection panel would consider candidates for governor rather than directly offer Rajan an extension, effectively

forcing him to reapply for his own job, had been a deciding factor behind that decision, sources told Reuters in June.

"There is a reason why central bank governors sit at the table along with the finance ministers in G-20 meetings," Rajan said in a speech to university students in New Delhi.

"There may be some virtue in explicitly setting the governor's rank commensurate with her position as the most important technocrat in charge of economic policy in the country," Rajan also called on the need to ensure the RBI's independence, while saying its role would need to be clearly defined by the government, such as whether it can speak out when it believes the government's fiscal action threatens economic stability.

## Telcos a threat to e-commerce: BASIS

FROM PAGE B1

The protests come in the face of the recent launch of e-shop by Grameenphone, the country's largest mobile phone operator, which also owns another e-commerce portal, kidorkar.

Speakers requested the regulator to shut down the two platforms.

Another operator, Robi, is also gearing up to make a foray into the Tk 350 crore-e-commerce market, which is growing at more than 50 percent a year, according to the E-Commerce Alliance.

The mobile operators can disrupt the level playing field by providing free data for their own digital services, the presentation said. They can also bundle discounts for voice and data services with purchases made on their e-shop. The non-operators will be forced out because of their inability to cross-subsidise between products, the presentation said. "It may benefit customers in the short-term but they will be the biggest sufferers in the long-term."

Referring to the Digital Bangladesh Taskforce's second meeting minutes, ABM

Hamidul Mishbah, a High Court lawyer, said e-commerce operation by any foreign company without a 50:50 partnership with a local party is prohibited in the country.

Digital Bangladesh Taskforce, which is led by Prime Minister Sheikh Hasina with some senior ministers and industry leaders, is the highest policy making body to digitise the country.

In his presentation, Mashroor said e-commerce platforms receive about 10,000 orders a day, with the average order worth around Tk 1,200. The sector has created about 1 lakh direct jobs until now.

The total retail sales in Bangladesh amount to Tk 200,000 crore, and if the online platforms can grab at least 2-3 percent of it, they will have a market of Tk 5,000 crore and generate 10 lakh new jobs.

Speakers also said the mobile operators are taking advantage of the country's e-commerce guidelines.

Subsequently, they sought immediate policy support from the government such that the mobile operators are barred from entering the industry.

## \$60b export target achievable

FROM PAGE B1

Another important sector is shipbuilding. Bangladesh began exporting ships to many countries and 30 ships are ready to go to India soon, Bose added.

The amount for the Export Development Fund should be increased because many entrepreneurs have been receiving loans from foreign funds at lower interest rates, as the local banks charge a higher rate.

"We also need to improve the skills of the workers for higher productivity. We need to brand our goods for the international markets," he said. For example, Bangladesh has clothing brands like Yellow and Cats Eye, he added.

Bangladesh lacks a skilled workforce in fashion and design, although Bangladesh Garment Manufacturers and Exporters Association has been running a university on this subject.

The leather industry in West Bengal, India has grown because it hired a good number of fashion designers from Italy, said Bose.

Product diversification is necessary as Bangladesh's export base is largely concentrated on only six, out of 721 exported items. The contribution of garments is more than 82 percent to national export earnings in a year, he said. Moreover, markets should also be diversified as 54.6 percent of Bangladesh's products are shipped to only the EU countries.

Bangladesh exported 6.9 billion units of goods last fiscal year, up from 6.6 billion units in the previous year, he said.

The export price increased only 9.77 percent last fiscal year compared to the previous year, he added.

"As a measure of market diversification, we can send goods to the South African nations and Latin America," he said.

Siddiqui Rahman, president of BGMMEA, said new entrepreneurs are discouraged from setting up industrial units for higher bank interest rates.

The miserable condition of the Dhaka-Chittagong highway that is used to transport export goods is also another hindrance, he added.

