

# Star BUSINESS

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## Anwar-Ul-Alam made BGMEA president

UNB, Dhaka

Anwar-Ul-Alam Chowdhury Parvez was elected BGMEA president yesterday in direct balloting by its 27 newly elected directors.

The directors also elected four other office-bearers of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) for a two-year term (2007-08), said a press release.

They are Mohammed Abdus Salam (first vice president), Faisal Samad (second vice president), Ferdous Pervez Bivon (vice president) and ABM Shamsuddin (vice president, finance).

The new BGMEA Board of Directors will take over charge of the apex trade body of the apparel industry at its annual general meeting on March 12.

## INVESTMENT PROMOTION

## Bangladesh Bank, IIFDC sign deal

Industrial and Infrastructure Development Finance Company Limited (IIFDC) is now eligible to participate in the Investment Promotion Financing Facility (IPFF), says a press release.

IPFF is co-sponsored by Bangladesh government and the International Development Association (IDA).

The main objective of this facility is to promote infrastructure development through private sector entrepreneurs.

A master facility agreement to this effect was signed between Bangladesh Bank and IIFDC in Dhaka yesterday.

Md Abul Quasem, executive director of Bangladesh Bank and Project Director-IPFF, and Mahmood Malik, managing director of IIFDC, signed the agreement on behalf of the organisations.

IIFDC, one of the fastest growing non-banking financial institutions, started its journey in 2001.

## CSE trade from Dhaka, Sylhet resumes

STAR BUSINESS REPORT

Share trading on Chittagong Stock Exchange (CSE) from its Dhaka and Sylhet offices resumed yesterday after Monday's devastating fire at a Karwan Bazar high rise halted trading.

"We have arranged a dial-up system for our members in the two cities so that they can log on to the bourse directly to resume trade," Shahroze Alam, deputy manager (Corporate Development) of CSE, said.

The CSE had to suspend its trading as its Dhaka office located on the 8th floor of the Bangladesh Steel and Engineering Corporation (BSEC) Bhaban caught fire that spread through the 11-storey building.

Sylhet-based members of the CSE also got disconnected from the trading system as the trade from Sylhet takes place through Dhaka office's network.

## STOCKS BOUNCE BACK

Meanwhile, stocks bounced back yesterday led by power companies, banks and mutual funds as the investors got back confidence following slumps in the previous two days.

The general index of the Dhaka Stock Exchange (DSE) shot up by 53.68 points or 3.07 percent closing the day at 1797.66 points while the selective categories index of the Chittagong Stock Exchange (CSE) went up by 67.81 points or 2.6 percent ending the day at 2669.67 points.

The DSE All Share Price Index also went up by 43.29 points or 2.98 percent to close at 1492.59 points while the CSE All Share Price Index climbed by 95.98 points or 2.37 percent to finish at 4141.92 points.

Turnover stood at Tk 86.93 crore on the DSE while Tk 14.70 crore on the CSE.

# Balance of payment surplus reaches \$347m in Jul-Dec

REJAUL KARIM BYRON

Despite slow foreign direct investment (FDI) and foreign aid, the country's overall balance of payment (BoP) surplus reached \$347million in the first six months of the current fiscal, thanks to continued export growth and huge remittance inflow.

The BoP was \$201million deficit in the same period last year.

The current account balance surplus marked a 132 percent rise during the July-December period in FY 2007 as it reached \$579 million against \$247million in the same period of FY 2006.

Country's export outweighed import in the first six months this fiscal.

FDI reached \$250million in the same period this fiscal, registering a 31 percent drop, while the amount was \$362million during the same period of the 2005-06 fiscal.

Meantime, foreign aid also marked a 40 percent fall as fourteen out of 22 development partners did not disburse any aid to Bangladesh in the first half of the current fiscal year.

Besides, there was no aid disbursement from a number of Aid Club donors due to political instability here and lack of reforms deemed necessary to curb corruption and improve governance.

Bangladesh received \$294.76 million in foreign aid in July-December this fiscal, while it was \$488.55 million in the correspond-

ing period of last fiscal, according to the Economic Relations Division (ERD).

Remittances jumped by 29 percent in July-January period compared to a year earlier to reach \$3.32billion. The surge resulted from the increased use of official channels by Bangladeshis abroad to send their money home.

The July-December exports fetched \$6.22billion, growing at around 26 percent. The earning from exports in the same period last fiscal was \$4.94billion.

Imports in July-December this fiscal increased 20 percent to reach \$7.44billion against \$6.18billion in the same period of FY 2006.



PHOTO: STAR

Industrial and Infrastructure Development Finance Company Limited (IIFDC) is now eligible to participate in the Investment Promotion Financing Facility (IPFF). Md Abul Quasem, executive director of Bangladesh Bank and Project Director-IPFF, and Mahmood Malik, managing director of IIFDC, signed an agreement to this effect on behalf of the organisations in Dhaka yesterday.

