

Star BUSINESS

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CURBING INFLATION

IMF for limiting credit to public, private sectors

Adviser disagrees as supply side economics to be hampered

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The finance adviser has expressed his disagreement with an IMF (International Monetary Fund) prescription that suggests limitation in both the public and private sectors credit in order to curb inflation. On an end to its 2-week visit to Dhaka, the eight-member IMF mission, led by Thomas R Rumbaugh, adviser in the Asia and Pacific Department, asked the government yesterday to limit this credit. The mission held separate wrap-up meetings with the finance

adviser and the governor of Bangladesh Bank where high officials of the finance ministry and the central bank were present. Disagreeing with the mission's suggestion, Finance Adviser A B Mirza Azizul Islam said supply side economics will be hampered, if the government curtails credit. Although the IMF team lauded the government's recent reform measures and pledged a continued cooperation, they expressed their concern over the increasing inflation rate and low revenue income. "The government is doing very well for reforms and we appreciate

it," Thomas R Rumbaugh told reporters after the meetings. He, however, said the increasing inflation rate and low growth in revenue collection might hamper the economy. The official data shows the inflation rate rose by 1.34 percentage point in February and reached 7.28 percent. Official sources said the mission asked the government to control the inflation and try to keep it below double digit. Bangladesh Bank statistics show that net credit growth in the public sector was 32.68 percent in

January, which was 18.53 percent in the same month of last year. While the private sector credit growth was 18.27 percent in January this year, the figure was 15.91 percent in the same month of last year. The finance adviser assured the IMF mission that the inflation rate would not reach the double digit and the government will take measures to keep price situation under control, which the economists blamed as one of the main reasons for recent rise in the inflation rate.

East Asia to grow 5.7pc in 2007

AFP, Singapore

Economies in East Asia will grow 5.7 percent in 2007 with China spearheading the region despite slowing growth in the United States, a major market for Asian exports, a regional think-tank said Wednesday. Overall growth in the Asia Pacific region is tipped at 4.3 percent this year and 4.5 percent in 2008, still down from 5.0 percent last year, the Pacific Economic Cooperation Council (PECC) said in a report based on its forecasts for 19 economies.

"China continues to drive Asian growth, with expansion in real GDP expected to top 10 percent through 2010," said PECC. "China's economy will be powered again by fixed asset investment, but the contribution of personal consumption to overall GDP growth is expected to be increasingly important as disposable incomes of Chinese households continue to rise," it said. While East Asian economies will lead the region, their 5.7 percent growth will be down from the 6.3 percent last year, PECC said. The report said China's current account surplus will rise to 315 billion US dollars this year and top 364 billion in 2008. "At around 10 percent of GDP, the surplus will be a lightning rod for protectionist sentiment in the United States, which appears to be gaining political momentum," the report said.



PHOTO: DBBL

Senior officials of Citigroup, Citibank NA Bangladesh and Dutch-Bangla Bank Ltd (DBBL) are seen at an agreement signing ceremony yesterday in Dhaka. Under the deal, Citibank NA will offer retail banking services of DBBL to the employees and owners of Citibank's corporate customers in Bangladesh.

Citibank NA signs deal with DBBL to offer retail banking services

Citibank NA Bangladesh embarked on a new initiative to provide retail banking services of Dutch-Bangla Bank Ltd (DBBL) for the employees and owners of Citibank's corporate customers in Bangladesh. An agreement to this effect was signed between the banks yesterday in Dhaka, says a press release. Under the deal, the banks will also work together for their compre-

hensive capacity building and to explore business opportunities further. Muhammad Shahidul Islam, senior executive vice president and head of Credit of DBBL, and Mahbubur Rahman, director and head of Financial Institutions of Citibank NA Bangladesh, signed the deal on behalf of their companies. Richard Martin Smyth, managing director and head of Portfolio Management of Citigroup South Asia, Lyne'e Bradley, vice president of Fixed Income of Citigroup Hong Kong, Mamun Rashid, managing director and CEO of Citibank NA Bangladesh, and Md Yeasin Ali, managing director of DBBL, among other senior officials from both the sides, were present at the signing ceremony.

