

think electronics... think DIGITAL

TRANSCOM
DIGITAL

Your Trusted Electronics Retailer

Consumer Electronics | Appliances | IT & Cameras | Electrical Products

Customer Care Center: 885366-8, 01712 865463

Stocks

DGEN ▼ 1.18%
2,509.14

CSCX ▼ 1.52%
5,245.29

Asian Markets

MUMBAI ▲ 6.41%
12,134.75

TOKYO Closed

SINGAPORE ▲ 5.65%
2,028.71

SHANGHAI ▲ 3.32%
2,559.91

Currencies

	Buy Tk	Sell Tk
USD	68.50	69.50
EUR	89.45	94.42
GBP	100.83	106.17
JPY	0.68	0.74

SOURCE: STANDARD CHARTERED BANK

Commodities

Oil ▲ \$53.48
(per barrel)

SOURCE: AFP

(Midday Trade)

More News

Microcredit at a crossroad



Microfinance is now accepted worldwide as one of the potent tools of poverty alleviation. The awarding of the Nobel Prize to Dr Muhammad Yunus and Grameen Bank has rekindled interest in this form of banking services to the extent that the UN and even the multi-lateral funding institutions are considering it as an effective tool for poverty reduction.

B-4

International

ADB sees 'mild recovery' next year

The Asian Development Bank (ADB) called Monday for a fundamental "rebalancing" of regional economies in response to the global crisis, while predicting a "mild recovery" next year. Bank President Haruhiko Kuroda said the region would record only 3.4 percent growth this year but could expect a rebound to around 6.0 percent growth in 2010, as he opened the ADB's board of governors annual meeting in Bali.

Fiat aims to create global car giant with GM tie up

Fiat chief executive Sergio Marchionne on Monday outlined a plan to create a new global car giant that would link up with General Motors' European operations after rescuing bankrupt Chrysler.

B-4

Contact Us

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

Clouds linger over remittance

Growth averages 22.70pc in 10 months; monthly growth rate on downward curve

REJAUL KARIM BYRON

The average remittance inflow increased by 22.70 percent in the last 10 months of the current fiscal year, but the monthly growth rate appears on a declining curve due to global meltdown.

From July to April of the current fiscal year, remitters sent in \$7,891.17 million, up from \$6,430.94 million in the same period of last fiscal year.

Over the last 10 months, Bangladesh has recorded a \$1,460 million or 22.70 percent rise from the same period of last fiscal year, according to Bangladesh Bank data.

The monthly growth rate soared to 53.40 percent in August.

September was the first month in the current fiscal year to suffer a decline in growth. The rate came further down to 9 percent in March. However, remittance growth was recorded slightly higher at 9.73 percent in April. The remittance inflow was

\$857.30 million in April.

