



Anisul Islam Mahmud, minister for environment and forests; Rokia Afzal Rahman, acting chairperson of the 13th CMA advisory committee and managing director of Arlinks Ltd; N Rajashekaran, managing director and country officer of Citi Bangladesh; Zahida Fizza Kabir, executive director of Sajida Foundation, and Abdul Awal, executive director of the Credit & Development Forum, pose with winners of the 13th Citi Microentrepreneurship Awards (CMA) at the Westin Dhaka yesterday.

Citi Foundation honours best microentrepreneurs

STAR BUSINESS REPORT

WITH six pairs of aquarium fish and modest financial support from his family, Shahinur Rahman set off on his journey as an entrepreneur in 2002, after quitting his job in a garment factory.

He set up a hatchery at Bheramara in Kushtia. "It was very challenging for me as my hatchery was of aquarium fish."

But fortune favours the brave, and today, Rahman, with a little helping hand from the Bangladesh Krishi Bank, is the proud owner of 20 hatcheries, which employ about 40 people full-time and many village youths on a part-time basis.

Students can work in his hatch-

eries in exchange of Tk 50 per hour during their holidays.

Rahman is one of the 14 microentrepreneurs who were toasted at the 13th Citi Microentrepreneurship Awards (CMA) for their contribution to the economy and creating employment.

Citi Foundation, the philanthropic arm of Citigroup, in association with Sajida Foundation organised the award ceremony at the capital's Westin hotel.

Rahman, who was bestowed the 'Best Youth Microentrepreneur of the Year', received Tk 3.5 lakh as prize money.

Micro-lenders are making significant contribution to the country by bringing in deprived people to the real economy by providing

them with financial support, Anisul Islam Mahmud, environment and forest minister.

The economy has been logging in high growth thanks to the agriculture sector and remittance, he added.

The big borrowers are becoming defaulters, putting the banks at risk, said Rokia Afzal Rahman, managing director of Arlinks Limited and acting chairperson of the 13th CMA advisory committee.

"But the micro-lenders are doing good business as their small borrowers are regular with their payments," she added.

The event awarded three microentrepreneurs in three categories and two institutions in two different categories.

The winners of every category were

awarded with prize money ranging from Tk 1 lakh to Tk 4.5 lakh.

Masuma Khanom from Nishchintapur in Thakurgaon won the first prize of Tk 4.5 lakh in the "Best Microentrepreneur of the Year" category.

Khaleda Akhter from Tepakhola in Faridpur bagged the "Best Woman Microentrepreneur of the Year" award and was honoured with Tk 3.5 lakh as prize money.

N Rajashekaran, managing director and country officer of Citi Bangladesh; Zahida Fizza Kabir, executive director of Sajida Foundation, and Abdul Awal, executive director of the CDF, were also present.

Channel i and The Daily Star are the media partners of the event.

Chinese investors interested in PPP projects: diplomat

STAR BUSINESS REPORT

POOOR infrastructure and low efficiency of the government agencies of Bangladesh are putting off Chinese investors, said a top Chinese diplomat.

But Chinese investors are interested in exploring opportunities in projects on a 'Build, Operate, Transfer' basis and public-private partnership projects, said Li Guangjun, the economic and commercial counsellor at the Chinese embassy in Dhaka.

Li's comments came in an event styled 'Eastern Bank Limited conclave 2018: A new era in China-Bangladesh strategic partnership', organised by the private bank at the capital's Westin on Thursday.

In the first quarter this year, China's investment in Bangladesh soared 46.8 percent year-on-year, he said, adding that Chinese investors are exploring opportunities to invest in several big power plants in the country.

"I am convinced that China would be a major source of FDI in Bangladesh."

At present, Bangladesh is the top project contract market for Chinese companies in

Asia and third largest after Australia and Nigeria.

China will work with Bangladesh to promote trade and investment liberalisation and facilitation, he said.

In the first quarter of 2018, bilateral trade volume amounts to \$4.3 billion, up 20.1 percent year-on-year. But the balance of trade is heavily tilted in China's favour.

"China does not seek trade surpluses as trading goal -- China is willing to import more competitive goods from Bangladesh."

