

Stocks



DGEN	▼ 0.09%	2,426.54
CSCX	▲ 0.27%	4,881.20

Currencies

	Buy Tk	Sell Tk
USD	68.50	69.50
EUR	90.90	95.42
GBP	99.99	104.65
JPY	0.68	0.71

SOURCE: STANDARD CHARTERED BANK

Commodities

 Gold	▼	\$905.00	(per ounce)
 Oil	▲	\$53.04	(per barrel)

SOURCE: AFP

(As of Friday)

More News

A glimpse into the complex world



Secular forces are at play in the world of finance. They are putting pressure on financial executives. Globalisation, greater availability of financial information, fierce competition and consumer sophistication have diminished the scope for balance-sheet arbitrage. The same factors have compressed fees associated with basic financial services.

B-4

International

India's scandal-hit Satyam to pick winning bid April 13

India's scandal-tainted Satyam said Saturday it expected to announce the winner of bids for a majority stake in the struggling outsourcing giant on April 13. Satyam's government-appointed board has been looking for a buyer to take a 51-percent stake to inject much-needed funds into the company, whose finances were left in shambles by India's biggest corporate fraud.

Asean summit to discuss G20 plans: Thai PM

Southeast Asian nations and key regional partners will use a summit next week to discuss their follow-up to a G20 plan to lift the world out of recession, Thailand's premier said Sunday. The summit of the 10-member Association of Southeast Asian Nation (Asean) and dialogue partners China, Japan, South Korea, India, Australia and New Zealand takes place in the Thai resort of Pattaya from 10-12 April.

Taiwan slashes jobs for foreign workers

Taiwan has cut the number of foreign workers and maids working on the island by 24,000 since November, as a result of the global economic slowdown, it was reported Sunday.

B-4

Contact Us

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

Remittance growth slows

JS bodies demand incentives for remitters hurt by global crisis

REJAUL KARIM BYRON and MD HASAN

Remittance inflow to Bangladesh in March recorded \$881 million, but in terms of growth rate it was only 9 percent, the lowest in the last nine months because of the ongoing global recession.

A 13-53 percent growth in remittance was registered in the first eight months (July-February) of this fiscal year. The February remittance reached \$784.47 million, while the January figure was \$859 million.

The March record also helped boost up foreign currency reserve to \$6.03 billion as of yesterday.

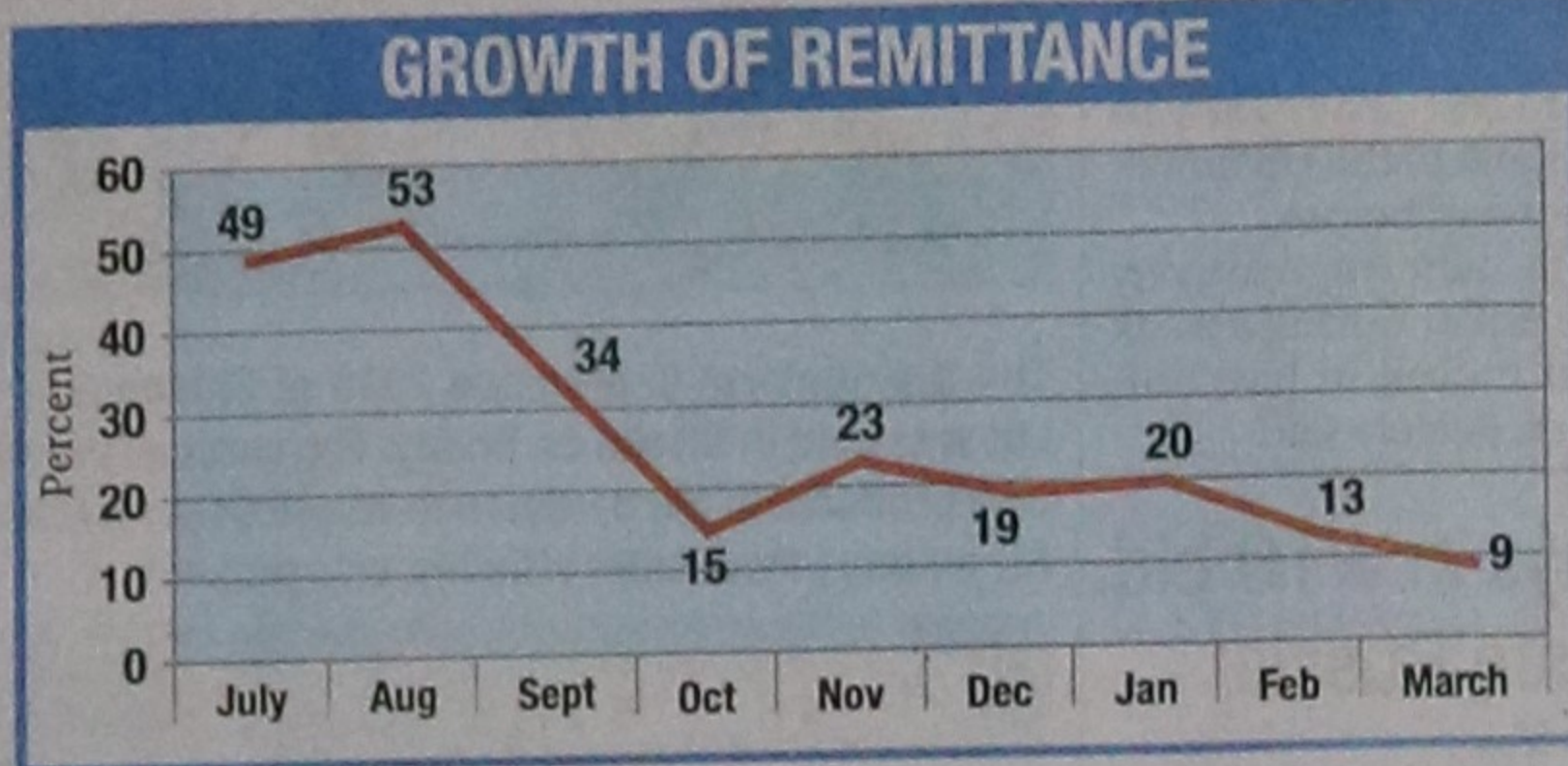
During July-March, the remittance inflow stood at \$7029.51 million against \$5649.23 million in the same period a year earlier.