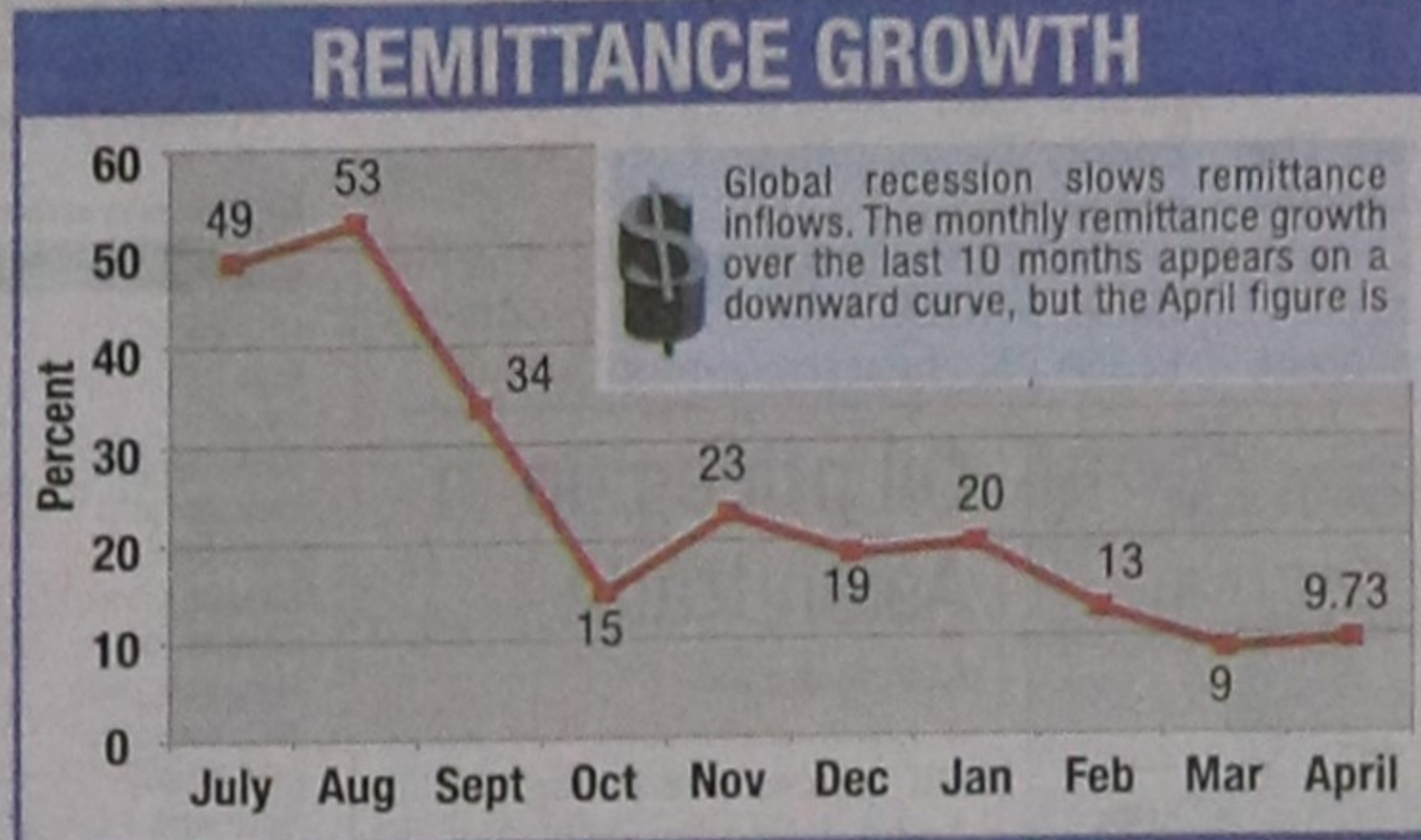
"Although remittance growth showed a slightly upward trend in April, we cannot say it for sure that it will show an upward trend in the coming months," said a high official of Bangladesh Bank.

"The global scenario has not yet changed. However, our overall remittance growth of 23 percent is not bad," the official said.

In a report, the World Bank analyses Bangladesh's remittance scenario: "Remittances have been a key driver of economic growth and poverty reduction in Bangladesh. The impact of the global financial crisis on remittances is of critical importance."

In the past, global remittance flows have been stable, or even counter-cyclical, during an economic downturn in the recipient country, and resilient in the face of slowdown in source countries.

"But the current crisis is global and the World Bank's Global Economic Outlook projects a 4.2 percent to 7.3 percent decline in



remittance flows to South Asia in 2009. If exchange rates remain unfavourable global remittance flows are likely to experience an even greater decline," it said.

In Bangladesh, there is strong evidence that remittances are positively correlated with oil prices. The sharp and sustained decline in oil prices combined with the impact of the financial crisis in the banking sector is adversely

affecting the construction boom in the Middle Eastern economies.

The WB warns that reduced growth in demand for migrant workers in the oil-rich Arab countries, which eventually could hurt Bangladesh's remittance income.

"This together with immigration controls in destination countries could worsen remittance prospects," it says.

The performance of countries under Gulf Cooperation Council (GCC) is particularly important. The bulk of Bangladesh's remittances, about 63 percent, come from the Middle East, which hosts over 3.6 million Bangladeshi workers. A further 29 percent come from the US, UK and Germany.

The WB report quoted a private think-tank Refugee and Migratory Movement Research Unit (RMMRU), which estimates that Bangladesh may also face declines in remittance inflows from the UK and US.

