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DHAKA WEDNESDAY MARCH 4, 2009

Stocks

DGEN ▼ 0.96%
2,567.97

CSCX ▼ 0.65%
5,085.59

Asian Markets

MUMBAI ▼ 2.09%
8,427.29

TOKYO ▼ 0.69%
7,229.72

SINGAPORE ▼ 0.32%
1,528.51

SHANGHAI ▼ 1.05%
2,071.43

Currencies

	Buy Tk	Sell Tk
USD	68.40	69.40
EUR	84.73	89.32
GBP	94.67	99.56
JPY	0.70	0.73

SOURCE: BANGLADESH BANK

Commodities

Gold ▼
\$924.00
(per ounce)

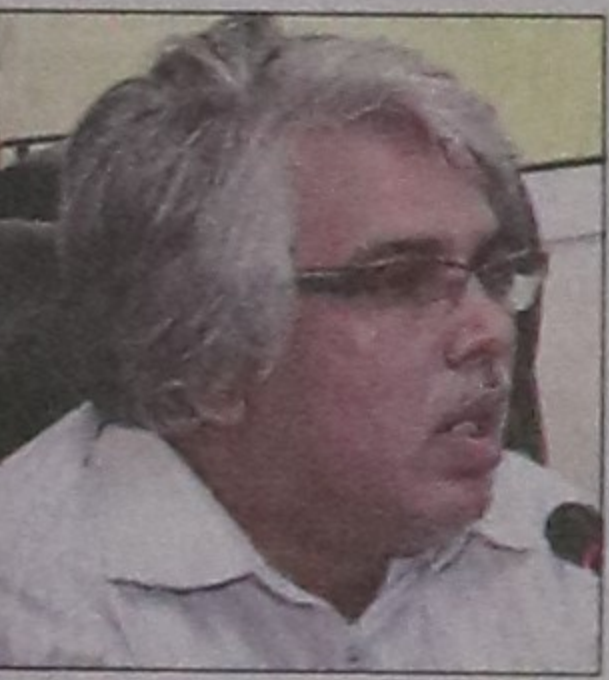
Oil ▼
\$40.48
(per barrel)

SOURCE: AFP

(Midday Trade)

More News

RMG holds out bright hope



A strong chance stays yet to materialise the dream of exporting readymade garment (RMG) worth \$25 billion within 2013 from the existing \$11.70 billion if the sector is given proper and timely policy support and financial aid from the government side.

B-4

International

Toyota financial unit seeks public funds

Crisis-hit Japanese auto giant Toyota Motor has asked for a government loan to help its financial unit ride out the credit crunch, an official said Tuesday. Toyota Financial Services, which provides loans to car buyers, is in consultations with the Japan Bank for International Cooperation (JBIC) but the size of the loan has not been decided, company official Mio Sugito told AFP.

Luxury piano firm turns to furniture in crisis

The global economic crisis has forced world-renowned Czech piano maker Petrof to hit the soft pedal and switch production from grands to lacquered kitchen furniture. "At the time of a crisis, people think about other things than buying a new piano."

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Contact Us

If you have views on Star Business or news about business in Bangladesh, please email us at business@thedailystar.net

Remittance dips to a new low

Migrant outflow to major countries drops

REJAUL KARIM BYRON

Remittance growth in February was the lowest in the last eight months due to the ongoing global recession.

Manpower exports to the major countries have dropped, which will also cast a negative impact on the overall remittance growth, feared Bangladesh Bank (BB) officials.

Although the overall remittance growth was 27 percent in the eight-month period (July to February) of the current fiscal year, in February it was only 15 percent compared to the previous February's \$689.26 million.

