

ADB gives \$50m for development of microenterprise

UNB, Dhaka
The government and the Asian Development Bank (ADB) yesterday signed an agreement for a \$50 million loan to promote microenterprise development for inclusive economic growth and poverty reduction.

The assistance will help improve microenterprises' access to finance through Palli Karma Sahayak Foundation (PKSF)—an apex development finance and capacity building organisation—and its partners.

Monowar Ahmed, secretary of the Economic Relations Division, and Manmohan Parkash, country director of ADB, signed the agreement at a ceremony in the city.

The total cost of the project, which is due for completion at the end of 2020, is \$62.5 million, of which the microenterprises will contribute \$12.5 million.

"The greatest constraint in developing microenterprises in Bangladesh is the limited access to finance. This project will provide financing to ease this constraint," said Parkash.

"The project also introduces an innova-

tive mobile-based microenterprise financing application on a pilot basis, and boosts forward linkages to agriculture, thus promoting rural growth and income and job opportunities."

The loan will be provided to PKSF to on-lend to partner organisations to sub-lend among about 40,000 microenterprises, of whom 70 percent are female.

To address medium-term challenges, the project will help PKSF to develop a financing strategy and carry out institutional strengthening.

For the longer term, ADB said, the project will develop microenterprise finance operational guidelines for microfinance institutions.

It will also assist in clustering microenterprises for business expansion and up-scaling with quality control, branding, packaging, and marketing.

The project is accompanied by an ADB technical assistance grant of \$500,000 to enhance the capacity of PKSF and its partner organisations in microenterprise lending and promoting sustainable operations.

The grant is from ADB's Financial Sector Development Partnership Special Fund, financed in partnership with the government of Luxembourg.

Exim Bank gets new AMD



STAR BUSINESS DESK

Mohammad Feroz Hossain has recently been promoted as additional managing director of Exim Bank. Prior to this promotion, he was the deputy managing director of the bank, Exim Bank said in a statement yesterday.

Hossain started his banking career with National Bank. Later he joined Exim Bank as an assistant vice president in 1999. In his 19 years' career in Exim Bank, he was the head of many divisions and manager of different branches.

Hossain attained his MSc and BSc degrees from the University of Dhaka.



Kamal Quadir, CEO of bKash, and Naser Ezaz Bijoy, CEO of Standard Chartered Bangladesh, exchange documents after signing a deal at the latter's head office in Dhaka recently. The bank's accountholders can now use its online banking platform and mobile app to transfer funds to bKash accounts. In future, the bank's credit cardholders will also be able to do the same.

Bet everything on electric: Inside Volkswagen's radical strategy shift

REUTERS, Wolfsburg, Germany
If Volkswagen realizes its ambition of becoming the global leader in electric cars, it will be thanks to a radical and risky bet born out of the biggest calamity in its history.

The German giant has staked its future, to the tune of 80 billion euros (\$91 billion), on being able to profitably mass-produce electric vehicles - a feat no carmaker has come close to achieving.

So far mainstream automakers' electric plans have had one main goal: to protect profits gleaned from high-margin conventional cars by adding enough zero-emission vehicles to their fleet to meet clean-air rules.

Customers have meanwhile largely shunned electric vehicles because they are too expensive, can be inconvenient to charge and lack range.

The biggest strategy shift in Volkswagen's 80 years has its roots in a weekend crisis meeting at the Rothehof guesthouse in Wolfsburg on October 10, 2015, senior executives told Reuters.

At the meeting hosted by then VW brand chief Herbert Diess, nine top managers gathered on a cloudy Saturday afternoon to discuss the way forward after regulators blew the whistle on the company's emissions

cheating, a scandal that cost it more than 27 billion euros in fines and tainted its name.

"It was an intense discussion, so was the realization that this could be an opportunity, if we jump far enough," said Juergen Stackmann, VW brand's board member for sales.

"It was an initial planning session to do more than just play with the idea of electric cars," he told Reuters. "We asked ourselves: what is our vision for the future of the brand? Everything that you see today is connected to this."

Just three days after the Rothehof meeting of the VW brand's management board, Volkswagen announced plans to develop an electric vehicle platform, codenamed MEB, paving the way for mass production of an affordable electric car.

For months after the Volkswagen scandal blew up in 2015, rival carmakers treated diesel-cheating as a "VW issue", according to industry experts. But regulators have since uncovered excessive emissions across the sector and unleashed a clamp-down that undermines the business case for combustion engines, forcing a sector-wide rethink.