Remittances from the UK may fall significantly as most of it derives from Bangladeshis engaged in hospitality and catering activities, which are highly susceptible to economic downturns.

Remittances from the US, sent mainly by small entrepreneurs and blue-collar workers (taxi drivers, restaurant staff, salespersons), may also decline due to the economic downturn.

The outflow of migrant workers

is also slowing, according to the WB. A record number (1.7 million) of Bangladeshi workers have left the country in the last two years. Recently there has been a marked slowdown in the outflow of migrant workers.

The first nine months of fiscal 2009 (July-March) saw a 25 percent decline in migrant workers employed abroad from 537,000 compared to 720,000 during the same period last year.

The outflow of Bangladeshi workers to GCC countries declined 16 percent from 407,000 in fiscal 2008 (Jul-Feb) to 342,000 in fiscal 2009 (July-Feb).

The outflow of migrant workers to Saudi Arabia, the most important destination for Bangladeshis, declined 84 percent in the same period. Saudi Arabia and Kuwait, which account for nearly 40 percent of total migrant workers from Bangladesh, have virtually stopped issuing new work permits.

Cable industry on downswing

SAJADUR RAHMAN

The impacts of the ongoing global recession on domestic industrialisation, already at a near standstill, have hurt the growth of the Tk 2,000 crore local wire and cable industry, market players said.

Power sector and industrial units are the two major consumers of the locally produced cables followed by households.

"We are facing a shortage of adequate buyers, particularly with power and industrial ones," said Fardaws Alam, chief financial officer of Poly Cables, one of the fastest growing cable manufacturers in the country.

"Our sales came down by around 60 percent in the January-April period of this year compared to the same period last year," said Azizur Rahman, chairman of Aziz Cables.

Rahman blamed this downturn on the negative impacts of the global financial crisis.

"We are still doing good in power cable sales because we have some supply contracts in our hands," said Mohammad Enamullah, business development manager of Paradise Cables, one of the largest wire and cable makers in the country.

Now the global and domestic gloomy economic situation is a cause for concern for us, he added.

Bangladesh had to depend on imported cables until the late 1980s. But the situation has started changing rapidly since 1990s when a good number of companies entered the market, industry people said.

Now around 50 companies are engaged in wire and cable manufacturing and meeting the rising domestic demand. Of those companies, BRB, Paradise and Eastern are the major players followed by Poly and Sun Shine.



Cables are on display at a showroom in Dhaka yesterday. The impacts of the ongoing global recession have hurt the growth of the Tk 2,000 crore local wire and cable industry.

Local manufacturers import copper, which is the main raw material for making wire and cables. Price of copper on international markets plunged by almost 40 percent in the last several months.

"Prices of locally produced cables also dropped proportionately," said Fardaws Alam. But the price decline could not boost sales of the products in the local market, he said.

Rathindra Nath, assistant manager (marketing) of Aziz Cables, said: "The market is a bit sluggish now. There is no brisk business."

"Our sales have dropped to Tk 20 lakh a day now from Tk 30 lakh a year ago," said an official of BRB Cables at the company's Nawabpur

showroom. BRB's turnover was around Tk 300 crore last year, said the company officials.

Industry people said no diversification of the country's industrial sector is hampering the growth of the wire and cable business. Textile, garment and cement are the three sectors where Bangladesh has developed much. Now all these three sectors are saturated.

Industrial and power sector cables are the cash cow for the cable manufacturers. A metre of cable for using in industry or power sector costs up to Tk 20,000, whereas the price is a mere Tk 10-20 for the domestic use.

Electricity is a critical backbone of the modern economy. Bangladesh has taken important steps in connecting more and more outreach areas since independence. This has been possible by a well functioning support industry including a mushrooming cable companies.

Rural Electrification Board, Power Development Board, Dhaka Electric Supply Authority, Bangladesh Telecommunications Company Ltd, Bangladesh Railway, and pharmaceuticals and steel companies are the major buyers of industrial cables.

sajjad@thedailystar.net

Turnover strikes record on DSE

STAR BUSINESS REPORT

Dhaka stocks continued to fall yesterday with the single-day turnover touching the highest-ever level of Tk 652.51 crore. The turnover, which hit its previous highest at Tk 647.97 crore on March 19, was dominated by fuel and power sector, more specifically Titas Gas that contributed almost 46 percent of the total turnover on the Dhaka Stock Exchange.