He went on to state that a quota-free treatment for 97 percent of the goods from Bangladesh is on the cards. In addition, both sides will soon start a joint feasibility study of a China-Bangladesh free trade area.

"I am sure that with our full commitments and concerted efforts, the ship of China-Bangladesh cooperation will brave winds and waves and sail toward a bright new era," he added.

Mir Nasir Hossain, a former president of the Federation of Bangladesh Chambers of Commerce and Industry and a director of EBL, urged the Chinese investors to relocate their factories to Bangladesh to cut down on production costs.



Mir Nasir Hossain, a director of Eastern Bank, speaks at the EBL Conclave 2018 at the Westin Dhaka on Thursday. Li Guangjun, economic counsellor at the Chinese embassy; Faisal Ahmed, director general of foreign ministry; Mustafizur Rahman, distinguished fellow of CPD, and Ali Reza Iftekhar, managing director of the bank, were also present.

India's industrial growth slows

REUTERS, New Delhi

INDIA'S industrial output growth slowed to a five-month low of 4.4 percent in March, dragged down by smaller increases in mining, but the central bank is expected to hold interest rates in its next policy meeting amid growing inflation concerns.

Economists surveyed by Reuters had forecast 5.9 percent growth in output compared with a downward revised 7.0 percent annual increase in February.

Annual output growth was 4.3 percent during the fiscal year that ended in March 2018, lower than 4.6 percent in the previous year, data released on Friday by the Ministry of Statistics shows.

Manufacturing, which contributes 78 percent of industrial output, grew 4.5 percent last fiscal year, up from 4.4 percent a year ago, as big companies adjust following teething troubles with a national Goods and Services Tax launched last year.

The Reserve Bank of India, which is due to hold its next policy meeting on June 6, is widely expected to hold rates after having kept policy rates unchanged for the fourth straight meeting in April.

The biggest risk that Asia's third-largest economy faces is rising crude oil prices, which hit \$78 a barrel on Thursday, their highest since November 2014 following prospects of new U.S. sanctions on Iran.

India meets 80 percent of its oil needs from imports. Analysts said companies with significant transport costs could trim expansion plans as subdued rural demand hits economic growth. But foreign investors still have faith in India's growth prospects.

Prime Minister Narendra Modi, who is expected to try for a second term in general elections next year, has taken several steps to attract investments. On Wednesday, Walmart Inc announced plans to acquire a majority stake in India's e-commerce firm Flipkart by paying \$16 billion, the U.S. retailer's largest-ever deal, a sign of confidence among investors in India's growth story.

Modi plans to spend 5.97 trillion rupees (\$89.7 billion) on infrastructure in the 2018/19 fiscal year, more than three times what was allocated in 2014/15.

The government expects the \$2.5-trillion economy could grow more than 7 percent in the current fiscal year that began in April, up from an estimated 6.6 percent the previous year.

Inclusive approach needed to tackle LDC graduation fallout: Sanem

STAR BUSINESS REPORT

BANGLADESH needs an inclusive approach to harness effective investment policies, efficient resource allocation among sectors and better governance to tackle the risk of the country's graduation from the least developed countries category, said a think-tank yesterday.

"Bangladesh needs surge of investment to accelerate its economy," said the South Asian Network on Economic Modeling (Sanem).

The Sanem organised a roundtable styled "Looking beyond LDC Graduation" to present the stipulated major benefits and challenges Bangladesh would face. The event was organised to mark the fourth anniversary of its flagship monthly digest 'Thinking Aloud'.

Bangladesh has successfully met all three criteria for LDC graduation in the first review in March 2018. It is expected that the country will be able to meet the criteria in the second review in 2021 and will finally graduate from the LDC status in 2024.

Benefits of the graduation are cited to include an improved country image and higher rating for investment by international rating agencies which may attract larger foreign direct investment. However, there are a number of risk factors associated with the graduation.

The Sanem said the loss of preferences in the markets of the European Union, Canada, Australia, Japan, India and China in 2027 might lead to an annual reduction in total exports of Bangladesh by 11 percent.

The loss would be equivalent to about \$6 billion given the current projection of growth in exports, it said in a statement yesterday.