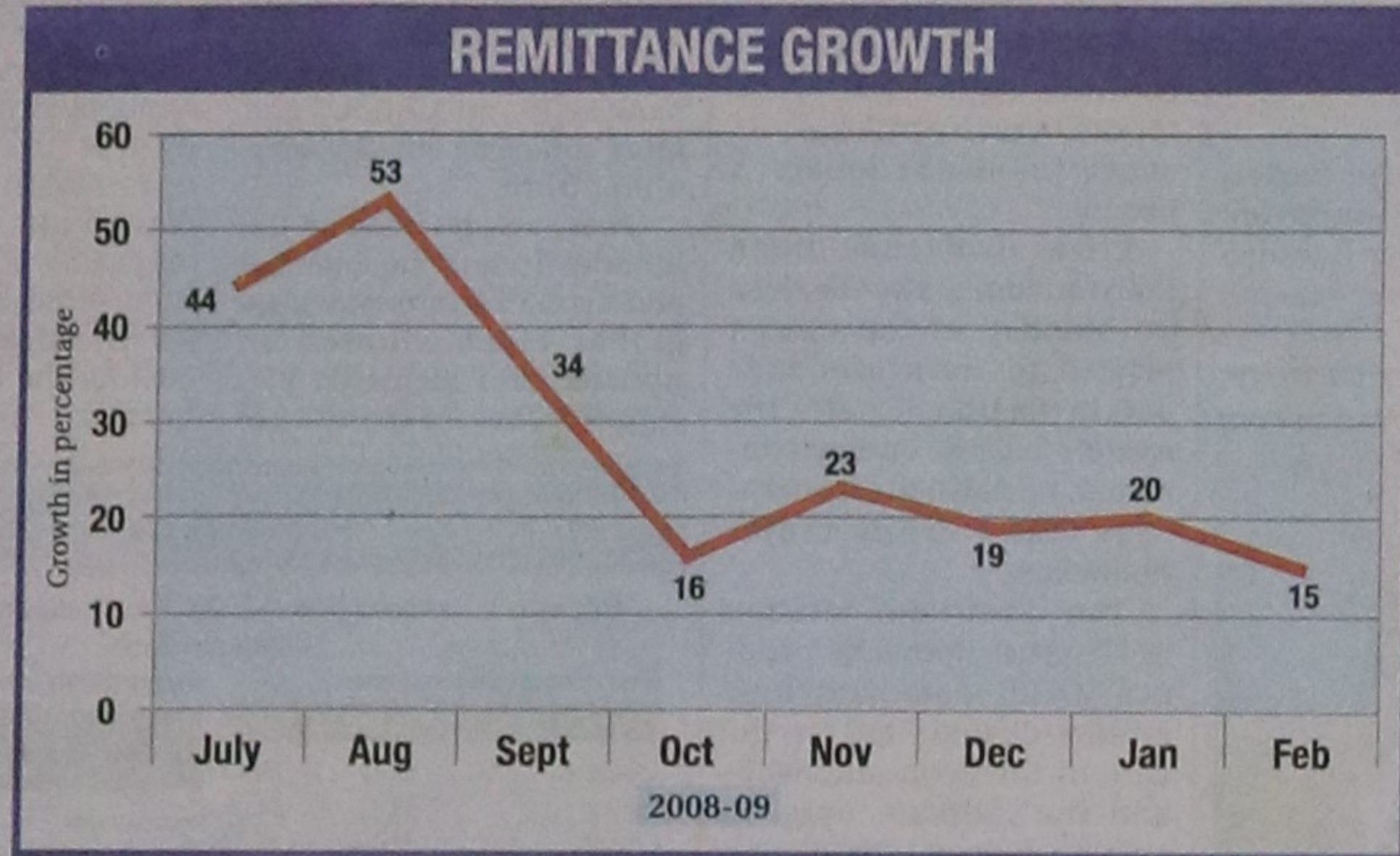
The remittance inflow in February was \$784.47 million, which was \$859 million in January.

Except October, the last six months' remittance growth ranged from 19 percent to 53 percent.

In the first eight months of the current fiscal year the total remittance inflow was \$6,148.2 million against \$4,840.51 million in the same period last fiscal year.