Now the "villain" of dieselgate is likely to become the largest producer

of electric cars in the world in coming years, analysts say, putting it in pole position to flood the market - should the demand materialize.

"Decisions to convert the Emden factory (in Lower Saxony) to build electric cars, would never have happened without this Saturday meeting," said Stackmann, one of five senior VW executives who spoke to Reuters.

However the full scale of VW's ambitions were only revealed two months ago when it took the industry by surprise by pledging to spend 80 billion euros to develop electric vehicles and buy batteries, dwarfing the investment of rivals.

It plans to raise annual production of electric cars to 3 million by 2025, from 40,000 in 2018.

It's a risky bet. With regulators and lawmakers, rather than customers, dictating what kind of vehicles can hit the road, analysts at Deloitte say the industry could produce 14 million electric cars for which there is no consumer demand.

It's also an all-or-nothing bet in the long run. VW, whose ID electric car will hit showrooms in 2020, has set a deadline for ending mass production of combustion engines. The final generation of gasoline and diesel



Kamran T Rahman, president of Bangladesh Employers' Federation (BEF), along with its committee members calls on Law Minister Anisul Huq at his secretariat office in Dhaka yesterday.

Policy on farm mechanisation in the works

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At present, only 1 percent of the plantation and harvesting are done by machines, according to the DAE.

"Now, farmers cannot plant and harvest crops timely owing to labour shortage. Mechanisation will enable them to overcome that problem and increase productivity," said Mandal, who was involved in the drafting of the policy.

Since it is a laborious task, youths with low level of education are not showing interest in farming. "It is possible to make them interested through mechanisation," said the draft policy.

The draft favoured continuation of subsidy for speedy mechanisation and suggested easy and low-cost credit to farmers and entrepreneurs, who sell mechanised cultivation on rental basis.

The policy also recommended rationalised tariff structure for import and domestic manufacturing of farm machinery.

To ensure optimum use of machines, it favoured block based cultivation by organising growers for tilling, planting and harvesting.

The draft policy said incentives would be given to encourage establishment of assembling industry.

The use of renewable energy would be encouraged in mechanised farming and steps would be taken to encourage conservation agriculture.

Apart from this, the draft policy noted areas such as haor, coastal zones, barind

and hilly regions and said steps would be taken for fast expansion of mechanisation in these areas.

The policy favoured examination of quality of farm machinery and giving certification so that farmers get quality equipment.

If the farm mechanisation policy is implemented, it will be a real step towards building a developed Bangladesh by way of becoming self-sufficient in food production, said Alimul Ahsan Chowdhury, president of the Agricultural Machinery Manufacturer's Association-Bangladesh.

Mechanisation would expand fast if the government keeps the area open for the private sector instead of barricading it to just the public sector, said FH Ansary, managing director and chief executive officer of ACI's agribusiness division.

"The government should encourage the private sector to focus on mechanisation in those areas where we are lagging behind."

Subsidy should continue to facilitate expansion of mechanisation not just in the crop sector but also dairy in order to reducing farmers' production cost and increase their income, he added.

Md Nasiruzzaman, secretary-in-charge of the agriculture ministry, said the policy is prepared to popularise mechanised farming.

"It would be finalised within this year," he added.

Genex Infosys off to a flying start

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The local firm will use the IPO proceeds to expand its call centre businesses, pay off partial loans and bear the expenses of the IPO proceedings.

However, the key indices of both the DSE and the Chittagong Stock Exchange (CSE) fell for the second consecutive day.

The DSEX, the benchmark index of the premier bourse, fell 14.23 points, or 0.24 percent, before closing the day at 5,786. However, the turnover of the DSE rose 8.5 percent to Tk 766.84 crore from the previous day.

Losers took a strong lead over the gainers as 185 declined, 114 advanced and 47 remained unchanged on the DSE floor.

United Power Generation dominated the turnover chart with 18.38 lakh shares worth Tk 73.72 crore changing hands, followed by Genex Infosys, Sonar Bangla Insurance, Paramount Textile, and Bangladesh Submarine Cable. Meghna Pet was the worst loser, slumping by 5.58 percent.

The CSCX, the benchmark index of the CSE, shed 9.60 points, or 0.08 percent, to finish at 10,718.89.

