

Star BUSINESS

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6.7pc growth likely in FY 06 despite challenges

BB quarterly report says

BSS, Dhaka

The country may achieve a 6.7 percent growth during FY06 despite the challenges of persistent higher oil prices in the international market and adjustment of readymade garments (RMG) after the phasing out of quota.

During the fiscal, agriculture sector grew by 4.5 per cent while industrial sector by 9.6 per cent and service sector by 6.5 per cent, according to a Bangladesh Bank (BB) quarterly report released yesterday.

The central bank, in order to maintain dampened inflationary expectations and to manage an orderly adjustment of taka-dollar exchange rate, has reiterated a cautious and restrained monetary policy stance in the half-yearly Monetary Policy Statement of

2006, the BB said.

The domestic credit during the last fiscal year grew by 20.5 per cent while deposit mobilisation rose by 18.71 per cent. The rise in the domestic credit in the last quarter fell to 6.9 per cent against 8.8 per cent growth in deposits, while during the first three quarters credit expansion was higher than deposit mobilisation.

Credit to the public sector expanded much faster in the last fiscal in order to finance both the widening fiscal deficit as well as the import of petroleum products, the BB said.

Overall revenue during the fiscal rose to 10.5 per cent of the gross domestic product (GDP) against 10.4 per cent in FY05, while total expenditure went up to 13.8 per cent from 13.4 per cent in the previous

fiscal, widening the deficit to 3.2 per cent from 3.0 per cent.

The domestic bank financing of the deficit increased to 1.4 per cent of GDP, amounting to Tk 56.7 billion in FY06 from 0.8 per cent of GDP, totalling Tk 31 billion in FY05, leading to a large growth of credit to the public sector, the report said.

The expansion of domestic credit, currency depreciation and the hike in commodity prices globally exerted inflationary pressures on both demand and supply sides in the domestic market.

The 12-month average inflation rose modestly to 7.16 per cent in June this year from 7.02 per cent in March.

During the first three quarters in the last fiscal, non-food prices rose persistently but the rise was moderate in the fourth quarter while food

prices started to move sharply higher in the same quarter.

The rise in food price was 6.31 per cent in nine months of FY06, but it suddenly recorded 15.6 per cent hike in last quarter. The disbursement of industrial term lending rose by a modest 8.21 per cent in FY06, which was 30.39 per cent in FY05.

The central bank's tight monetary management contributed to reduction in 12-month point-to-point non-food inflation index to 5.73 per cent in June this year from 6.57 per cent in March.

The policy stance has been supportive of economic growth that the economy has achieved in last quarter and indeed over the entire fiscal, the report said, adding that growth has been accompanied by enhanced external sector viability.

MICRO-CREDIT ACTIVITIES

Deadline for obtaining certificate Feb 26

As per the Microcredit Regulatory Act 2006, non-governmental organisations, which run microcredit activities, will have to receive certificate from the Microcredit Regulatory Authority.

To get the certificate the microcredit organisations will have to apply to the authority within February 26, 2007, says a press release.

The application form will be available at Microcredit Regulatory Authority office located in the principal branch of Bangladesh Bank from November 1 this year, the release added.

HSBC loan fair in Dec

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Hongkong and Shanghai Banking Corporation (HSBC) Limited will hold a three-day long fair in Dhaka in December with a view to creating awareness among people about the preview of receiving loans from the bank, the bank officials told a press conference yesterday.

The third version of the fair titled 'My Loan Fair 2006' will be held at Dhaka Sheraton Hotel between December two and December four.

To be participated by more than 50 companies including furniture, automobile, motorbike, computer, electronics, apartments, education, tiles and fittings, the fair will be co-organised by event management company Windmill Limited.

In this regard, the HSBC exchanged a memorandum of understanding with the event management company at the press conference at a city hotel.

During the fair, which will be open for all from 10 am to 8 pm every day, visitors will be able to get loan from the bank under four different categories: car loan, home loan, personal instalment loan and education loan.

