Star BUSINESS

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IFC's Asia, Latin America senior official due today

Farida Khambata, regional vice president (Asia & Latin America) for IFC (International Finance Corporation), the private sector arm of the World Bank Group, is expected to arrive in Dhaka today on a three-day visit.

Her visit complements IFC's exploration of investment opportunities that facilitate sustainable and strong economic growth in Bangladesh, says a press release.

Khambata has been with IFC since 1986 and has served the organisation in various capacities including portfolio operations, risk management and trust fund operations. Prior to joining IFC, she was serving with the World Bank.

During her visit, she will meet senior representatives of Bangladesh government, a number of key clients and donors, and exchange views on issues relating to reform and growth.

Her visit is expected to encourage business drivers to pursue policies that support and encourage private investment and development in the country.

IFC's current investments in Bangladesh range from telecommunications, cement and gas to financial markets sector.

Oracle to buy Hyperion

Oracle has announced that it has agreed to buy Hyperion Solutions Corporation, a leading global provider of performance management software solutions, through a cash tender offer for $52.00 per share, or approximately $3.3 billion, says a press release.

"The acquisition of Hyperion makes Oracle the category leader in the high growth enterprise performance management market," said Oracle CEO Larry Ellison. "Hyperion's EPM software coupled with Oracle's Business Intelligence (BI) tools and analytic applications form an end-to-end performance management system that includes planning, budgeting, consolidation, operational analytics and compliance reporting."

"Requirements for Performance Management and Business Intelligence solutions are increasingly converging," said Hyperion Chief Executive Officer Godfrey Sullivan. The transaction is subject to customary conditions and is expected to close in April 2007.

China confirms plans for forex investment vehicle

AFP, *Beijing*

China confirmed for the first time on Friday that it is setting up a state-controlled investment body to seek higher returns on its foreign exchange reserves, the world's largest at one trillion dollars.

"A government investment corporation is going to be established," Finance Minister Jin Renqing told a news conference at the annual session of the National People's Congress, or parliament.

"We are now preparing the organisation of this new corporation."

Speculation has been growing as to what steps China would take in an expected effort to maximise returns on the mountain of cash earned mostly by its exports of manufactured goods.

China has traditionally invested in US Treasury bonds and other American debt but is believed to be interested in higher-return instruments and in diversifying its holdings, a shift that could have major repercussions on world markets.

"Due to the size of the Chinese reserves, it is likely that prices on international markets will go up once it starts investing," said Shi Jianhuai, a professor of international finance at Peking University's China Centre for Economic Research.

EXPORT PROMOTION FUND

File cases against loan defaulters

Ministry asks EPB, Janata Bank

JASIM UDDIN KHAN

The Ministry of Commerce has ordered the Export Promotion Bureau (EPB) to take immediate action against borrowers from the Export Promotion Fund (EPF) that have defaulted on their loans, some of which appear to have been gained fraudulently.

The ministry also demanded that the EPB and state run Janata Bank file cases against the loan defaulters and loan guarantors. The loans were disbursed through Janata Bank.

The decision was taken at a recent meeting held at the commerce ministry prompted by a petition filed by the EPB in which it had asked to be relived from its duties to monitor the EPF. The EPB claims it does not have the manpower necessary to monitor the Fund effectively.

The ministry rejected the EPB request. However, it did offer to ensure that other government organisations provide the EPB with assistance.

The EPB says that most of the Fund's borrowers are now in default. The defaulters owe around Tk1 crore.

In a letter to the ministries of finance and commerce on January 8, EPB said eight firms had borrowed from the Fund. These houses, four of which are software firms and four dealing with handicrafts, received a total of over Tk 2 crore loans in the past two years.

The EPB has already taken legal action against three of the handicraft firms to recover the loans and has blacklisted them.

The bureau in its complaint said a probe had shown that a number of exporting firms had resorted to forgery to gain the loans from the Fund.

The government created the EPF two years back to offer the export houses venture capital at low interest rates and on easy terms. The money was to be used for production and for obtaining foreign technical assistance and services.

