

Economy continues facing medium-term risks

Says ADB update on Bangladesh

STAR BUSINESS REPORT

Bangladesh economy continues facing a number of medium-term risks including longer-term impact of the MFA phaseout on garment industry, a possible increase in hartal especially in the run-up to the next general elections and weak governance, said the Asian Development Bank (ADB).

"Several policy initiatives and infrastructure developments are needed to face the challenges of the termination of multi-fibre arrangement (MFA)," the bank said in its latest Quarterly Economic Update Bangladesh in March issue released yesterday.

External demand remains buoyant, as the immediate fears of a

post-MFA withdrawal scenario on textiles exports begin to recede. External risks do remain-- a sharp increase in US interest rates and higher petroleum prices could have adverse knock-on effects for Bangladesh, it added.

The current revenue collection has fallen short of target. There is an urgent need to increase revenue-GDP ratio. This is essential for increasing public investment needed for propelling the economy on a higher growth path for achieving the millennium development goals (MDGs), it added.

Inflation continues to remain on a rising trend mainly due to higher domestic food prices and increase in fuel prices. On a point-to-point basis, inflation increased to 6.7

percent in March 2005 with increasing trends in both food and non-food prices, the bank said.

The fiscal and current account deficits are expected to be moderate despite considerable pressures, the bank noted.

The economy in the FY2005 is expected to grow at 5.3 percent, slightly lower than 5.5 percent in the preceding year, mainly due to the adverse impact of the July-September, 2004 floods, it said observing economic performance remains solid despite severe floods and external shocks.

There is a clear sign of steady increase in private investment as indicated by the surge in credit, particularly to industry and agriculture sectors, an increase in imports

of capital goods, and most heartening, an upsurge in foreign direct investment (FDI) inflows.

Largely driven by export-oriented manufacturing, the overall growth in industrial production during FY2005 is estimated at 7.8 percent, higher than 7.7 percent in the previous year.

Industrial production has maintained its upward trend, primarily due to steady growth in export-oriented manufacturing. Output of the large and medium scale manufacturing rose by 6.7 percent in the first half of FY2005, compared with the first half of the preceding year.

The services sector is likely to show broad-based expansion in FY2005 with a growth of 6 percent, from 5.7 percent in the preceding year.

Bank Asia declares 25pc stock dividend

Bank Asia Limited has approved a 25 percent stock dividend for its shareholders.

The dividend approval came at the sixth annual general meeting (AGM) of bank held at BDR Darbar Hall, Peelkhana in Dhaka yesterday, says a press release.

Chairman of Bank Asia M Syeduzzaman presided over the AGM. Vice-chairmen A Rouf Chowdhury and Arifur Rahman Sinha, other directors and President and Managing Director Syed Anisul Huq were also present at the meeting.

The accounts of the bank for the year ending on December 31, 2004 were placed in the meeting and the shareholders made a critical review of the performance of the bank. They were happy to note that the activities of the bank increased significantly during the year under review.

The deposit of the bank increased 29 percent, from Tk 10.431 billion in 2003 to Tk 13.471 billion in 2004, while the advances increased by 45 percent to Tk 11.861 billion in 2004 from Tk 8.190 billion in the previous year.

The operating profit increased to Tk 659 million in 2004 from Tk 419 million in 2003, registering an increase of 57 percent.

After making all requisite provisions, there remained a surplus of Tk 202 million, out of which the declaration of stock dividend at the rate of 25 percent was approved by shareholders.

Pepsi offer to meet Amitabh continues

Soft drink giant Pepsi's promotional campaign to offer its customers the opportunity to meet Indian film icon Amitabh Bachchan is going on.

The customers will receive the chance to meet the star if they get special bottle crowns mentioning the mega gift, says a press release.

They can also win guaranteed gifts such as crowns autographed by Bollywood stars besides colour TV, DVD player and T-shirt.

Until now two persons from Dhaka have won the chances to meet Bachchan. Still there is opportunity for more people to win the mega gift.

Suvastu's 50-50 fair begins today

BDNEWS, Dhaka

With an offer of handing over of shops with 50 percent payment, a weeklong "50-50" fair begins at Suvastu Nazim Valley in the capital's Progoti Sarani today.