"We have decided to provide one percent discount on the prevailing interest rates line on the occasion," Mamoon M Shah, personal financial services head of HSBC in Bangladesh told the journalists.

Furthermore, the bank will not ask for any service charge on loan disbursement during the fair, he added.

"We organise the fair to create awareness among people so that they can get loan facility from HSBC for various purposes of anyone's life," Shah mentioned.

Eligible persons will be able to obtain loan between Tk 30 thousand and Tk 75 lakh under the four loan categories of the bank.

Earning of Tk 15 thousand a month is the minimum eligibility for getting access to the HSBC loan.

Reazuddin Mosharraf, managing director of Windmill Limited, also spoke at the press conference.

HSBC Limited has been operating in 76 countries in the world with more than 9,500 branches, which has assets of \$ 1,502 billion on the last day of 2005. It started operation in Bangladesh in 1996.

Oil prices rise

AFP, Singapore

Oil prices rose in Asian trade Wednesday but remained below 60 dollars a barrel in a market that has already priced in an expected Opec production cut, dealers said.

At 10:24 am, New York's main contract, light sweet crude for delivery in November, was up 17 cents to 59.10 dollars from 58.93 dollars in late US trade Tuesday.



A delegation of Bangladesh Leasing and Finance Companies Association (BLFCA) greets Nobel Laureate Dr Yunus at the Grameen Bank head office in Mirpur on Tuesday. The delegation, headed by Anis A Khan, chairman of the organisation, went to felicitate the micro-credit Guru on his highest achievement.

Tk 10cr ICB mutual fund for NRBs on the cards

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Investment Corporation of Bangladesh (ICB) will launch a Tk 10 crore mutual fund targeting the non-resident Bangladeshis (NRBs) within this fiscal.

ICB Asset Management Company Ltd, a subsidiary of ICB, will manage the fund, styled as NRB First Mutual Fund, and mobilise it in the primary and secondary markets.

"We have already submitted necessary documents to the Securities and Exchange Commission (SEC) for its final nod," said Md Fayekuzzaman, chairman of ICB Asset Management Company, speaking at a press conference in Dhaka yesterday.

Earlier in the morning at the 30th annual general meeting, the shareholders of the ICB approved 12 percent dividend for the year 2005-06 out of a net profit of Tk 23.19 crore.

The ICB also announced dividends on its eight mutual funds and on unit fund with 210 percent dividend on the ICB First Mutual Fund, the highest in the country.

Shareholders of ICB 2nd Mutual Fund will receive 55 percent dividend, ICB 3rd Mutual Fund 52 percent, ICB 4th Mutual Fund 48 percent, ICB 5th Mutual Fund 27

percent, ICB 6th Mutual Fund 18.50 percent, ICB 7th Mutual Fund 16 percent and ICB 8th Mutual Fund 15 percent.

Besides, shareholders ICB AMCL First Mutual Fund will receive 16 percent, ICB AMCL Unit Fund 12 percent, ICB AMCL Islamic Mutual Fund 6 percent and ICB AMCL Pension Holders' Unit Fund 9 percent.

Speaking at the press conference, Ziaul Haque Khondker, managing director of ICB, said a review of the three decades of operation of ICB established the fact that ICB has played an anchor role in development, expansion and sustenance of the capital market in Bangladesh.

ICB has encouraged supply of securities, enthused demand for securities and ensured effective intermediation and initiated and pioneered all the financial products in the country, he said.

About the corporation's future plan, he said ICB is planning to introduce discounting scheme for debentures, wage earners' mutual fund for NRBs, sectoral mutual fund or bond mutual fund and introduction of online trading system in every ICB branches.

The ICB is also contemplating to open up two other subsidiary companies on leasing and venture. Presently,

ICB has three subsidiary companies – ICB Capital Management Ltd, ICB Asset Management Company Ltd and ICB Securities Trading Company Ltd.