Speaking at the function Mamun Rashid said, "With 39 branches that would reach 49 shortly, 130 ATMs with international access, real-time online services and credit cards, the DBBL has the required technology and infrastructure to offer the retail banking services to the Citibank's clients. So it is beneficial to both DBBL and Citibank NA to enter into an agreement under which the two parties will form a strategic alliance to serve their clients better." Yeasin Ali said, "This is a unique opportunity for the two organisations to offer our wide range of services to Citibank customers."

BSRS gets new MD



FRM Hafiz ul Islam joined Bangladesh Shilpa Rin Sangstha (BSRS) as its managing director on Sunday. Hafiz ul Islam was the deputy managing director of Agrani Bank prior to joining BSRS, according to a press release. Upon completion of higher degree in Agricultural Economics from Bangladesh Agricultural University, Islam started his banking career with Bangladesh Krishi bank in 1977.

Sonargaon's new sales director



MA Awal has been made director of Sales of Pan Pacific Sonargaon, Dhaka, says a press release. Awal, who joined the Sales & Marketing Division of the five-star hotel in 1985, will lead catering and reservation team along with Sales & Marketing department.

AVERTING DOUBLE TAXATION

Govt ratifies deals with US, Nepal, Myanmar

UNB, Dhaka

The caretaker government has ratified an agreement between Bangladesh and the United States on Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respective Taxes on Income. A meeting of the Council of Advisers with Chief Adviser Dr Fakhrudin Ahmed in the chair yesterday also approved two more agreements on the same score between Bangladesh and Nepal, and Bangladesh and Myanmar. The deals on Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respective Taxes on Income with the three countries are aimed at "opening up scope for investment and increased trade and commerce". After a thorough discussion, the cabinet meeting also approved a proposal for 'Weekly Holidays Staggering Scheme' introducing weekend on different days of the week instead of single weekend in industrial areas of the country to save electricity. Under the scheme, the entire country would be divided into 10 industrial zones and weekly holidays would be fixed up on different days in the areas, according to Syed Fahim Munaim, press secretary to the chief adviser. Annual reports on activities of all the ministries for fiscal 2004-05 and 2005-06, along with suggestions, were presented in the council meeting by the Cabinet Division. After perusal of the reports, Chief Adviser Dr Ahmed gave guidelines to the secretaries of ministries for further "expediting" their function.

India's steel production set to triple by 2015

AFP, New Delhi

India said Wednesday it has raised its forecast for steel production, which it expects will expand three-fold by 2015 as companies raise output to take advantage of surging domestic and overseas demand. "The government had estimated a production capacity of 65 million tonnes by 2010-2011 but now these estimates have been revised to 80 million tonnes," Steel Secretary R. S. Pandey said. "Given a conducive mineral policy framework, this country should be producing 120 million tonnes by 2015-2016 and 180 million tonnes by 2019-2020," Pandey told the Press Trust of India. India is currently the world's seventh-largest producer with a capacity of 44 million tonnes while China is at the top with a capacity of 418 million tonnes. India occupied the number eight slot in 2005 and ninth a year before, Pandey said and added: "We are witnessing an era of resurgence in the steel sector". Indian steel producers are adding capacity to feed demand led by auto makers and construction companies in an economy expanding at an annual pace of nine percent. South Korean steel-making giant POSCO has signed an agreement to set up a 12-billion-dollar plant in the eastern Indian state of Orissa which will produce 12 million tonnes by 2020. The world's largest steelmaker, Arcelor Mittal, in December signed an agreement with Orissa to build an 8.7-billion dollar production plant in the ore-rich state.