The central bank data shows a 27 percent rise in average remittance inflow until February, which came down to 24 percent in March.

Bangladesh Bank officials attributed the March record to the enhanced amount of money the expatriates sent home on the eve of boro harvest.

Meanwhile, 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 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 Bangladeshi job seekers in Europe. Jobs fell by 36.7 percent in Italy and 2.1 percent in the UK in 2008.

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.

The central bank officials' forecast indicates a lower remittance inflow in the next few months as a

significant number of workers returned home.

According to the latest revisions by the World Bank, India, China and Mexico retain their position as the top recipients of remittances among developing countries. The top 10 recipients list also includes Philippines, Poland, Nigeria, Romania, Egypt, Bangladesh and Pakistan.

Meanwhile, Finance Minister AMA Muhith said a big budgetary allocation for subsidies is likely in the 2009-10 financial year when suggestions were made by some chiefs of parliamentary bodies yesterday to offer incentives for remitters and farmers.

The chairmen of all standing committees on different ministries, except the ones belonging to BNP, joined a pre-budget discussion at the National Economic Council (NEC). Muhith chaired the meeting.

If any support is extended to anybody tackling the world recession, this incentive should be provided for the expatriates and the farmers in the next budget, the committee chairmen said, pointing to the fact that farmers and expatriates are contributing most to the country's GDP growth.

They also advised the government to use the growers' houses as silos for food in absence of adequate spaces in government silos and extend price support to rice and wheat.

In the pre-budget discussion, they put emphasis on political stability to keep the economy sound on the back of global crisis.

"We have suggested raising subsidies on both input and output of rice and wheat," Rashed Khan Menon MP, who raised the demand for stimulus package for common people, including farmers and expatriates, told reporters after the meeting with the finance minister.

Menon also said, "Those who are sending money home should be given some incentive price to their dollars over the market price."

Anisul Islam Mahmud, a lawmaker from Jatiya Party, said, "We did not suggest introduction of dual exchange rate. We said the expatriates could be given Tk 0.50 more than market price as incentive on dollar price."

Job scheme restarts next fiscal year

STAR BUSINESS REPORT

Adequate funds will be allocated in the budget for the next fiscal year to ensure smooth running of the 100-Day Employment Generation Programme (EGP) designed by the caretaker government to support the ultra poor, said Food and Disaster Management Minister Muhammad Abdur Razzaque yesterday.

However, following huge corruption and irregularities, the Tk 2,000 crore programme launched on September 15 last year was suspended in November.

"Before running the programme again, the government is now reviewing it to ensure transparency and accountability so the poor and vulnerable groups benefit from the programme," Razzaque said.

Speaking at a workshop on "employment generation programme" co-organised by the ministry

and the World Bank at Cirdap auditorium, the minister said the income-generating programme proved successful in Monga-prone areas.

But inadequate time for preparation to launch the programme, faults in selecting the beneficiaries, a lack of transparency in its activities and weak monitoring led to the irregularities to some extent, Razzaque said.