Bangladesh will see the end of the preferences in 2027 if the country can officially graduate from the LDC status in 2024.

Many of the exemptions of the World Trade Organisation provisions, including the cut in tariff and subsidies and adherence to intellectual property rights will no longer be available after 2027.

As Bangladesh has already graduated from the World Bank's "low-income" category to "lower-middle income" category, the scope for loans at lower interest rates would be limited and this may result in balance of payments problems.

"Furthermore, the graduation could have a more significant effect on access to official development assistance and other concessional financings," the Sanem said.

According to the research organisation, the prospective benefits are not "automatic" as the country has to work quite a lot to avail the preferences. In contrast, almost all of the possible losses would be "automatic".

It also said Bangladesh's private sector investment and foreign direct investment remains sluggish due to a lack of investment-friendly policies, weak competitiveness, delay in implementation of critical projects, institutional inefficiency, rent seeking, costly projects and poor physical and social infrastructures.

Although the seventh five-year plan targets 8 percent real GDP growth by 2020 and there are aspirations to have 9 percent growth by 2030, the investment requirements differ significantly with the assumptions of the incremental capital output ratio.

In order to meet the aspiring growth, the investment-GDP ratio has to be increased annually by 0.7 percentage points which is more than two times higher than the current annual rise of 0.3 percentage points, said the Sanem.

It said the country needs to attract large volumes of private sector and foreign direct investment through enhancement of trade competitiveness, improvement in physical and social infrastructures, improvement in the quality of economic and political institutions, and reforms in trade policy, monetary and fiscal policies.

According to the statement, the public expenditure on health and education sectors is one of the lowest and out-of-pocket health expenditure is the highest in South Asia.

German online bank uses Bitcoins to transfer loans

REUTERS, Berlin

GERMAN Radoslav Albrecht has founded an online bank that allows clients to transfer loans anywhere in the world using Bitcoin.

Bitbond uses cryptocurrencies like Bitcoin to bypass the Swift international transfer system to lend money across the globe rapidly and at low cost.

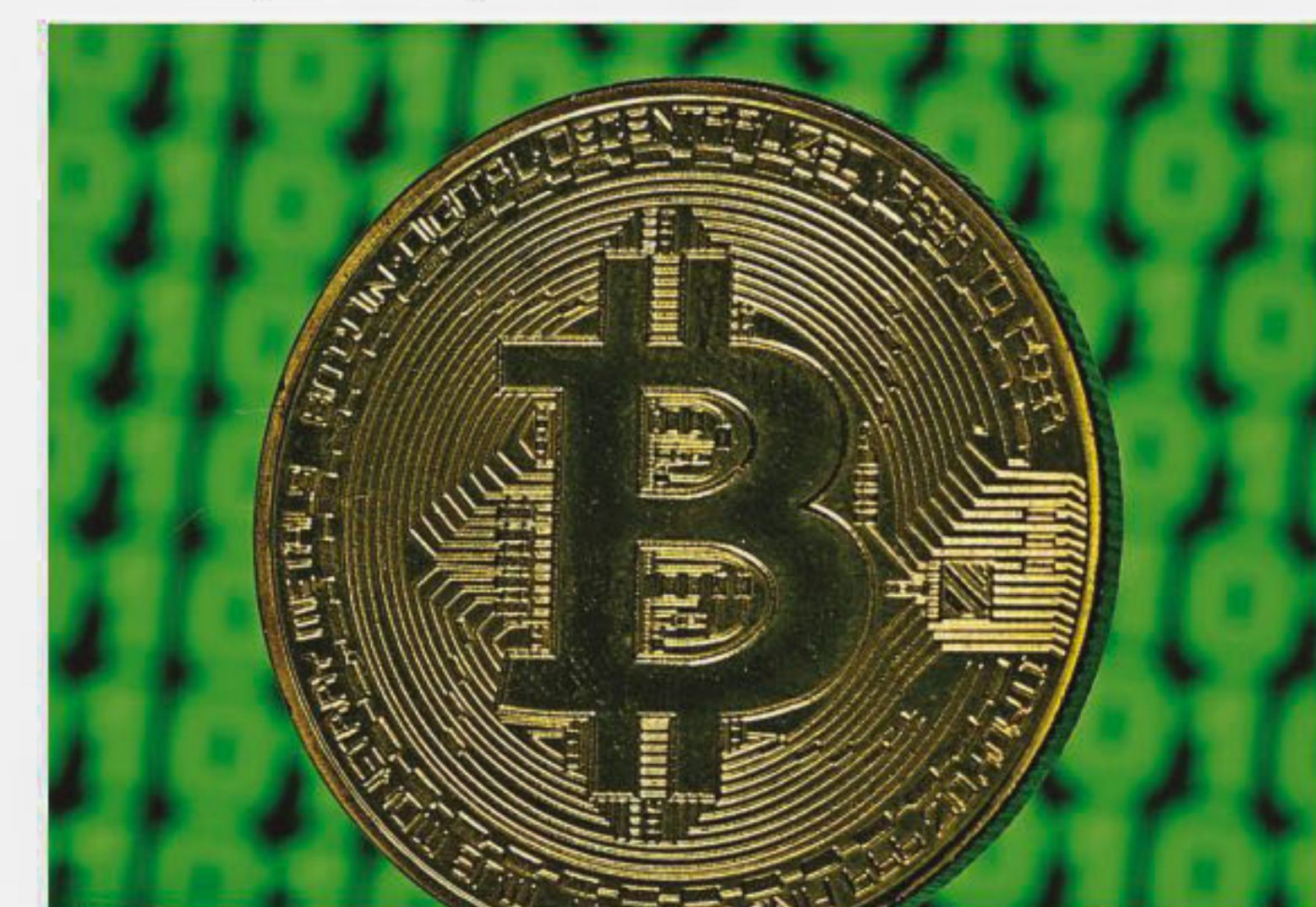
"Traditional money transfers are relatively costly due to currency exchange fees, and can take up to a few days," Albrecht told Reuters TV in his office in Berlin's fashionable neighborhood Prenzlauer Berg. "With Bitbond, payments work independently of where customers are. Via internet it is very, very quick and the fees are low."