In FY 2005-06, the ICB committed a net financial assistance of Tk 57.15 crore to 11 projects in various forms and recovered an amount of Tk 142.52 crore in respect of margin loans, project loans and other loans/advances.

ICB has continued to provide a number of incentives and relief including interest waiver for the investors under its investors' scheme who incurred huge losses due to the abnormal stock market situation in 1996-97. Under this scheme up to June 30 this year, 15,998 investment accounts have been rehabilitated and during 2005-06, Tk 73.02 crore was invested in listed securities, resulting in a total investment of Tk 836.81 crore up to June 30 on behalf of investment account holder.

Jahangir Miah, general manager (administration) of ICB, also spoke on the occasion.

\$430m ADB loan for BR's capacity building

UNB, Dhaka

Asian Development Bank (ADB) will help improve the efficiency and capacity of Bangladesh's rail transport through a US\$430 million investment programme provided over five years through a multi-tranche financing facility.

The Railway Sector Investment Program has been developed jointly by ADB, Japan Bank for International Cooperation (JBIC), and the World Bank together with the Bangladesh Government as a comprehensive package of support for reforms and investments in Bangladesh Railway, said a media release from Manila.

The financing represents 46.5 percent of the total needed under the government's \$924.5 million seven-year roadmap and investment plan for the railway sector.

To be implemented in five loans, the investment programme will undertake both capital investments and reforms to ensure that the investments lead to sustainable improvement of Bangladesh Railway's financial and operational performance.

GP contemplating to float shares

SHARIER KHAN, From Singapore

GrameenPhone is contemplating to float shares in the stock market in response to a government plea to mobile phone companies to do so, said GP Chairman Arven Johansen.

Within the next two-three years, the number of total mobile phone subscribers in Bangladesh will reach 25 million from the present 15 million, Johansen told a group of Bangladeshi journalists who are in Singapore to attend the GSM Association world congress. The GSMA is a platform of 12 leading mobile operators of the world.

Mobile phone coverage will geographically reach 100 percent of Bangladesh and the mobile network will serve as the country's main data transfer backbone. GSM based mobile internet and Community Information Centre at rural sites will provide information access to all in the country within a few years.

The veteran telecoms executive noted that Bangladesh now has six

mobile operators which is too many. He believes that there will be consolidation of these companies and the number will reduce to three, as it happened in many other countries.

On the issue of tele-tapping, he noted that law enforcing agencies across the world from time to time need access to telecom network to detect criminals. There is, however, a legal check and balance system, in which court orders are required to be produced to telecom operators for their cooperation, he pointed out.

"The VoIP licenses awarded to 51 applicants (by the Bangladesh Telecom Regulatory Commission this week) will help further reduce international call rates, but it will not serve as a big business for any mobile operator," said Johansen who is also the Deputy Chief Executive Officer (CEO) of Norwegian Telenor.

Telenor is the 62 per cent shareholder of the GP. The company has presence in 4 countries in Asia, but Bangladesh's operation is its oldest

and largest as it holds 63 percent market-share of the 15 million cellular subscription in the country.

Since it started operation back in 1997, the GP has paid Tk 5000 crore in taxes to the government.

In the 2005-06 fiscal, the GP paid Tk 2000 crore in tax and in 2004-05 fiscal another Tk 1600 crore. The company has invested around Tk 6000 crore since March 1997 and emerged as one of the largest profitable companies in the country.

But at the same time, Telenor is taking out millions of dollars to its home base in Norway as profit. This is also happening with other foreign mobile phone operators like Orascom, Singtel and TM. This had prompted Finance Minister M Saifur Rahman to call upon the mobile operators to off-load up to 25 percent of their shares to the local market so that higher volume of profit stays back.

"The GP is looking at the possibilities of security floating," Johansen pointed out.