The fund also aimed to help encourage export diversification and assist missions sent abroad to take part in international fairs.

PHOTO: GENERAL PHARMACEUTICALS

General Pharmaceuticals Ltd of Bangladesh and Thorn Pharmaceuticals (Pvt) Ltd of Sri Lanka signed an agreement on Wednesday in Dhaka. Under the deal, General Pharma will export its pharmaceutical products to Sri Lanka. Managing Director of the local company Momenul Haq, Managing Director of the Lankan company Ajith G Perera and other senior officials from both the sides were present at the signing ceremony.

Indian Leftists sceptical of proposed microfinance bill

PALLAB BHATTACHARYA, *New Delhi*

India's proposed Micro Finance Development and Regulation Bill 2007 has run into reservations voiced by Left parties which provide crucial outside support for the government of Prime Minister Manmohan Singh.

The bill is expected to be tabled in Parliament in the current budget session.

The Left parties are apprehensive that the bill in its present form would facilitate control of microfinance organisations by the big private players and could open the doors for foreign direct investment to "the detriment" of the poorest of the poor and Self-Help Groups.

"We are against the bill as it hurts the interests of the poorest and the self-help groups in a number of ways. The government also seems to be eyeing for FDI in the sector", CPI (M) politburo member Brinda Karat said.

Some big Indian private business houses, including the Reliance, are understood to be keen to move into microfinance business.

The bill, according to Left parties and women's groups, in its current form has certain "fundamental flaws" that will microfinance organisations at the mercy of big corporate players.

Another issue which has worked up the Left is that the bill leaves the interest rates charged by microfinance institutions to market forces without putting a ceiling.

The Left parties contend that no cap has been put on interest rate following the desire of the World Bank, which wants microfinance institutions to make profit and no subsidies to the poor.

The Indian self-help groups have been formed under the aegis of state governments, NGOs and women's cooperatives and these groups fall under microfinance organizations.

The Left also wants the bill to give a pro-active role for the state governments as Left-ruled states like Kerala, West Bengal and Tripura have a large number of self help groups which help the parties to mobilise women and address the issue of poverty.

PHOTO: AKTEL

Ahmad Bin Ismail, managing director of mobile phone operator AKTEL, and other senior officials of the company pose for photographs with the owners of AKTEL Touch Points of Fakirapool, Farmgate and Tejgaon areas of Dhaka at a function of handing over commission to the owners on Thursday in the capital. Touch Points are business partners of AKTEL to improve its customer services and ensure availability of its products across the country.

Phoenix Finance declares 25pc dividend

Phoenix Finance & Investments Ltd has declared a 25 percent dividend for its shareholders for the year that ended on December 31, 2006.

The dividend was announced at the 12th annual general meeting (AGM) of the company held on Thursday in Dhaka, says a press release.

Chairman of the company Deen Mohammad presided over the AGM, which was attended, among others, by Managing Director A Quadir Choudhury.

CRUDE SUPPLIES

India in talks with Gulf states

PTI, *New Delhi*

The government on Thursday said it is holding talks with several countries including Japan, China and in the Middle-East to secure crude oil supplies and explore the possibilities of mutual investments in the sector as part of efforts to achieve energy security.

The government is exploring several energy security options with Gulf countries including long-term contracts for crude oil and mutual investments in oil and gas sector, Minister of State for Petroleum and Natural Gas Dinsha Patel told Lower House in a written reply.

Patel said the government was also looking into the possibilities of Asian countries setting up commercial strategic storage in India, import of natural gas as Liquefied Natural Gas (LNG) or through pipelines from West Asia, Myanmar and other countries.

He said the government was not pursuing a Pan-Asian gas pipeline from Central Asia and Tajikistan, but was taking steps to import natural gas from Turkmenistan through Turkmenistan-Afghanistan-Pakistan (TAP) gas pipeline and Iran through Iran-Pakistan-India (IPI) pipeline.

