Star BUSINESS

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RELEASE OF PRGF INSTALMENT

Only reasonable conditions to be entertained

Says BB governor

STAR BUSINESS REPORT

Against the strict conditions set by the International Monetary Fund (IMF) for releasing sixth instalment of the Poverty Reduction Growth Facilities (PRGF) loan, Bangladesh Bank Governor Salehuddin Ahmed yesterday said Bangladesh would entertain only the reasonable conditions.

"We are not bound to meet all the conditions, obviously we will consider our perspectives," the central bank governor told reporters following a meeting with an IMF mission in his office.

"The mission expressed satisfaction in the central bank's monetary policy, especially in foreign exchange management," Salehuddin said.

A five-member mission, led by Thomas R. Rumbaugh, IMF adviser in the Asia and Pacific Department, is now visiting Bangladesh to review the fifth instalment before releasing the next loan. The mission will also meet finance minister M Saifur Rahman and government high officials before leaving Dhaka on September 14.

Earlier, the IMF deferred the sixth instalment, scheduled to release in July, for what they said Bangladesh's failure in fulfilling the conditions that included reduction in the loss resulted from under price of energy products, privatisation of the nationalised commercial banks (NCBs) and widening the tax net.

The finance minister during his visit to Washington requested the IMF top brass to release the loan. Following the request, the IMF sent the current mission for the second time to review the fifth instalment before releasing the next payment.

The visiting mission during the meeting with the central bank governor praised the government's quick steps in privatising the Rupali Bank.

A meeting source said the mission, however, was unhappy as the cabinet in a recent meeting sent back a proposal for turning other three nationalised commercial banks Sonali, Janata and Agrani into private company.

TCB to sell essentials thru' OMS from Sept 12

STAR BUSINESS REPORT

The Trading Corporation of Bangladesh (TCB) will start selling some essential commodities at fair prices through open market sale (OMS) dealers from September 12.

Initially the TCB will sell sugar and lentil through OMS and later gram and soybean will be included in the list of OMS-commodities.

An inter-ministerial meeting, chaired by Commerce Secretary Firoz Ahmed, took this decision yesterday, according to press release issued by the commerce ministry.

The meeting also said 350 dealers in Dhaka, 40 in Chittagong, 25 each in Khulna and Rajshahi divisional towns will sell the essentials at government-fixed rates six days a week except Friday.

The TCB has also plan to sell the commodities in other divisional and district towns in next phase.

Besides, the TCB will sell the essentials from trucks from September 18. Twenty trucks in Dhaka, four in Chittagong, two each in Khulna and Rajshahi will sell the commodities from 10am to 3pm from different points of the cities.

The dealers will be able to collect fixed amount of the commodities twice a week from the TCB storehouses.

Mobile inspection teams from commerce and food ministries will monitor the whole procedure. Divisional and district administrations will also extend all types of support to this government effort.

Senior officials of commerce ministry, food ministry, TCB and Department of Food were also present at the meeting.

UTILISATION OF FDI

Serve people's interests, not donors'

Speakers at AEJB seminar suggest

STAR BUSINESS REPORT

Speakers at a seminar in Dhaka yesterday underscored formulating a sustainable economic strategy to serve people's interests by utilising foreign direct investment and evolve a system of monitoring activities of the multinational companies working in the country as there are allegations that a number of such companies are used to siphon off a huge amount of money to their country of origin.

They said a country usually invites FDI to vibrant its national economy, but unfortunately in Bangladesh, it sometimes goes against country's portfolio development as most of the foreign companies are engaged here only to serve their interests.

The observation came at a seminar on 'Interest of World Bank and International Monetary Fund : FDI, Natural Resources and Public Interest' organised by Alliance for Economic Justice (AEJB), a platform of 36 organisations, including Campaign for Good Governance, at National Press Club.

The seminar, chaired by Rezaul Karim Chowdhury, secretary of the Campaign for Good Governance, was held prior to the 50th summit of WB and IMF, due in Singapore from September 14 to 20.

The speakers said during the period of 20012005, Bangladesh received $2.185 billion as FDI, while foreign companies sent 126 percent more worth $2.744 billion to their own countries against their investment.

They alleged that WB and IMF are working as the agents of the multinational companies and help them to get big projects in Bangladesh.