# Coal mines may be leased to foreign firms after policy formulation in March: Tapan

UNB, Dhaka

Formulation of the coal policy will be finalised within March and then the caretaker government will consider leasing out the country's coal mines to foreign companies.

Power and Energy Adviser Tapan Chowdhury apprised reporters of the plans after separate meetings with the chief of the foreign oil-company Chevron and the representatives of foreign coal-company Luxon Global at his ministry yesterday.

"But, in all cases, government's highest emphasis is to protect the interests of the country... Even, in allowing the lessee to export coal, the local consumption will be looked upon as the first priority," he said.

Chevron is now operating a number of gas fields in the country while Luxon is interested to develop the coal mine at

Dighipara.

Tapan Chowdhury, however, said the issue of third-round bidding for exploration of oil and gas in the country is not on the caretaker government's top-priority list.

"This is a long-term issue... I think, an elected government will look into the matter. But, if we (caretaker government) get a long time, then we'll see the matter," he said.

The immediate-past BNP-led coalition government had initiated inviting international tender on deep-sea natural gas exploration, which is known as "third-round block bidding".

But the move remained pending with the law ministry, with the relevant file waiting for its vetting.

On the other hand, the past government took up a similar move to prepare a coal policy to lease out country's coal basins to foreign companies.

But now the caretaker government expedited the policy-formulation move and a special committee at the energy ministry is now busy giving final stitches to the provisional coal policy.

Tapan Chowdhury said that any kind of leasing of the coal basins would be done on the basis of the new policy.

He noted that Chevron's new gas field would come into commercial operation in the first week of next month, with daily production of 150 million cubic feet (mmcf) gas. Later, the output will reach 200 mmcf.

He said that electricity of about 400 MW is now being saved across the country through the enforcement of power-rationing decision, which made it mandatory for the shopping malls to close at 7pm everyday.

"This step has been taken to ensure electricity supply to the irrigation pumps," he said.

# Politically affiliated people should not be bank directors

Former governor of Pakistan's central bank tells The Daily Star

STAR REPORT

Politically affiliated people and those without banking experience should not be allowed to become directors of a bank, the former head of Pakistan's central bank said during a visit to Dhaka.

Ishrat Husain said it was the role of the central bank to ensure that the wrong people were not selected to sit on bank boards, and that regulators must be vigilant in monitoring the banking sector as "if you have a weak regulator, you are in trouble."

Husain, who was governor of the State Bank of Pakistan from 1999 to 2005 and gained a reputation as a reformer, made his comments in an exclusive and wide-ranging interview with The Daily Star earlier this week.

During the interview he also praised the role of foreign banks in the economy and said he was "more optimistic" than in the past about Bangladesh's chances to reform its banking sector, adding that the present drive against corruption would aid economic growth and poverty alleviation.

Rejecting the idea that politically affiliated people should enter the banking system, either as board members or in other posts, Husain said: "The central bank of a country should have strong criteria, so that a person without banking experience could not be a director of a bank."

This was necessary because in order to have a "very strong board, you have to select the right people."



Ishrat Husain

In Bangladesh it remains common for politicians and people without banking experience to become board members of banks.

Husain said he supported opening up domestic banking markets to foreign competition. "We have to wake up. We need the foreigners to bring new technologies, skilled manpower, new products and efficiency."

Answering concerns that foreign banks would simply export money out of the country, Husain said that in Pakistan foreign investors can repatriate 10 percent of their dividend of a profit. "If the bank fails to make money, they cannot repatriate," he said.

The government takes 35 percent direct tax from foreign

banks, he said.

Commenting on the current attempts to tackle corrupt in Bangladesh Husain said there were seven key institutions that should be transparent to remove corruption from a country. These are the central bank, Security and Exchange Commission, National Board of Revenue, Auditor General, Public Service Commission, Election Commission, and the judiciary.

"These are the institutions should not be politicised. And if you keep them out of politics, you will get good results," he said, adding that if you have competent, honest people in these organisations, corruption can be removed.

Husain said: "I think what the

## Venezuela to seize foreign oil projects

AP, Caracas

President Hugo Chavez ordered by decree on Monday the takeover of oil projects run by foreign oil companies in Venezuela's Orinoco River region.

Chavez had previously announced the government's intention to take a majority stake by May 1 in four heavy oil-upgrading projects run by British Petroleum PLC, Exxon Mobil Corp., Chevron Corp., ConocoPhillips Co., Total SA and Statoil ASA.

He said Monday that has decreed a law to proceed with the nationalizations that will see state oil company Petroleos de Venezuela SA, or PDVSA, taking at least a 60 percent stake in the projects.