"The government is convinced of the positive outcome of the 100-Day EGP. However considering the present situation of markets and availability of resources, the government is planning to implement the second phase of the programme in October or November this year," he added.

Of Tk 1,200 crore allocated for the first phase, around Tk 915 crore was spent on 1,01,059 projects across the country.

A total of 19,97,075 people worked under the projects, according to food and disaster management ministry statistics.

Among others, World Bank Country Director Xian Zhu and Secretary to the Food Ministry Mokhesur Rahman spoke at the workshop.

"The recent 100-day employment generation programme is an important addition to the government's existing set of safety net programmes," Zhu said.

"However, it is very important to ensure transparency for the safety net programmes to prevent the problem of leakages," he said.

Zhu said the World Bank is also keen to provide more financial and technical support to the government in expanding and improving Bangladesh's social safety nets.

Dr Razzaque was critical of the donors, saying that only 44,000 tonnes of food came in aid during the food crisis against an expected 400,000 tonnes.

"We want the donors to come next time with support for this scheme (EGP)," he added.

Mobile operators get fewer customers

STAR BUSINESS REPORT

Six mobile phone operators added only 0.47 million customers to their networks in February, taking the number to 45.21 million.

No customers were added to the network of Grameenphone, the largest mobile operator. In February, GP's customer base remained unchanged at 20.94 million, the same as in January 2009, according to Bangladesh Telecommunication Regulatory Commission (BTRC).

At a press conference in February, GP officials explained the reasons behind the low growth in new customer acquisition. The company seems unlikely to go into subsidies to attract new customers.

"While the subscriber base continues to grow, it is affected by the existing high SIM tax. This restricts the customers with limited incomes, who cannot bear the high prices," Oddvar Hesjedal, chief executive officer of Grameenphone, had told the press conference.

Speaking to The Daily Star yesterday, Hesjedal said, "Since we are now investing on and selling to the lower income segments of society, subsidising the SIM tax is not a sustainable business proposition for us."

"If SIM taxes are waived, we will continue to grow our subscriber base even in the lower income and rural segments."

GP added 4.51 million customers in 2008, which is around 1.5 million less than the figures for the previous year. Along with a low rate of customer acquisition, the company also reduced the subsidy for each connection from Tk 800 to Tk 300, which ultimately helped earn a significant profit of Tk 320 crore in 2008.

"We followed a conscious business strategy in 2008, which basically helped earn a significant amount of profit," said Md Arif Al Islam, chief financial officer of the company.

When the other companies are marketing new packages, there is no promotional campaign for new GP connection. The new company has recently set Tk 900 charge for a new connection.

The BTRC data showed that the fourth mobile operator, Warid, lost 0.05 million customers in February, dropping to 2.20 million from 2.25 million in January 2009.

The BTRC figure also showed Banglalink increased its subscriber base to 10.70 million from 10.41 million a month ago. AKTEL witnessed growth of 8.598 million users in February, up from 8.47 million in January 2009.

Citycell increased the number of customers to 1.85 million in February from 1.83 million a month ago. The customer base of state-run TeleTalk also reached 0.93 million in the same period, compared to 0.84 million in January.

Global crisis has silver lining for IMF

AFP, Washington

From the ashes of global prosperity the International Monetary Fund (IMF) emerged this week as the bulwark against the economic crisis, its role and finances heavily bolstered by world leaders.

The IMF was the main beneficiary at the Group of 20 London summit where leaders agreed to triple its war chest to 750 billion dollars by adding 500 billion dollars, some of it already pledged.

The 20 industrialised and developing countries backed an extra 250 billion dollars to increase the fund's reserve assets and pump liquidity into the gridlocked financial system.

The summit Thursday also set a target to more than double the IMF's concessional lending to poor countries, and endorsed the use of a portion of the IMF's planned gold sales to help finance it.

The G20 not only sharpened the IMF's firepower to fight the global contagion, but placed the 185-nation institution at the centre of what summit host British Prime Minister Gordon Brown says is a "new world order" based on international cooperation.

The summit decisions represented that new order, as China, India and other emerging powerhouses reached accord with the established Group of Seven (G7) powers -- Britain, Canada, France, Germany, Italy, Japan and the United States -- on a way forward to deal with global economic crises.

The IMF was called on to improve its early warning systems to head off crises before they can spill over into the broader world economy, in collaboration with the Financial Stability Board, a beefed-up successor to the Financial Stability Forum.

The G20 also committed themselves to implementing IMF reforms under way and called for further reforms to make the 185-



IMF Managing Director Dominique Strauss-Kahn

nation more transparent and representative.