"As a poor country Bangladesh has to welcome FDI," economist Atiur Rahman said, adding that the country's own interest should be reflected in the projects under FDI.

He said,"The main mission of World Bank and IMF is to denationalise our state-run industries and hand over them to the multinational companies".

Citing an example, the former chairman of Janata Bank said IMF on many occasions tried privatisation of Janata Bank. But, after some adequate initiatives, the nationalised bank restored in order and came up with huge profit within a very short time, he observed.

"It is possible to make profitable any state-owned organisation, if we ensure strong management system in that institution. But unfortunately, right people are not in the right position in our country, which resulted in sickening the state-owned organisations one after another," Atiur added.

He also alleged that the donors are taking the situation to their advantage and prescribe for denationalisation of the state-owned enterprises (SoEs) with a motive to hand them over to the multinational companies in the name of reform programme.

The prominent economist demanded formation of a strong regulatory body to monitor the FDI activities in Bangladesh saying that a public hearing system should also be developed to ensure accountability of the donors and multinational companies.

Sheikh Mohammad Shahidullah, president of National Committee to Protect Oil, Gas, Mineral Resources, Electricity and Port, said in the name of reform programme, WB and IMF are trying to plunder natural resources from the poor nations.

He added that these two organisations act as like as East India Company through spreading their imperialism by imposing conditions against loan disbursement.

Dwelling on the recent Phulbari unrest, he said Asia Energy offered bribe to the Bangladesh Rifles and persuaded them to kill innocent people.

"The investment of Asia Energy is not only harmful to the national economy but it also encourages people to practice dishonesty at a time," he said, voicing his determination to continue their movement until this foreign company goes back home from Phulbari.

Rezaul Karim Chowdhury said," The total contribution of FDI to the national GDP is only 2 percent. But in the name of investment, the foreign companies siphon off double the amount of their investment".

He further said records have it that the conditions the WB and IMF imposed have caused increase in the rate of poverty and made room for plunder instead of production.

"The poor countries have to be provided with unconditional debt," he demanded, adding that proper investigation into the debt disbursement policy is also necessary.

Meanwhile, in protest against the intervention of WB and IMF, the AEJB has adopted some draft proposals which would be publicised through a number of programmes. These programmes include seminars, submitting memoranda to deputy commissioners of 46 districts, lawmakers and finance minister, holding rally and forming human chain on September 16 in 46 districts, participating at Singapore summit and creating awareness through holding meeting there.

Bangladesh takes part in Malaysia int'l trade fair

BSS, Dhaka

Bangladesh is participating in the five-day Malaysia International Trade and Consumer Fair, which began yesterday at Putra World Trade Center in Kuala Lumpur.

Fourteen exporting firms from Bangladesh with eight product groups, including knitwear, readymade garment, silk products, jute goods, handicrafts, jamdani sharee, pharmaceuticals and home textile, are taking part in the fair, according to a press release of the Export Promotion Bureau.

The objective of participating in the fair is to familiarise an array of Bangladeshi products with the Malaysian and other international buyers and trade communities with a view to enhancing the export market to Malaysia.

Bangladesh's exports to Malaysia in the fiscal 2004-05 amounted to US$ 13.91 million against imports from that country worth US$ 275.36 million.

PHOTO: STANDARD CHARTERED

Bangladesh Bank Governor Dr Salehuddin Ahmed speaks at a seminar on 'Credit Rating and Development of Capital Markets' in Dhaka yesterday. SEC Chairman Faruq Ahmad Siddiqi and Chief Executive Officer of Standard Chartered Bank Osman Morad were also present.

Capital market performance seen below expectation

STAR BUSINESS REPORT

The performances of the country's capital market are still far below the expectations but there exists significant opportunities for utilising the market for raising long-term investment fund, observed Bangladesh Bank (BB) Governor Dr Salehuddin Ahmed at a seminar yesterday.

The governor said, "It is evident that the market capitalisation in Bangladesh is only 5.2 per cent of the GDP (gross domestic product) while the figures in cases of India, Pakistan and Sri Lanka are 47 per cent, 20 per cent and 15 per cent respectively".

Given the size of the population of the country and steady growth of its GDP, there exists significant opportunities for utilising the capital market as a vehicle for raising long-term investment fund, he felt.