Clients hold the loans in digital

tokens like Bitcoin only for seconds or minutes until they are exchanged back into the currency of the country where they wish to

receive the funds, avoiding the crypto currencies fluctuating exchange rates.

Bitcoin has been used as collateral



eral for loans, but never as a way of transferring credit in currency internationally.

Albrecht's service has been growing in popularity among clients since he launched the company in 2013. His office employs 24 people from 12 countries who manage loans for 100 clients amounting to around \$1 million each month.

Most clients are small business owners or freelance workers, Albrecht says. Loans are relatively small and don't exceed 50,000 dollars. In 2016, Bitbond was officially licensed as a bank and has gained many investors since.

Adoption of Bitcoin has been rapid in Germany. It trails only the U.S., according to Bitnodes, which tracks the location of all the Bitcoin nodes that transmit data about new transactions.

ZTE paid over \$2.3b to US exporters last year

REUTERS

Chinese technology company ZTE Corp, which this month suspended its main operations after a U.S. Commerce Department ban on American supplies to its business, paid over \$2.3 billion to 211 U.S. exporters in 2017, a senior ZTE official said on Friday.

ZTE paid over \$100 million each to Qualcomm Inc, Broadcom Inc, Intel Corp and Texas Instruments, the official said.

As one of the world's largest telecom equipment makers, ZTE relied on U.S. companies such as Qualcomm and Intel for components.

The extent of the impact of the Commerce Department ban on U.S. suppliers was noted by the ZTE official, who was not authorized to speak publicly, as Chinese and U.S. government

officials discuss a Washington visit next week by China's top economic official.

In March last year ZTE paid nearly \$900 million in penalties for exporting U.S. technology to Iran and North Korea in violation of sanctions.

In April this year, the Commerce Department found ZTE had violated the terms of last year's settlement and banned U.S. companies from providing exports to ZTE for seven years. As a result, ZTE suspended its main operating activities earlier this month.

The Commerce Department ban on U.S. suppliers exporting goods to the Chinese network equipment and handset maker was discussed when a delegation led by U.S. Treasury Secretary Steven Mnuchin met with Chinese officials in Beijing last week.