Second Nikko shareholder dismisses Citigroup offer

REUTERS, *Tokyo*

A second U.S. investment firm dismissed Citigroup's $10.8 billion buyout offer for Japanese brokerage Nikko Cordial Corp. as far too low, pressuring the U.S. bank to sweeten its bid.

Nikko's stock rose to trade 4.4 percent above Citigroup's offer price after Tennessee-based Southeastern Asset Management, Nikko's third-biggest shareholder, said the brokerage was worth at least 48 percent more.

Investors hoping for a better deal have kept Nikko's shares above Citigroup's 1,350 yen a share offer price since the bank unveiled its bid on Tuesday. If successful, the acquisition would be Citigroup's largest in Asia and Japan's biggest foreign buyout to date. The shares rose 3 percent to 1,410 yen on Friday.

If enough investors object to the deal, it could force Citigroup to cough up more cash. Some analysts, though, said shareholders may choose to sell rather than risk Citigroup walking away at a time Nikko risks losing its stock listing over an accounting scandal.

"The only way they would raise the offer is if enough shareholders complain. Just because a couple of shareholders are squawking doesn't mean they'll get what they want," said Jon Fisher, senior portfolio manager at Fifth Third Asset management in Minneapolis.

US economy adds 97,000 jobs

AFP, *Washington*

US employers added 97,000 jobs in February, the Labor Department reported Friday, suggesting the world's biggest economy is still expanding despite weakness in the housing and auto sectors.

The Labor Department figure on nonfarm payrolls, seen as one of the best indicators of economic activity, was in line with expectations and appeared to suggest continued growth, albeit slower than last year's pace.

WEEKLY STOCK ROUNDUP

Turnover down on selling pressure

STAR BUSINESS REPORT

Turnover on the stock exchanges fell last week due to selling pressure amid the ongoing crackdown on corruption suspects and financial frauds.

The total turnover on the Dhaka and Chittagong stock exchanges dropped by 22.17 percent and 15.72 percent.

Last week's turnover on the Dhaka Stock Exchange (DSE) was Tk 321.24 crore against Tk 412.72 crore in the previous week. On the Chittagong Stock Exchange (CSE), the total turnover was Tk 67.10 crore last week, which was Tk 79.62 crore the previous week.

Total transactions fell by 26.68 percent on the DSE and 22.75 percent on the CSE. On the premier bourse a total of 45,566,910 shares were traded last week against 62,148,941 shares the previous week.

On the port city bourse, a total of 14,137,936 shares were traded last week while 18,303,749 shares during the previous week.

Market analysts said selling pressure dominated the week following the government's drive against corrupt ion dampened investors' mood.

"It's a sensitive market and the government's massive crackdown stunned the investors' forcing them into a panic sell," said an expert.

The price indices, however, closed mixed on a week-on-week basis.

The DSE General Index lost 15.47 points, or 0.86 percent, ending the week at 1778.55 points while the DSE All Share Price Index gained 11.69 points, or 0.78 percent, finishing the week at 1507.39 points.

The CSE Selective Categories Index rose by 0.26 percent to close at 2632.23 points last week while the CSE All Share Price Index increased by 1.38 percent to end at 4152.91 points on Thursday, the last trading day of the week.

Most of the securities finished the week down. Out of 264 issues, 239 were traded on the DSE last week. Of the issues traded, 74 advanced, 147 declined and 18 remained unchanged.

The top ten turnover leaders of the week were Power Grid Company of Bangladesh (PGCB), Dhaka Electric Supply Company, Brac Bank, Rupali Bank, Uttara Bank, Grameen Mutual Fund One, Eastern Cables, Agni Systems, AIMS First Mutual Fund and United Commercial Bank.

PGCB, the stat-run power company, topped the list with 950,500 shares worth Tk 44.89 crore, accounting for some 13.98 percent of the total market turnover.

Of the 139 issues traded, 52 gained, 71 incurred losses and 16 remained unchanged on the CSE.

CSE's top ten turnover leaders for the week were PGCB, Rupali Bank, Eastern Cables, National Bank, AIMS First Mutual Fund, Brac Bank, Lafarge Surma Cement, Bextex, Pubali Bank and Grameen Mutual Fund One.