Losers beat gainers as 151 declined, 97 advanced and 29 finished unchanged. The port city bourse traded 1.06 crore shares and mutual fund units worth Tk 36.01 crore.

BB may seek opinions from minister, legal experts

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Habitual defaulters should be barred from obtaining or renewing passports, purchasing land and getting licence for vehicles by way of amending the laws, Rahman said.

"The existing Bankruptcy Act has already failed to nab defaulters because of loopholes. So, the authorities should amend it immediately." Some of the provisions of the Artha Rin Adalat Ain should be amended soon to recover the default loans, he added.

Exports rise 7.92pc

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The sector hit a rough patch earlier this fiscal year in the face of waning demand for economic slowdown in Turkey, one of its biggest markets, and anti-dumping duty slapped by India.

Export of shrimp, which is grown in the southwest and southeast coastal region by more than 8 lakh farmers, also continued to suffer for ample production of vannamei shrimp in other countries, particularly in India.

Processors bagged \$257 million in the July-January period, which is 12.37 percent lower than a year earlier.

Home textiles exports declined 0.79 percent to \$494.09 million.

And yet, a 14.51 percent spike in shipment of garment products helped the overall earning scenario to remain posi-

tive. The apparel sector, which typically accounts for more than 80 percent of total export earnings, logged in \$20.21 billion in export receipts in the first seven months of the year. Agricultural products extended additional support to the growth in export earnings.

Export of agricultural products such as dry food, vegetables and spices rose 61 percent to \$579 million in the seven months to January.

In addition, export earnings from petroleum bi-products, pharmaceuticals, plastic products, paper and paper products, cotton and cotton product, specialised textiles, footwear other than leather and engineering products increased in the first seven months of fiscal 2018-19.

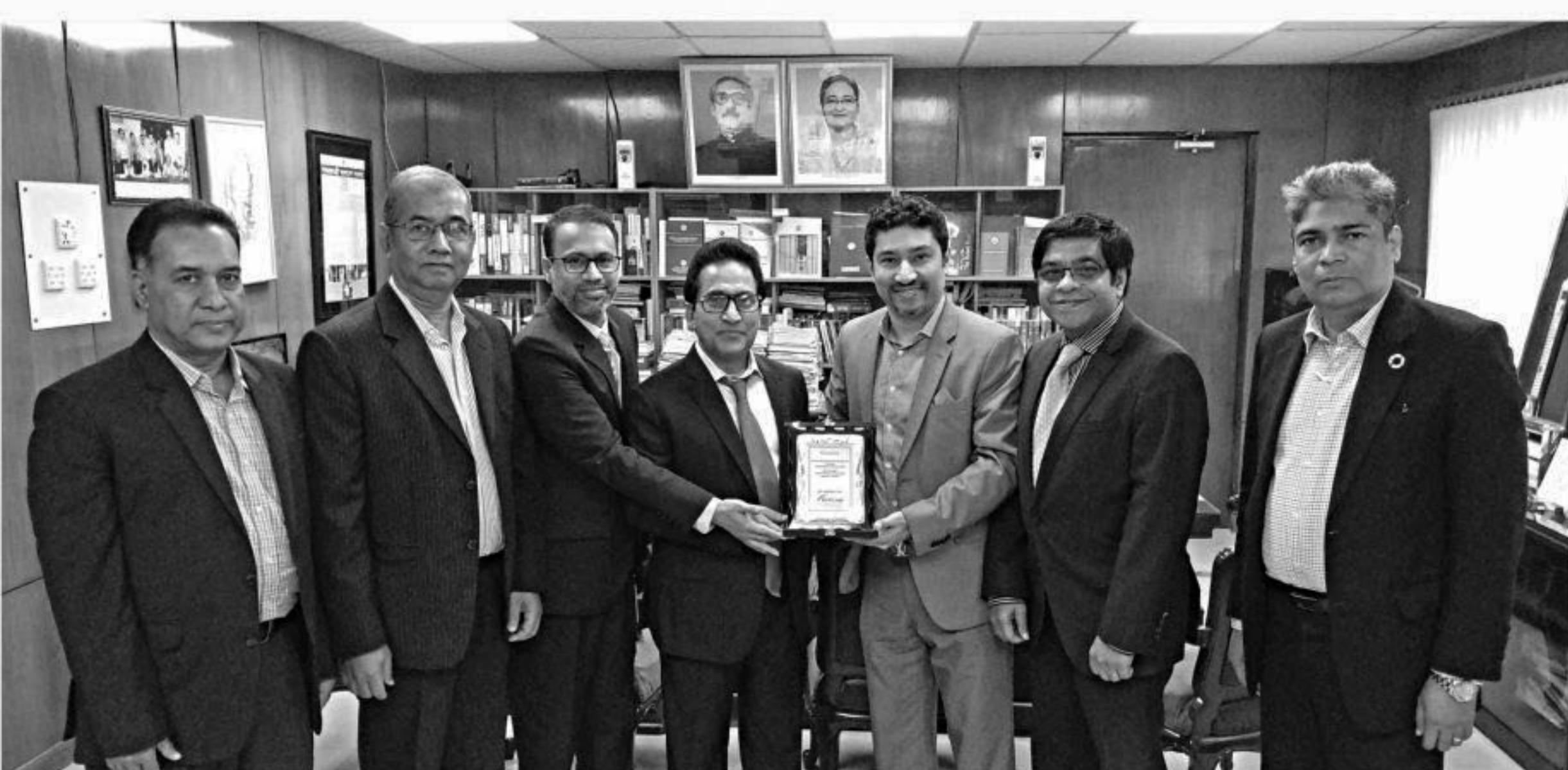
Govt to conduct special audit of banks: Kamal