This scenario represents huge potential and companies should make good use of this opportunity, Salehuddin said, adding that Bangladesh needs to have a proper credit rating system to develop the capital market and the secondary debt market.

He was speaking as chief guest at the seminar on 'Credit Rating and Development of Capital Markets' jointly organised by Securities and Exchange Commission (SEC) and Standard Chartered Bank (SCB) in the capital.

Faruq Ahmad Siddiqi, chairman of the SEC, and Osman Morad, chief executive officer of the SCB, also spoke at the inaugural session of the daylong seminar, which was also attended by resource persons of financial sector.

Describing the role of credit rating agencies (CRAs) in increasing efficiency of the equity market, BB governor pointed out that credit rating ensures the proper pricing of credit risk, which can help improve discipline in the financial sector.

The governor also apprised the seminar of a recent BB circular that made it mandatory for all banks to get themselves credit rated by a CRA effective from January 2007.

According to the BB guideline, it was also made mandatory for the banks and financial institutions to raise capital from the capital market through initial public offerings (IPOs), he added.

The SEC chairman said a sound capital market requires appropriate institutions and transparent standards and the CRAs can play a significant role to this end.

Transparency, independence and objectivity in rating agencies are very important, as regulators have been increasingly putting their reliance on credit rating issued by the CRAs, he mentioned.

"In view of this, the rating agencies may need to be monitored."

Tk 90cr syndicate loan for Dhaka Telephone

STAR BUSINESS REPORT

Dutch-Bangla Bank Limited (DBBL) along with 10 other banks will provide Tk 90 crore as syndicate term loan for Dhaka Telephone Company Limited in a bid to expand the company's telecommunication network project in four zones of the country.

An agreement was signed to this effect between the representatives of the banks and the chairman of the Dhaka Telephone Company Ltd at a city hotel yesterday.

DBBL is the lead arranger and agent bank of the project. The other 10 banks are Janata Bank, Agrani Bank, Uttara Bank Ltd, IFIC Bank Ltd, Mercantile Bank Ltd, AB Bank Ltd, Exim Bank Ltd, Standard Bank Ltd, Premier Bank Ltd and United Commercial Bank Ltd.

The syndicated term loan will be utilised in setting up of a fixed wireless telephone network based on CDMA 20001 X platform to cover the country's northwest, northeast, southwest and southeast zones.

The project will have the installed capacity to connect up to 232,000 subscribers when it is implemented and the company has a plan to increase connection to 368,000 more subscribers by 2009 and additional 500,000 by 2012.

Dr Fakhruddin Ahmed, Managing Director of Palli Karma-Sahayak Foundation (PKSF) was present at the signing ceremony as the chief guest.

He said syndicated loan is a way to improve a company's product asset.

"Telephone is just not a luxury for a few," he said, adding that information technology is not only necessary for interpersonal communication but it is also a way for improving the livelihood of the rural people.

ATM Hayatuzzaman Khan, chairman of Dhaka Telephone Company Ltd, said, "The need for development of telecommunication for Bangladesh is overemphasised and we are doing their level best in this regard."

Yeasin Ali, Managing Director of DBBL hoped that this syndicated loan will go a long way towards telecommunication development.

MDs and executives of other banks also spoke on the occasion.

PHOTO: DBBL

Senior officials of Dutch-Bangla Bank Ltd (DBBL), Janata Bank, Agrani Bank, Uttara Bank Ltd, IFIC Bank Ltd, Mercantile Bank Ltd, AB Bank Ltd, Exim Bank Ltd, Standard Bank Ltd, Premier Bank Ltd, United Commercial Bank Ltd and Dhaka Telephone Company Ltd pose for photographs at an agreement signing ceremony yesterday in the capital. Under the deal, the DBBL will arrange Tk 900 million syndicated term loan for Dhaka Telephone with the help of the other banks.

APEC worried about global protectionism

AFP, Hanoi

Pacific Rim countries are worried about rising protectionism and want World Trade Organisation (WTO) talks on trade liberalisation to quickly resume, the Asian Development Bank said Wednesday.

The Manila-based ADB "wants to see the resumption the WTO Doha round," said Masahiro Kawai, head of the bank's office of Regional Economic Integration, on the sidelines of an Asia-Pacific Economic Cooperation meeting.

"It is in everybody's interest."