The shop owners will make the rest 50 percent payment in installments, said a release of Suvastu Development Limited, the developer of the country's largest shopping-cum-apartment project.

The project included 700 flats and 1,000 shops.

The release said that the fair will remain open from 10am to 8pm until May 19.

Microsoft, Tata team up to deliver IT solutions

AFP, Washington

US computer software giant Microsoft Corp. and India's biggest software services exporter, Tata Consultancy Services, announced plans Tuesday to jointly deliver information technology solutions.

Tata, India's largest outsourcing company, and Microsoft Consulting Services are working together to deliver an integrated IT solution to British telecom operator BT Group's retail arm, BT Retail, a joint statement said here.

It would "enable BT Retail to roll out affordable and easy-to-use Web-based services to small businesses."

Microsoft and Tata plan to collaborate on several key initiatives, including implementation of the so-called Microsoft Connected Services Framework with telecommunications providers, the statement said.

The framework is intended to help wireless operators more efficiently utilize their infrastructure and set up new services.

The combination represents "a win-win for our customers," said Maria Martinez, corporate vice president for Microsoft's Communications Sector.

DUTY-FREE ACCESS TO US MARKET

US lawmakers assure Dhaka of full support

UNB, Dhaka

Five US lawmakers have assured Bangladesh of their full support in getting duty-free access of textiles and other products to American market as a bill seeking the facility is placed in Congress.

The assurances came when Finance and Planning Minister M Saifur Rahman had meetings with the US lawmakers on Tuesday, seeking their support to the bill entitled "Trade Relief Assistance for Developing Economies (Trade)".

"Bangladesh's exports to the US market are facing stiff competition from other larger exporters as a result of the end of quota system," he told the lawmakers, requesting their support to the Trade Act 2005.

According to a message received here yesterday, he met leading Senator John Sununu and

Congressmen Joseph Crowley, Barney Frank, Gary Ackerman and Jim McDermott.

Saifur apprised the lawmakers of the country's economic and social progress achieved, despite problems of overpopulation and recurring natural disaster, as well as government's sincerity in improving governance, particularly in terms of improvement in law-and-order situation.

"The government has increased expenditure on law enforcement by 200 percent in the last nine months," he said, also informing them about progress so far made in investigating the killing of former finance minister of Bangladesh SAMS Kibria.

Appreciating Bangladesh's support to war on terrorism, John Sununu assured the minister of his careful consideration for the Trade Act. The

Congressmen also assured him of their full support in this regard, said the communiqué.

Commerce Minister Altaf Hossain Chowdhury had expected early this month that the bill would be passed within this year.

The Trade bill is seeking duty-free market access of products from Bangladesh and 12 other least developed countries (LDCs) to the US market.

The government as well as the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) are now busy pursuing US senators and congressmen for their support to the bill.

Apparel industry insiders believe the bill, if passed, will be a breakthrough in boosting the country's export to the USA in the quota-free trade regime.

Sonargaon hotel launches wireless internet service

STAR BUSINESS REPORT

Pan Pacific Sonargaon hotel yesterday introduced high-speed broadband internet service with wireless access facility for its guests.

The newly introduced facility, the first of its kind in any hotel in Bangladesh, will help business and leisure travelers with laptops keep in touch with their offices, friends and others in different countries, officials of the hotel told reporters at a news conference in Dhaka yesterday.

Guests of the hotel from now on will be able to use the internet through "plug and play", using wireless connections from all public areas of the hotel including the lobby, restaurants, pool area, and function rooms, said Grant J Gaskin, general manager of the hotel.

Prepaid card system has also been introduced so that conference guests or coffee guests can get access to the service. Broadband internet service provider Alap Communication helped the hotel set up the service.

The charge for a guest for one hour of internet usage is fixed at \$10, \$25 for four hours and \$35 for 24 hours. The charges include all taxes.

The hotel's Sales and Marketing Director Brett Mahoney, Finance Director Habibullah Monju and Marketing Communications Manager Intiaz Ahmed Siddiqui were also present at the press conference.

Transcom Electronics launches consumer offer

Transcom Electronics Limited has launched a consumer promotional offer styled 'Ghasha Carde Thasha Upahar'.

Under the offer, customers will receive a scratch card by purchasing any model of Philips colour TV or any 4G series Whirlpool no-frost refrigerator or any Changhong colour TV. The cards contain guaranteed gifts.