It should usually take four hours to

go from Dhaka to Chittagong Port, but it takes more than 16 hours, he said. "As a result, many exporters have to send goods via expensive air shipments."

Another major challenge is a scarcity of energy in the industrial units. "Although, the supply of electricity improved a bit recently, the gas pressure in the units did not improve at all."

The cost of doing business is increasing for several reasons, but at the same time, the source tax went up to 0.60 percent and corporate tax to 20 percent. "Corporate tax should be reduced to the previous level of 10 percent for the garments sector."

"It is true that we have very good prospects, but we need to improve the capacity of our units and skills of the workers," he said.

Currently, Bangladesh has 35 green garment factories and 150 are about to obtain green certifications.

Bangladesh has five platinum rated world class garment factories, he said.

Rahman expects remediation work on all 2,200 garment factories, inspected by the Accord and Alliance, two foreign factory inspecting agencies, will be completed by June next year.

The Indian government recently announced some financial packages for the garment makers so that they can grab a bigger market share of the global apparel market. India targets to export goods worth an additional \$30 billion by the end of 2018, he said.

Mir Nasir Hossain, a former president of the Federation of Bangladesh Chambers of Commerce and Industry, said jute, shipbuilding and services sector should be given cash incentives to boost their export performance.

"We need uninterrupted, quality electricity at affordable prices for higher growth of exports," Hossain said. "The curricula of the universities should also be need based."

For a lack of expertise in the apparel sector, foreigners are taking away \$5 billion a year in salaries and allowances, which is nearly 12 percent of the national export, he added.

Only local company Pran is known

internationally, especially in India, for its branding efforts, he said.

The negotiation skills of Bangladeshi bureaucrats are low because the trained officials are not posted in one ministry for long, he added.

For example, 28 officials of the commerce ministry received training for 10 months at the WTO headquarters in Geneva; but after one year, only two officials were seen in the commerce ministry, as the rest were posted in the jute and fisheries ministries, he said.

Habibur Rahman Molla, executive director of Crown Cement, said his company exported cement worth \$50 million to India, Myanmar and Nepal in the last few years.

Crown Cement that began its operations in 1996 produces 6,000 tonnes of cement a day; an additional 4,000 tonnes would be produced from next July, he said.

Fazlul Hoque, a former president of Bangladesh Knitwear Manufacturers and Exporters Association, said the export of goods worth an additional \$22 billion is possible in the next five years if the government gives policy support.

Abdul Barik Khan, secretary of Bangladesh Jute Mills Association, demanded increasing financial support for the jute and jute goods sector, as this sector has higher export potential.

"This sector needs new machinery and trained manpower."

Abdus Salam Murshedy, president of Exporters Association of Bangladesh, suggested the government develop at least 10 special economic zones in the next two years, so that entrepreneurs can set up factories there.

The government should encourage the small and medium garment factories, as those play a vital role in supplying raw materials and accessories to the bigger factories, he said.

Mohammad Hatem, a former vice-president of BKMEA, said the Accord and Alliance are not following the common building inspection standards in some cases; they are following their own standards.

Zakir Hossain, business editor of Bangla daily Samakal, also spoke.

## Innovation, trust key to winning hearts of people

FROM PAGE B1

He said, nowadays people do not trust brands anymore. "At the end of the day, people trust people. Brands need to communicate with people." He suggested embracing changes and being innovative.

Kaushik Roy, president of brand strategy and marketing communication of Reliance Industries Ltd, said: "It is not just about innovation; it is about how one can reinvent things."

Avalani said an authentic relationship with clients is important. He said majority of people would not care if some brands vanish. "Storytelling is also important to take a brand to the masses."

Fredrik Haren, a professional conference speaker, said: "Every single idea is a combination of previous creative ideas."



Fredrik Haren

Fazal Ashfaq, country head of Google Bangladesh and Sri Lanka, suggested understanding the audience for better communication.

Mahfuz Anam, editor and publisher of The Daily Star, said as Bangladesh produces more goods and services now, consumers are more conscious and aware than they were in the past.