On the basis of the eight-month figure, a BB official said although remittance is yet to feel any negative impact, there is a possibility in future. He said if the global recession prolongs, the labour market abroad may shrink and salary level will drop, leading to a fall in future remittance inflow.

Around 65 percent remittances are sent by workers from the Middle East, while



around 27 percent come from the USA and European countries.

The ADB's Quarterly Economic Update on Bangladesh released on Monday outlined the country's shrinking labour market.

The annual growth in the number of workers leaving Bangladesh for overseas jobs slowed sharply to 5.1 percent in 2008 compared to 118.2 percent in 2007.

Among the major destinations for overseas employment, new jobs for Bangladeshi workers in Saudi Arabia fell by 35.3 percent in 2008. Kuwait has reduced hiring

Bangladeshi workers since late 2006. In 2008 new jobs for Bangladeshi workers in Kuwait fell by 92.4 percent and in Bahrain by 19.8 percent.

New job opportunities for Bangladeshi workers also declined in 2008 in Malaysia by 51.8 percent and in Brunei by 11.1 percent on economic downturn.

The recession is also badly affecting new jobs for Bangladeshi workers in Europe as in 2008 new jobs for Bangladeshi workers fell by 36.7 percent in Italy and 2.1 percent in the UK.

Job opportunities however grew by 202.6 percent in Oman, 85.2 percent in the UAE, 68.9 percent in Qatar and 47.6 percent in Singapore.

Meanwhile, the central bank has formed a seven-member committee to monitor remittance inflow. The committee headed by a BB executive director comprises representatives from the ministries of finance, foreign affairs, expatriate welfare and overseas employment, Bangladesh Association of International Recruiting Agencies, and Bangladesh Association of Banks.

The BB has already asked all commercial banks to extend cooperation to the committee, and three private commercial banks got permission to set up exchange houses in Malaysia and the UK.

However the foreign currency reserve is not satisfactory as the reserve was \$5.43 billion yesterday that is below import bill for three months.

The international satisfactory level of forex reserve is equal to the import bill for three months. In the last six months average import bill was \$1.97 billion per month. Accordingly, in three months the reserve should be \$5.91 billion.

The BB official said although monthly import bill was over \$2 billion in the first four months of the current fiscal year, recently it came down. In November it was \$1.8 billion and in December \$1.6 billion. So, there is no cause for concern over forex reserve, the official said.

BB warns banks on SME funds for women

STAR BUSINESS REPORT

Bangladesh Bank (BB) yesterday directed commercial banks to disburse at least 10 percent of SME funds among women entrepreneurs.

In a circular, the central bank said any bank failing to comply with the directive would not get refinancing facilities.

BB said the commercial banks had kept 15 percent of their credit in the small and medium enterprise (SME) funds.

A review by the central bank shows the banks failed to hand out sufficient loans to women entrepreneurs.

BB officials said the central bank encourages more women to come into entrepreneurship.

Women entrepreneurs constitute less than 10 percent of the total business entrepreneurs in Bangladesh whereas women in advanced market economies own more than 25 percent of all businesses.

A recent United Nations report concluded that economic development is closely related to the advancement of women.

GP IPO may run into further delay

SARWAR A CHOWDHURY and MD HASAN

Grameenphone's initial public offering is likely to be further delayed, despite fulfilment of the market regulator's conditions by the mobile phone operator, putting the pre-IPO investors, including the institutional ones in disarray.

People close to the matter said the new government has instructed the Securities and Exchange Commission (SEC) to wait a go-ahead before reaching any decision on any offloading of GP's \$65 million, or Tk 449 crore shares.

The government is now more focused on settling the ongoing crisis stemming from the BDR mutiny. The deadline for the disposal of the GP issue is March 23.

SEC Executive Director Farhad Ahmed said, "The approval of the Grameenphone IPO is under process."