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BB Governor Fazle Kabir appreciated that the bank brought all the branches under automation but he is disappointed about its high default loans.

Rupali's default loans at the end of September last year were upwards of 22 percent, he said.

"Its profits also declined," he said, adding that the bank should put more emphasis on strengthening corporate governance.

Fazlul Haque, additional secretary to the financial institutions division, and Monzur Hossain, chairman of Rupali, were also present.



A five-member delegation of the Venture Capital and Private Equity Association of Bangladesh (VCPEAB) led by its chairman, Shameem Ahsan, meets Md Mosharraf Hossain Bhuiyan, chairman of the National Board of Revenue, at the latter's office in Dhaka yesterday. They discussed different issues relating to fostering foreign investment in information technology and other sectors through venture capital.

Lenders vying for customers at REHAB fair

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The interest rate is 9.99 percent. A loan processing fee of 0.50 percent has to be paid alongside.

A maximum of 70 percent of the property or apartment value can be borrowed, starting from Tk 5 lakh to Tk 1.20 crore, and the repayment tenure ranges from three to 25 years, said Rabbani.

He said MTB offers home loans through a wide range of customised products which can fulfil customers' dreams and requirements.

Any Bangladeshi having a stable income, such as a salaried person, businesspeople and professionals including doctors, engineers, bankers and service holders, are eligible for the home loans, he said.

According to Rabbani, the bank is giving priority to home loans as they are backed by mortgage, which reduces risks to a large extent.

IDLC Finance Ltd is offering 85 percent of the property or apartment value and registration fee combined as loan. People within 65 years of age can apply for the loans, which carry a 20-year tenure for residential apartments and 10-year tenure for commercial spaces.

SM Saroer Parvez, developer relationship manager, said service holders, professionals, businesspeople, house owners and expatriates were eligible for their home loan, which, he said, carried a "competitive" interest rate.

Bank Asia is offering its usual home loans with an interest rate of 10 percent.

Customers can borrow Tk 5 lakh to Tk 1.20 crore through easy and quick processing. The repayment period is 21 to 25 years.

Similarly, Southeast Bank is also offering home loans. In order to be eligible, salaried persons must have a minimum monthly income of Tk 30,000, businesspersons Tk 40,000,

and the self-employed Tk 40,000. The interest rate varies from 10 to 12 percent, depending on the customer.

Brac Bank, Eastern Bank, National Finance and Delta Brac Housing Finance Corporation are offering nearly the same facilities for customers.

Addressing the inaugural programme, SM Rezaul Karim, housing and public works minister, asked realtors to follow laws, rules and regulations while running their business to alleviate the sufferings of customers.

"The realtors should construct buildings according to the building code keeping in mind the environment impact," he said.

Md Mosharraf Hossain Bhuiyan, chairman of the National Board of Revenue, said the charge for flat registration is likely to be reduced next fiscal year as a new VAT law would come into effect.

Alamgir Shamsul Alam, president of the REHAB, and Nurun Nabi