The summit stamp of approval on the IMF albeit forged in the most devastating economic crisis since World War II, marked a milestone for the developing countries which long have criticised the fund's lending conditions as harmful and railed against its G7 domination.

It was only a year ago the IMF was struggling to reinvent itself.

Member nations overwhelmingly approved major voting and quota reforms in April 2008, yet they are still awaiting approval by their legislatures.

Managing Director Dominique

Strauss-Kahn launched an employee buyout program to cope with a budget shortfall due to dwindling demand for its loans.

The IMF has seen its fortunes rise as others fall.

"You will see that it's the beginning of increasing the role of the IMF, not only as a lender of last resort, not only as a forecaster, not only as an advisor in economic policy and its old traditional role, but also in providing liquidity to the world, which is the role finally, and in the end, of a financial institution like ours," Strauss-Kahn said.

Analysts hailed the G20's generous outlay as a boon to global stabil-

ity and to the developing countries. Uri Dadush at the Carnegie Endowment for International Peace said the G20 communique was "striking in the degree to which it accommodates the interests of developing countries in various ways; they are the greatest likely beneficiaries of the increase in IMF and multilateral development bank resources."

Jan Randolph at IHS Global Insight agreed.

"These sums more than match the total amount of capital flight and bank loan redemptions from emerging markets since 2007 of over 700 billion dollars and will go a long way to supporting financial stability in the developing and emerging market world," Randolph said.

But the IMF's enhanced role drew fire from critics who say no new money should go to the IMF until it changes its policies.

"We have deep concerns about how central the IMF has become in this crisis. The fund has been given a blank check but its reform remains no more than a promise," said Duncan Green at Oxfam International.

With the ink barely dry on the G20 communique, India laid partial blame for the crisis on inadequate IMF surveillance.

"As far as the developing countries are concerned, there has already been all these years excessive surveillance of the developing countries' economies," Indian Prime Minister Manmohan Singh said at a post-summit news conference.

"The real imbalance in the functioning of the IMF has been that there has been too little surveillance of the affairs of the developed countries."

India did not need to ask the IMF for financial assistance. "We have no intention of going to the IMF," he said. "Our reserves are about 250 billion dollars."

S Alam Cold Rolled Steels' trade halted

CONCERNS UNDER S ALAM GROUP

- S Alam Steels Limited
- S Alam Cement Limited
- S Alam Hatchery Limited
- S Alam Cold Rolled Steels Limited
- S Alam Power Plant Limited
- S Alam Soya Seed Extraction Plant Limited
- S Alam Refined Sugar Industries Limited
- S Alam Bag Manufacturing Mills Limited
- S Alam Luxury Chair Coach Services Ltd
- S Alam Brothers Limited
- S Alam Trading Co (pvt) Limited
- Portman Cements Limited

SARWAR A CHOWDHURY

The premier bourse yesterday halted trade of S Alam Cold Rolled Steels' shares on ground of acquisition of a financial institution by the listed firm's parent company S Alam Group.

The Dhaka Stock Exchange also sought explanation from S Alam Cold Rolled Steels as to why the acquisition was not disclosed to the bourse earlier and why actions will not be taken against all concerned for failure to provide adequate information, according to the bourse website.

"The DSE has the right to halt the company's share trading to know whether it has stakes in the acquired company," said Salahuddin Ahmed Khan, former chief executive officer of DSE.

Some analysts hailed the DSE move, saying it will give the investors a clear picture and they will invest without confusion.

S Alam Group last week acquired 97 percent shares of Oman Bangladesh Leasing and Finance Ltd (OBLFL), a non-banking financial institution.

An official of the group yesterday said its concern S Alam Cold Rolled Steels has no stakes in the OBLFL. "We have also replied to the DSE," the official said, seeking anonymity.

"Although the acquisition is not directly linked with S Alam Cold Rolled Steels, the company could apprise the DSE of the issue as additional disclosure, as we asked on April 1 about the unusual price hike of the company's shares," said DSE CEO AFM Shariful Islam yesterday.

"But the company replied that it has not any undisclosed information relating to its operation or profitability that might have an impact on its share trading," Islam said.

Analysts however said the acquisition of a financial institution by S Alam Group will not cast a negative impact on the balance sheet of S Alam Cold Rolled Steels.

"We are not informed of any acquisition of financial institution by S Alam Cold Rolled Steels. However if any director or shareholder of S Alam Cold Rolled Steels buys any financial institution, it is his or her personal affairs, which should not affect the company's share trade," said Yawer Sayeed, managing director of AIMS of Bangladesh, an asset management firm.

sarwar@thedailystar.net