"The privatization of oil in Venezuela has come to an end," he said on his weekday radio show, "Hello, President." "This marks the true nationalization of oil in Venezuela."

By May 1, "we will occupy these fields" and have the national flag flying on them, he said.

The law is expected to be published shortly in the government's official gazette, and the companies will have four months from then to negotiate terms and conditions with PDVSA to decide whether they will take part in new joint ventures as minority partners, Chavez said.

Chavez did not detail how the government will pay for its increased share in the projects in which the companies are estimated to have invested some \$17 billion.

The government has compensated companies reasonably in recent weeks for nationalizations it has carried out in other sectors, but those agreements were for assets valued far less than the oil projects.

The Orinoco projects are the only oil-producing operations in the country remaining under private control, which Chavez called "disgraceful."

But he added that Venezuela doesn't "want the companies to go ... We just want them to be (minority) partners."

Private companies pumping oil elsewhere in Venezuela submitted to state-controlled joint ventures last year, and few resisted because they were reluctant to abandon Venezuela, which has the largest oil deposits outside of the Middle East.

Chavez has been given special powers by congress for 18 months to issue laws by decree in energy and other areas, which he has used to nationalize the country's biggest telecommunications company and electricity company in recent days.

# Kitchen product maker to reach 80pc capacity by June

Floats 60 lakh shares

SARWAR A CHOWDHURY, back from Chittagong

Golden Son Limited, a Bangladesh-Taiwan joint venture that manufactures non-electrical cooker, hotpot and food warmer, will utilise its 70 to 80 percent production capacity by June this year using a fund to be raised from the stock market through initial public offering (IPO).

The Chittagong-based company, which cannot utilise now beyond 30-35 percent of its output capacity as it runs short of working capital, received approval from the Securities and Exchange Commission to raise a total of Tk 6 crore from the members of the public through floating 60 lakh shares of Tk 10 each.

The IPO subscription will start from March 4 and close on March 8.

"Procurement of working capital is the main reason for which we are floating IPO," said Lin Mei-Hui, managing director of the Golden Son, also a manufacturer of toys and children's tennis ball and racket.

"On utilising the fund, we would also be able to produce items at a rate cheaper than that of China," she hoped.

The company, which went into production in 2005, is also exporting its products to Canada, Australia,

UK, Taiwan and Singapore.

Speaking about the Taiwanese entrepreneurs' interests in investment here, the company's top official said, "Hundreds of Taiwanese will invest in Bangladesh if our existing project succeeds in its operation here."

These entrepreneurs, who mainly invested in China, are now looking for new investment destinations other than China, she said, adding that Vietnam and Indonesia are among the top priority destinations of them because of their better infrastructures.

"But, Bangladesh is ahead of them in terms of availability of cheap labour force," she said.

Lin Mei-Hui said a congenial atmosphere, including political stability, adequate infrastructure and policy, is needed to attract foreign investment, especially from Taiwan.

Taiwan has already a good amount of investment in Bangladesh's export processing zones (EPZs) in readymade garments, textile, knitting, garment accessories, metal, footwear and leather goods and plastic product units.

"And the Taiwanese investment can be enhanced many times in

present government is doing in order to improve the governance of the country and combat corruption is going to help the economy, and poverty alleviation in Bangladesh."

"I am extremely happy as the government of Bangladesh has launched this campaign. Because as you know, Transparency International (TI) had declared Bangladesh as one of the most corrupt countries in the world."

You have to take strong measures against those who misused their authority to accumulate wealth, he said.

Husain, who has been a director of the World Bank, said interest rates should be left to the market to determine and not be under the influence of foreign donors or other international agencies.

"If you want a positive interest rate, nobody should be allowed to manipulate the market. Donors should have no business in fixing up the interest rate of a bank or a country."

Mentioning the success of microcredit venture of Nobel laureate Muhammad Yunus, Husain said Pakistan is also interested to learn about microcredit from Bangladesh. A Pakistani NGO is replicating Graaen Bank model in Pakistan, he said.

Replying to a question about to which sectors banks should prioritize lending, he said a bank of developing country should provide loans to three key sectors, middle class consumers, agriculture and SMEs.

## Low farm growth may slow India economy

AFP, Mumbai

A drop in farm output will lead to a dip in economic growth in India for the fiscal third quarter as compared to a record-setting pace set in the first half of the year, analysts say.

India, which on Wednesday will report its growth figures for the quarter to December, clocked growth of 9.1 percent in the first half of the year, the fastest among major world economies after China.



PHOTO: CITY BANK

Aziz Al-Kaiser, chairman of The City Bank Limited, cuts a tape to inaugurate a new branch at Nayapaltan in Dhaka on Sunday. Managing Director (CC) DH Choudhury and Head of Marketing ASM Obaidul Quader of the bank, among others, are seen in the picture.