The PGCB topped the turnover leaders with 230,250 shares worth Tk 10.86 crore.

At the end of the week, market capitalisation stood at Tk 38,280 crore on the DSE and Tk 30,705 crore on the CSE.

PHOTO: PHOENIX FINANCE & INVESTMENTS

The 12th annual general meeting (AGM) of Phoenix Finance & Investments Ltd was held on Thursday in Dhaka. Chairman of the company Deen Mohammad presided over the AGM while Managing Director A Quadir Choudhury and other senior officials were present.

Gender equality contributes to S Asian growth: WB

ANN/ THE ISLAND

Gender equality plays a major role on economic growth and poverty reduction in South Asia, according to World Bank.

The World Bank states that the adult female literacy rate in Sri Lanka is reported at 85.9 per cent as against 93.3 per cent for the adult male. Compared with the island's total labour force, 42 per cent females are employed with the total labour force accounting for 1,280 million.

The research conducted in India, Afghanistan, Bangladesh and Pakistan provides information on bankruptcy, strategy and implementation as well as tools useful for integrating gender issues into analytical work, development operations and capacity building in comparison with Sri Lanka.

Discussing different issues in the region, the World Bank states that more than 10,000 community health workers (half of whom are women) have been trained and deployed in Afghanistan.

"They have helped increase family planning and childhood vaccination. The number of couples using modern methods of family planning has increased from 47,000 to 115,000 in 11 provinces, in part thanks to supplies distributed by these workers", the report stated.

In India nearly 8 million poor women in rural areas have been organised into 629,870 self-help groups and 28,282 village organisations and the project is expected to organise all rural poor households by 2008.

"Although more Pakistani girls are in school, a substantial gender gap in enrolment remains and worsens significantly as girls transit from primary to middle school. Although gender differentials in child immunisation have declined, considerable gender differentials persist in other aspects of health care", the report claimed.

It added that the use of reproductive health services is low while maternal mortality ratios remain high.

In the labour market, lower educational attainment coupled with social norms that restrict mobility confine women to a limited range of employment opportunities and low wages, the World Bank report stated.

China introduces law on private ownership

AFP, *Beijing*

China presented its parliament on Thursday with a long-awaited and controversial law that would further enshrine private ownership in a country where the concept was once virtually stamped out.

The "Property Law", due to be approved next week by the rubber-stamp National People's Congress (NPC), will clarify property rights and is viewed as a necessary step to keep pace with the rapid opening up of China's economy.

It is expected to help prevent illegal land confiscations and other property conflicts that have been responsible for some of the most serious outbreaks of unrest in China.

"Enacting the property law is necessitated by the need to safeguard the immediate interests of the people," NPC vice president Wang Zhaoguo said to 3,000 lawmakers in introducing the bill.

"As the reform and opening up of the economy develop, people's living standards have improved in general and they urgently require effective protection of their own lawful property accumulated through hard work," he said.

Wang said the law does not threaten the state-owned sector but provides it with legal protections as well.

Land and some other key assets have long been officially owned by the state in China and Wang said the law will keep public ownership "at the core of the economic system.

"To prevent fraudulent acquisitions and mergers of state property, the draft strengthens the protection of state-owned property, stipulating that illegal possession, looting, illegal sharing, withholding or destruction of state property is prohibited," he said.

A letter of opposition to the law, signed by more than 3,000 former ministers, retired provincial chiefs and demobilised senior military officers, was presented to the NPC last year in which many feel scuttled its chances of passing at the time.

Opponents have argued the law will help corrupt officials and others who have gotten rich through dubious means to protect their ill-gotten gains.

Supporters, however, say private companies will gain added protection against economic crime, such as embezzlement by their own staff.

Many other experts have said China has little choice but to seek a firmer legal basis for the protection of the entire range of ownership forms now in existence, whether private or state.

The government also Thursday introduced a separate law that will set a unified 25 percent income tax rates for foreign and domestic corporate entities.