BLFCA luncheon meeting held

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The quarterly luncheon meeting of Bangladesh Leasing and Finance Companies Association (BLFCA) was held in Dhaka yesterday. Dr Qazi Kholiquzzaman Ahmad, president of Bangladesh Economic Association, attended the programme as chief guest, which was chaired by Anis A Khan, chairman of the BLFCA. The speakers urged the government to solve the power crisis of the country immediately and suggested seeking alternative sources of energy to meet the future demands. They also suggested actions for bringing the country's inflation rate down. A good number of managing directors and chief executive officers from different financial institutions participated in the meeting.

ANTI-GRAFT CRACKDOWN

NBR to ask non-banking firms for info on suspects

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Country's central tax administration in its on-going anti-graft crackdown has decided to seek information on corruption suspects also from non-banking institutions. "We will ask the non-banking institutions such as post offices and National Savings Directorate to furnish financial information, if there is any transaction of the graft suspects with these institutions," National Board of Revenue (NBR) Chairman Badiur Rahman told journalists at his office yesterday. Earlier this week, the NBR directed all commercial banks to furnish by this month transaction

information of 71 specific individuals, including political leaders, businessmen, top government officials and their relations. The board will look for transaction information on other suspects from the commercial banks, as it has finalised another list of graft suspects, the NBR chief said, adding that this anti-graft drive would be carried on. According to sources in the tax administration, the banks would be asked for furnishing information in detail on transactions through personal, joint, current, foreign currency and credit accounts, and credit card of the suspects.

The revenue board would match tax returns with the transaction reports of the persons concerned to know about their income sources and any possible tax evasion. In early March, the NBR asked all the banks and non-banking financial institutions to freeze accounts of 53 individuals and their relatives who hold at least 40 times more money in their bank accounts than the amount declared in their tax statements. The board also revealed last month that the undisclosed bank deposits of these people amounted to around Tk 120 crore.

Prime Bank plans to expand network abroad

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Prime Bank Ltd, a local private bank, plans to expand its network abroad. Prime Bank will give priority to rural areas when it comes to opening new branches, Bhuiyan added. With 44 percent annual growth, the net profit of the bank stood at Tk105 crore in 2006 whereas growths in deposit and credit reached 52 percent and 48 percent in the same period. The managing director said the bank will open 12 branches with ATM facilities in different parts of the country this year. At present, the bank has 25,000 customers who use credit cards. The bank is practising corporate social responsibility through Prime Bank Foundation. As part of its celebration of 12th founding anniversary, the bank will award 12 successful women entrepreneurs, who changed their lives with the help of microcredit. The bank will also offer financial assistance to 1200 people for cataract operations and 12 for open heart surgeries.



PHOTO: PRIME BANK

Managing Director of Prime Bank Ltd M Shahjahan Bhuiyan speaks at a press conference in Dhaka yesterday to mark the 12th founding anniversary of the bank. Other senior officials of the bank are also seen.

New DMD of Sonali Bank



Raihana Aneesa Yusuf Ali has been appointed deputy managing director of Sonali Bank recently, says a press release. Prior to her new assignment, she served House Building Finance Corporation as general manager. She started her banking career with Bangladesh Krishi Bank as a probationary officer in 1977.

Tesco to open in Japan

AFP, Tokyo

Britain's Tesco said Wednesday it will open its first own-brand mini-supermarket in Japan next week as part of a new expansion in the world's number two retail market. The Tesco Express store will open its doors in Tokyo's Nerima ward on April 25, one of up to 35 new outlets the British supermarket giant plans to open this year in Japan, where there is already fierce competition. The new push comes as Japan shows signs of a long-awaited revival in consumer spending, with Asia's largest economy emerging from a slump stretching back more than a decade. Tesco currently operates 106 stores in Japan under the "Tsurukame" brand and has now decided to use its own name as it looks to step up rivalry with the nation's ubiquitous convenience stores such as 7-Eleven and Lawsons.