A total of 55,87,100 Titas shares worth Tk 298.81 crore were traded on the premier bourse. The other turnover leaders were Summit Power, Beximco, Eastern Housing, Desco, S Alam Cold Rolled Steels, Summit Alliance Port, AB Bank, Social Investment Bank and Beximco Pharma.

"On permission from Titas Gas, we sold some 50 lakh Titas shares on Dhaka and Chittagong stock exchanges at an average rate of Tk 530," said Ifukhar-Uz-Zaman, general manager of Investment Corporation of Bangladesh, the selling agent of Titas.

"Investors' interests were high for Titas shares, considered as a fundamental security," he said.

The benchmark index of the prime bourse, DSE General Index, declined by 30.03 points, or 1.18 percent to 2,509.13. The DSE All Share Price Index skidded 24.61 points, or 1.16 percent to 2,085.42.

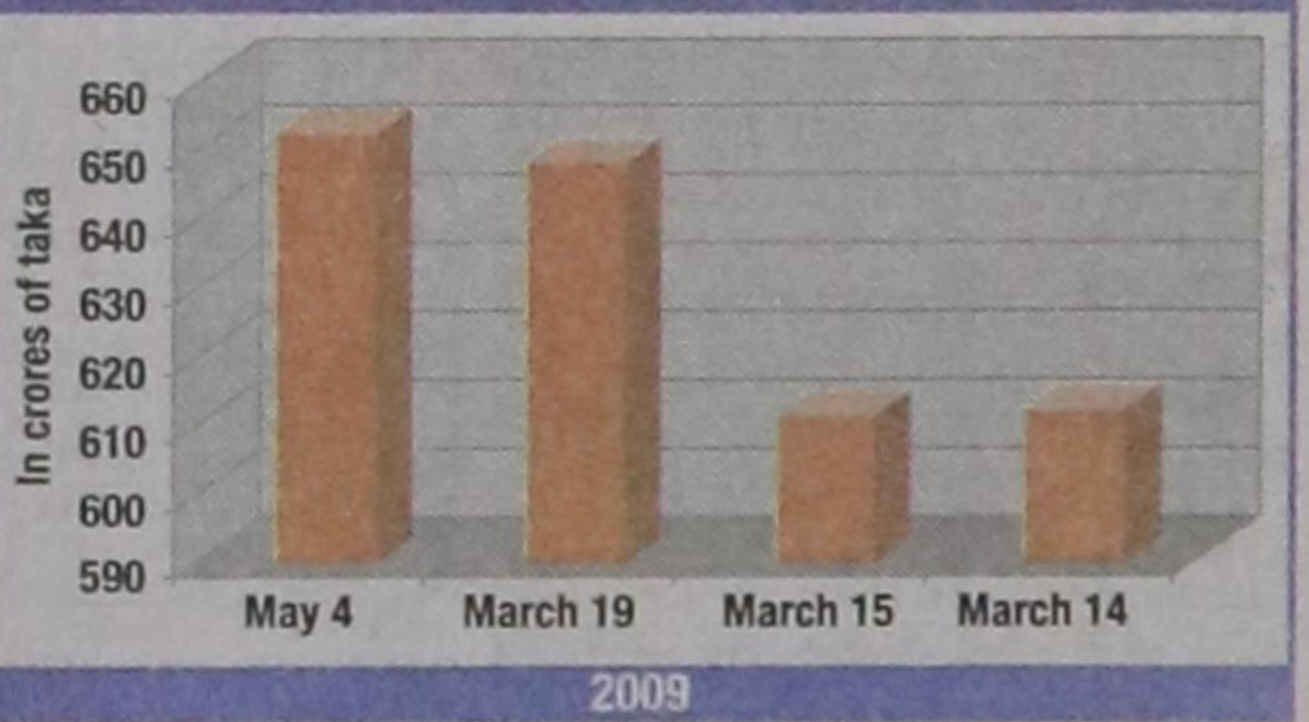
The decliners beat the advancers by 179 to 48. Thirteen scrips remained unchanged. A total of 2,32,32,818 shares were traded on the DSE.