"What (APEC countries) are concerned about is that stalling of the Doha negotiation may raise some protectionist sentiments in the rest of the world, and all of us want to see more liberal trading arrangements," he said.

The WTO's so-called Doha Round talks on cutting tariffs, subsidies and other trade barriers -- launched in the Qatari capital in 2001 -- collapsed in July in Geneva amid deep rifts, especially over the farm sector.

India scales up co-op with neighbours to reduce power shortage

PALLAB BHATTACHARYA, New Delhi

India has scaled up its efforts for bilateral cooperation with its neighbours, including Bangladesh, in the electricity sector in order to help meet power shortage at home.

The United States Agency for International Development (USAID) has conducted a feasibility study for India's electrical grid interconnections with Bangladesh and Sri Lanka, official sources said here.

Of particular interest to India are abundant water resources in Nepal and Bhutan, which can be successfully tapped to supply electricity.

Nepal is estimated to have hydro electricity potential to the tune of 42,000MW, of which just 568MW capacity is operational. Three major multipurpose projects in NepalSaptakoshi, Pancheshwar and Karnaliare under discussion between India and Nepal for mutual benefits, according to the sources.

The two countries already have in place a joint committee on harnessing water resources for power generation. Indian energy majors like Tata Power Company, Reliance Energy, GMR Energy, Essar Power and Torrent Group are understood to be keen to explore the power potential in Nepal.

Besides, leading Indian and international financial institutions, like Asian Development Bank, Standard Chartered Bank, State Bank of India and insurance companies, including Tata, AIG and ICICI Lombard, are similarly interested in investing in Nepal's hydro electricity sector.

Bhutan has an estimated potential of 30,000MW of electricity generation. The country recently signed an agreement with India on Tala hydro project.

Bhutan exported some 1,764 units of power to India from Chukha and Kurichu projects in the Himalayan kingdom in 2005, up from 1,748 million units in 2003, said the sources.

India's state-owned National Thermal Power Corporation is in negotiation with Sri Lanka for setting up a 500MW project based on imported coal, they said.

The cooperation among the countries of the region is a key element of the regional grouping Bay of Bengal Initiative in Scientific, Technical and Economic Cooperation (Bimstec) countries comprising India, Bangladesh, Nepal, Bhutan, Thailand, Sri Lanka and Myanmar.

Dollar regains

AFP, Tokyo

The dollar regained some ground in Asian trade Wednesday as the market adjusted positions ahead of a Bank of Japan meeting on interest rates later in the week, dealers said.

The dollar firmed to 116.43 yen in Tokyo afternoon trade from 116.03 in late New York trade Tuesday.

The euro dipped to 1.2814 dollars from 1.2820 while rising to 149.18 yen from 148.78.

All eyes in Tokyo were on the central bank's two-day meeting of its monetary policy board through Friday, with the market hoping for hints from governor Toshihiko Fukui on the timing of the next interest rate hike here.

Recent data including consumer price inflation have been weaker than expected, but analysts predict the BoJ chief will leave the door open to further rate hikes.

Higher growth forecast for Asia

AP, Manila

Economies in developing Asia are expected to expand 7.7 percent this year, higher than the 7.2 percent initially projected, thanks to booming growth in China and India, the Asian Development Bank said Wednesday.

The Manila-based lending institution also called on the region's developing nations to adjust to high oil prices, pick up the pace of fiscal consolidation and stimulate investment to better cope with potential shocks to their economies.

In 2005, the region 43 countries in the Asia-Pacific, excluding Japan grew 7.6 percent.

Strong growth in China and India, which together account for more than half of the regional gross domestic product, played a key role in boosting growth.

China's economy, spearheaded by investment, grew by 10.9 percent in the first half of the year, and the ADB put the full-year growth forecast at 10.4 percent and 9.5 percent in 2007.

Efforts to cool the China's sizzling economy, including raising a key interest rate and implementing administrative controls on lending, have produced mixed results, it said.

However, the policy has been constrained by institutional, social and technical factors, and the bank urged greater flexibility in managing the exchange rate and capital flows and other structural reforms.

If China's investment boom continues and leads to chronic overcapacity, achieving balanced and sustainable long-term growth "could become somewhat problematic."

"Although the government would like to slow economic growth, it does not want to risk a disruptive, sudden deceleration," the ADB said in the report.