He opposed imposing special tax on mobile sets and SIM cards. "That way we are discouraging people from buying mobile or accessing telecommunication. If the government wants to earn more revenue, it may consider imposing tax on the operators not the users. Bangladesh still lacks in tele-density. Plus, mobile phones are improving the lives of the people," he noted.

"The overall development of GP in Bangladesh has been good. We have some interconnection problems. An agreement with the BTTB and the operators have remained pending for a long time," he pointed out.

Referring to the global reputation of Prof Muhammad Yunus, he said that Bangladesh is well-known around the world also because of the success of GP in making cell phones available to the grassroots level where mobile phones were just rich people's tools.

The GP has 5200 base stations and it employs 5000 professionals directly. It has about 100,000 vendors and suppliers serving some 9.5 million subscribers, with 1 million Internet-enabled clients.



Canadian High Commissioner in Dhaka Barbara Richardson (3-L) speaks as chief guest at the roundtable on Prospect of Trade Enhancement with Canada jointly organised recently by JCI Bangladesh and Canadian High Commission in the capital. Rajani Alexander, counselor and head of Development Cooperation at the Canadian High Commission, Rumi Saifullah, national president of JCI Bangladesh, and Aftab Mahmud Khurshid, director (marketing & business opportunity) of JCI Bangladesh were also present.



Mamoon M Shah, personal financial services head of Hongkong and Shanghai Banking Corporation (HSBC), Dhaka (C), speaks at a press conference marking the MoU signing ceremony with Windmill Ltd in Dhaka yesterday.

Political will needed to sustain rural uplift

Workshop told

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Speakers at a workshop have identified lack of institutionalisation of rural development planning at grassroots level as the main obstacle to sustainable development.

They also mentioned political will and commitment are needed for the institutionalisation of the planning.

They were speaking at a workshop on rural development in Dhaka on Tuesday. Korean International Cooperation Agency (KOICA) Bangladesh Alumni Association (KBAA) organised the workshop.

Park Seong-ung, Korean ambassador in Dhaka, Ehsan Shamim, president of KBAA, and Lee Jung Wook, resident representative KOICA, also spoke.

Seong-ung said Korea has brought huge changes in the development of the country by introducing village initiative movement and community empowerment during 1970s.

Bangladesh can take lessons

from Korean experience in rural development, he said.

Momtaz Uddin Ahmed, former member of Planning Commission, presented a keynote paper titled 'Review of Rural Development Experience in Bangladesh with Highlights on a Korean Perspective'.

Momtaz said over a dozen of government ministries and their affiliated departments, and NGOs are working in rural development but lack of coordination creates problems.

Rushidan Islam Rahman, research director of Bangladesh Institute of Development Studies (BIDS), Khairul Kabir, additional director general of BARD, BM Kamal, deputy secretary of Ministry of Local Government and Rural Development and Cooperatives, Uttam Kumar Dev, senior research fellow of Centre for Policy Dialogue, also spoke.

Emirates holidays gets PATA membership

In a bid to strengthen presence in the Asia Pacific market, Emirates Holidays, a tour operator of the Gulf and Middle East region, has become a member of the Pacific Asia Travel Association (PATA), the recognised travel and tourism authority of the region, says a press release.

The Dubai-based Emirates Holidays that offers holiday programmes to more than 100 leisure destinations in 36 countries, will expand its tourism network through PATA's collective efforts of public and private sector members across nearly 100 government, state and city tourism bodies, more than 55 international airlines and cruise lines, and hundreds of travel industry companies.

PATA, a Thailand-based non-profit organisation, will allow Emirates Holidays access to its in-depth Middle East market analysis, to help boost tourism from the region to their countries, the release added.

Dollar stable before new US inflation release

AFP, London

The dollar held steady against the euro on Wednesday ahead of a fresh reading on inflation in the United States.

The European single currency firmed to 1.2544 dollars in early European trading, from 1.2543 dollars late in New York on Tuesday.

The dollar stood at 118.66 yen from 118.89 yen late on Tuesday.