Chittagong stocks also recorded a fall. The CSE Selective Categories Index dropped 81.37 points, or 1.52 percent to 5,245.29. The CSE All Share Price Index fell 123.68 points, or 1.5 percent to 8,081.41.

A total of 45,94,562 shares worth Tk 98.31 crore changed hands on the port city bourse. Of the traded securities, 15 advanced, 124 declined and four remained unchanged.

Titas Gas topped the turnover leaders on the CSE with Tk 52.04 crore in 9,50,400 shares being traded.

DAYS WITH RECORD TURNOVER ON THE DSE



Muktarpur factories in gas crunch

STAR BUSINESS REPORT

Factory owners in the Muktarpur industrial zone under Munshiganj district yesterday threatened to shut their production units due to a lack of gas supply.

"We would turn in the keys of our industries to the government and banks as we are failing to run our production units," Harun-Ur-Rashid, chairman and managing director of Asian Group of Industries, told a press conference at the National Press Club.

The industry owners demanded supply of adequate gas immediately to the affected areas of Muktarpur, term loans at five percent interest to buy

generators and diesel at Tk 20 per litre in this particular zone.

Rashid said five years ago, entrepreneurs established 18 industrial plants in Muktarpur region where 35,000 workers are now directly employed.

Some of the gas-based industries hurt by the short supply of gas include Asian Specialised Textile Mills Limited, Asian Cotton Spinning Mills Limited, Crown Cement, Premier Cement Mills Limited, Shah Cement Industries Limited, Akij Match Factory Ltd, Madina Dyeing-Printing and Processing Industries Ltd, Bernali Fabrics Ltd, Ideal Textile Mills Ltd, Mollah Knit Apparel and Dyeing Ltd, Orbit Fashion Wear

Ltd, Sohan Filament Yarn and Finishing Net Industries (Pvt) Ltd and Asia Paper and Board Mills Ltd. The top official of Asian Group of Industries said gas pressure began to decline at least nine months ago when a technical glitch was identified in the gas supply line to Munshiganj on Fatullah Post Office Road.

"There has been no supply of gas to the Muktarpur industrial zone over the past 15 days," Harun-Ur-Rashid said.

As a result, industry owners in the area have been incurring losses everyday, as they have to continue to pay the workers without any production, he added.

WB to help combat private debt crisis

AFP, Washington

The World Bank will help companies in developing nations restructure their debt following financial turmoil that slammed the brakes on economic growth, its chief Robert Zoellick said Monday.

The bank's private sector arm, the International Finance Corporation (IFC), is looking into the issue aside from helping nations cope with trade financing and capitalizing banks amid a global credit crunch, Zoellick told CNBC, a US financial news broadcasting network.

The IFC is the largest multilateral financial institution investing in the pri-

vate sector in emerging markets.

"The IFC, our private sector side, has been mobilizing private sector resources for issues like trade finance and capitalizing banks in small countries and I hope we may actually look at restructuring some of the private sector debt because I think that's going to be one of the big issues in those countries," Zoellick said.

He also cited protectionism and challenges in the banking system in central and eastern Europe as among other issues arising from the worst financial crisis since the Great Depression in the 1930s.

"Protectionism would make this much more like the 30s," he said, adding that "naming and shaming" nations that resorted to such moves could help address the problem.

But Zoellick said that feedback he received from politicians and financial markets recently indicated that the financial crisis was easing.

"I was in New York on Friday, my sense is that in the financial sector, people are starting to feel some positive opportunities," he said.

"I was with finance ministers over the past week or so and you get a little bit of sigh of relief I think because they broke the fall," he said.

Emails replace paper at central bank

STAR BUSINESS REPORT

The new central bank governor yesterday asked officials to use emails instead of paper for internal meetings.

A high official of the central bank told The Daily Star that the latest move was part of the new governor's initiative to digitise Bangladesh Bank (BB).

No notice or agenda for any meeting at BB will be sent to related officials on paper.

Dr Atiur Rahman took the reins of the central bank as governor on Sunday, replacing Dr Salehuddin Ahmed.

Dr Rahman also asked the related departments to develop and adopt schemes to combat munga (near-famine situation) in Rangpur region.