Experts anticipate such a delay in disposing of the IPO issue may discourage institutional investors, and listing of big companies in future.

"This delay may dampen market interests," Salahuddin Ahmed Khan, professor of Finance at Dhaka University, told The Daily Star yesterday.

The commission should approve the IPO without any delay, said Khan, also the former chief executive officer of Dhaka Stock Exchange.

The institutional investors, who got Grameenphone shares through pre-IPO placements, are also pressuring the telecom company to be listed with the stock exchanges as soon as possible.

These investors think that their money will remain idle unless the GP share trade debuts.

"As there will be a lock-in system, we will not be able to sell Grameenphone shares within the lock-in period. The more the trade is delayed, the more our investment remains idle," said an official of an institution.

Yawer Sayeed, managing director of AIMS of Bangladesh, a local asset management company, also said: "We expect the trading of Grameenphone's share will begin as early as possible. Because our investment remains idle and we will not get any return from the investment as long as share trade debuts."

Meanwhile, Grameenphone officials also admitted to the pressure they face from pre-IPO shareholders. "We are ready to list on the market by

our deadline. But it is now subject to SEC nod," said a high official of Grameenphone.

Oddvar Hesjedal, chief executive officer of Grameenphone, at a press conference in February also expressed his company's readiness to list on the capital market.

In July 2008, the \$ 3.2 billion Grameenphone finalised its plan to raise \$ 300 million (Tk 2,058 crore) -- \$ 150 million from the stock market and the rest through private placement or pre-IPO.

The company, later in October, said it might cut its planned IPO to \$ 125 million -- \$ 65 million from stock market and the rest \$ 60 million through private placement. The company meantime more than halved its IPO package, as foreign institutional investors take least interest because of the ongoing global economic slowdown.

However, the Grameenphone's \$ 60 million pre-IPO was settled with a huge response from the local market. Its pre-IPO placement offer was over-crowded by three times, as it got a strong support from more than 50 local institutional investors.

The GP roadmap made the listing due in September 2008, but it deferred,

as the SEC did not agree with the company's first valuation worth \$ 3.7 billion.

Later in a revision, the GP valuation stood at \$ 3.2 billion.

The company then announced to list on bourses by the first quarter of 2009 (January to March). But the final listing may delay again as Grameenphone already said it needs at least four to five weeks to debut after the SEC approval.

Grameenphone officials said they responded positively to some SEC queries last month. And the company's listing now depends on how the regulator responds.

Norway's telecom giant Telenor owns 62 percent of the company, which launched operation in 1997, with the rest 38 percent being held by local GrameenTelecom.

GP now enjoys a healthy balance sheet. Its net profit jumped by 68 percent to Tk 320 crore by the end of 2008, compared to Tk 130 crore a year ago.

GP is the Bangladesh's market leader among six mobile operators having 20.99 million customers, followed by Banglalink's 10.33 million and AKTEL's 8.20 million.

GP HIGHLIGHTS

- GP submitted its IPO roadmap to the Securities and Exchange Commission in December 2007, aiming to list on the capital market by the third quarter of 2008.
- In a presentation to SEC on March 25, 2008, GP disclosed that it had a valuation of \$3.75 billion (Tk 25,875 crore).
- In June 2008, GP revised its valuation down to \$3.2 billion.
- The company revealed its plan to raise \$300 million (Tk 2,058 crore): \$150 million from the stock market and the rest through private placement.
- In October, GP said it may cut its planned IPO to \$125 million: \$65 million from stock market and \$60 million through private placement.

India lifts ban on Chinese toys

PALLAB BHATTACHARYA, New Delhi

India has lifted a six-month ban on import of toys from China, six weeks after imposing the restriction citing hazardous chemicals used in them.

Toys from China make up almost 90 percent of India's toy imports. The Indian toy market is estimated to be worth \$2.5 billion.