"So, the challenge of creativity lies in how producers of goods and services meet consumers who are far more educated and far more deserving," he said in a recorded speech. Shariful Islam, founder and managing director of Bangladesh Brand Forum, and Nazim Farhan Choudhury, managing director of Adcomm Ltd, also spoke.

The summit aims to provide a dominant platform for peer-to-peer learning and knowledge sharing, bringing together leading communicators and marketing professionals and discuss ideas on the most cutting-edge tools.


## Chinese glass bridge, world's longest, closes

AFP, Beijing

The world's longest glass bridge, over a scenic canyon in China, has been closed less than two weeks after it opened after being overwhelmed by visitors.

More than 10,000 visitors a day flooded over the Guinness record-setting attraction, overwhelming managers who had planned to limit visitors to no more than 8,000.

The bridge is undergoing "an internal system upgrade", the official Xinhua News service quoted officials as saying, but did not specify when it would reopen. The group in charge of the attraction said that it would use the closure to update "software and hardware."



**Government of the People's Republic of Bangladesh**

Border divides,  
Customs connects

**Ministry of Finance**  
**Internal Resources of Division (IRD)**  
**National Board of Revenue (NBR)**

Revenue for  
the people

### Advance Ruling on Classification of Goods

Within its framework of good governance and modern management, NBR has taken various steps to modernize the Customs Administration, simplify the assessment process and facilitate the clearance of goods. The main purpose behind these steps is to create an investment and business-friendly environment in the country through simplification of import and export procedures. One of the above mentioned steps is the introduction of Advance Rulings on Classification of importable and exportable goods [Customs Ruling (Advance) Rules, 2016 (SRO no. 188-Law/2016/37/Customs; date: 02/06/16)]

The Advance Ruling System will give traders certainty of the H.S. Codes or classification of their importable or exportable goods. Businessmen will also be able to factor the tariff costs of their imports or exports into their business plans. To ensure the aforementioned benefits for traders, an "Advance Ruling Unit" has also been established at NBR head office.

Persons interested in receiving Advance Rulings on Classification of goods are requested to apply to the "Advance Ruling Unit". Advance Ruling on Classification of goods will be issued from NBR within 45 days from the date of receipt of a valid application.

Advance Ruling Application Forms and other information are available at the Advance Ruling Unit of NBR or online on the following websites:  
[www.bangladeshcustoms.gov.bd](http://www.bangladeshcustoms.gov.bd) and [www.nbr.gov.bd](http://www.nbr.gov.bd).

Courtesy of: USAID, Bangladesh Trade Facilitation Activity

## 315 inspectors to get training on electrical safety

FROM PAGE B1

The training will help reduce risks and ensure compliance with national codes and standards on building and worker safety, not only in the garment sector but across all industries.

ILO Country Director Srinivas Reddy said this training is an important element of strengthening the regulators' capacity to enforce laws and rules governing workplace safety.

The BFSCD has organised the training

with support from the ILO's Fire and General Building Safety project funded by the US Department of Labour.

Experts from Bureau Veritas will conduct the training to raise awareness of potential electrical safety hazards, build understanding on the design of fire detection and alarm systems and provide a basic understanding of schematics.

Each participant will receive training for three days. The training will continue in batches until October.

## BPC secures lower prices for oil imports

FROM PAGE B1

Last week, the cabinet committee on purchase approved a proposal to import 1.6 lakh tonnes furnace oil from Singapore's Vitol Asia, the premium rate for which was fixed through open bidding. The premium fixed was \$15.8.

On the same day, the purchase committee gave the nod to another proposal for furnace oil import of 1.84 lakh tonnes to be made under the government-to-government arrangement.

The premium rate would be \$15.43 per tonne - lower than that finalised with Vitol Asia. The BPC imports about 50 lakh tonnes of petroleum products annually at a cost Tk 50,000 crore to Tk 60,000 crore.