The gifts include Philips DVD players, Whirlpool 1.5 ton windows ACs, Changhong 21 pure flat colour TVs, Transcom fans and Djiaice SIM cards, says a press release.

Oil prices fall

REUTERS, London

Oil prices sagged on Wednesday as the International Energy Agency said weakening economic growth and higher fuel costs slowed oil demand growth in the first quarter of this year.

Expectations that a weekly government report later on Wednesday would show a further rise in US crude stocks, already near six-year highs, also weighed on prices.

US crude prices shed 60 cents to \$51.47 a barrel, while London's Brent crude oil eased 50 cents to \$50.93 a barrel.

Prices fell as the International Energy Agency's monthly Oil Market Report said incremental demand in China, Europe and the United States was less than expected for the quarter.

China's demand, an explosive 19.3 percent in the first quarter last year, slowed to 4.5 percent in the same period of 2005.

The slowdown in growth means the outlook for fourth quarter world demand does not appear as likely to stretch producer countries as in the same period last year, the IEA said.

PREMIER BANK IPO SCAM

SEC sends back probe report to enforcement body to recheck

UNB, Dhaka

The Securities and Exchange Commission (SEC) yesterday sent back the probe report on Premier Bank IPO scam to its enforcement committee to recheck the violations with the legal provisions in the Depository Act 1999 before taking action. "The committee will examine the irregularities committed in the process of opening Beneficiary Owners' (BO) accounts and will ensure who were involved in the process," SEC chairman Dr Mirza Azizul Islam told reporters following a Board meeting of the regulatory authority.

"SEC will soon take action against the irregularities upon the recommendations by the enforcement committee," he said, as the Board meeting discussed the find-

ings of the probe report submitted to the Commission on March 29.

The probe body detected irregularities in the process of opening BO accounts aiming to grab major chunk of shares from the bank's primary offerings. Public subscription to the IPO remained suspended following the alleged scam.

Meanwhile, Bangladesh Bank has already sacked Premier Bank Managing Director Kazi Abdul Mazid for one year for his involvement in the process of opening fake bank accounts to facilitate opening the BO accounts.

Mazid, however, appealed to the central bank Board to reconsider the action against him.

Bangladesh Bank is also conducting investigations on 14 branches of Premier Bank with

which the fake bank accounts were opened.

The SEC Board meeting also rejected a proposal for licensing a credit rating agency considering it as unnecessary for a small capital market in the country.

"The existing two (credit rating agency) is enough for this market," Dr Aziz said, explaining the reason for rejecting license to KP Rahman Credit Rating and Risk Management Limited. He said Pakistan and Sri Lanka having larger capital market as compared to Bangladesh also have only two such agencies.

Credit Rating Information Services Limited and Credit Rating Agency Bangladesh Limited are now in operation in the country, he said.

Baira seeks change in anti-money laundering act to boost remittance

STAR BUSINESS REPORT

Bangladesh Association of International Recruiting Agencies (Baira) yesterday urged the government to bring some changes in the anti money laundering act to boost remittance through legal channels.

"Bangladeshi workers abroad are sending around US\$3.5 billion annually. The remittance may double if the government eases some of the sections of the anti money laundering act," Muhammad Mosharrar Hossain MP, president of Baira, told a press conference in

Dhaka. Mosharrar said the government has to work sincerely to exploit the potential of Movement of Natural Persons (MODE 4) discussions under the World Trade Organisation (WTO).

It will create immense opportunity to send Bangladeshi workers to different developed countries including the USA and Australia if the free movement of workers is allowed under the MODE-4 talks, he added.

He also said the Baira members are not involved with the recent

series of illegal manpower export bids.

Mosharrar also laid emphasis on setting up of a central training institute for overseas job seekers.

He urged the government to introduce separate small size passports for Bangladeshi workers to reduce extra costs.

BAIRA executives Ali Haider Chowdhury, Mohammed Abul Basher, MA Shobhan Bhuiyan, Ghulam Mustafa, Mohammed Habibullah and Mohammed Seraj Miah also attended the press conference.



Muhammad Mosharrar Hossain MP (centre), president of Bangladesh Association of International Recruiting Agencies (Baira), speaks at a press conference in Dhaka yesterday.