A notification issued by the Directorate General of Foreign Trade said on Monday the authorities would allow in the import of only those Chinese toys that conform to international health and safety standards followed in India.

The notification said the imported Chinese toys have to be accompanied by safety certificates from agencies and laboratories accredited to the International Laboratory Accreditation Cooperation.

There had been speculation in "People's Daily of China" that Beijing was contemplating approaching the World Trade Organisation against India's ban on Chinese toys. China is India's largest trading partner.

Chinese toys make roughly 70 percent of the world's toy market.

Toys Association of India General Secretary Rajesh Arora said the ban on import of Chinese toys had been imposed most likely to protect the domestic industry where a large labour force is engaged. There are over 1,000 units in small-scale sector and a large number in the cottage industry.

India had put a blanket ban on the import of all Chinese toys on January 23 this year and Commerce and Industry Minister Kamal Nath said the action was taken due to health concerns as toxicity had been found in toys from China.

Chinese toys had come under the international scanner in 2007 when the world's leading toymaker Mattel recalled over 20 million Chinese toys the world over due to presence of excessive level of lead paint and other contaminants.

Standard Chartered profits jump, rosy on Asia



AFP, London

Standard Chartered, the emerging markets bank, said Tuesday that its net profit jumped a fifth to 3.41 billion dollars (2.69 billion euros) in 2008, leaving it well-placed to tackle a slowdown in Asia.

Despite the lift in profits after tax, Standard Chartered was not immune to the rising bad debts linked to the credit crisis, as it wrote off 1.79 billion dollars in 2008, more than double the 818 million dollars it wrote off in 2007.

The second-biggest British banking group by market value said it cut directors' bonuses for 2008 by 10-25 percent and imposed salary freezes on all senior managers.

"To deliver record results in this exceptional environment is a great achievement," the bank's acting chairman John Peace said in the group's earnings statement.

Chief executive Peter Sands said the best way to continue delivering shareholder value was through Standard Chartered's "rigorous focus on Asia, Africa and the Middle East" in addition to a "prudent approach to liquidity and capital" and "continued discipline in cost and risk management."

Sands said Asian banks were far better placed to withstand the financial crisis than their Western peers that are losing billions of dollars because of the credit crisis and issuing new shares to boost capital.

"While Asian banks are feeling the stress, as dollar liquidity dries up and the credit environment deteriorates, they are on the whole in much better shape than many counterparts in the West," Sands said in the statement.

"The ingredients of the banking crisis

in the UK and the US, the over-leverage, overcomplexity and opacity, are not present to nearly the same extent."

A company is described as highly "leveraged" if it finances its activities by relying heavily on borrowed money.

Sands added that it was "also unwise to draw too many analogies" to the Asian financial crisis of the late 1990s.

"In fact, the resilience of Asia owes much to lessons learnt from that experience. This time most countries have substantial foreign currency reserves and strong fiscal positions. This time most businesses have relatively conservative balance sheets," he stressed.

Standard Chartered's Asia chief executive, Jaspal Bindra, told reporters in Hong Kong that the international bank's salary freeze would apply to senior managers globally, according to Dow Jones Newswires.

Sands meanwhile added that Standard Chartered "was focused on building balance sheet strength and on maintaining high levels of liquidity," adding that it is "on a firm footing for the challenges and opportunities that will come during 2009."

In late morning London trade, the share price of Standard Chartered was up 3.15 percent to 605.50 pence, valuing the bank at 15.59 billion dollars.

Standard Chartered is the second biggest British bank by market capitalisation after HSBC, which on Monday asked shareholders for nearly 18 billion dollars of new capital in return for new shares to help it withstand the financial crisis.

HSBC also announced 6,100 US job cuts after its net profits dived 70 percent in 2008, hit by the collapse of the US subprime, or high-risk, housing market.

People walk past the Hong Kong headquarters of Standard Chartered bank yesterday. The bank's net profit jumped by a fifth.