

DHAKA TUESDAY JULY 21, 2009

Stocks
DGEN
2,833.63

CSCX	1.27%
6,242.27	

Asian Markets
MUMBAI
3.03%
15,191.01
TOKYO
closed
SINGAPORE
1.04%
2,456.15
SHANGHAI
2.42%
3,266.92

Currencies	
Buy Tk	Sell Tk
USD 68.45	69.45
EUR 95.02	100.32
GBP 110.25	115.78
JPY 0.71	0.79

SOURCE: STANDARD CHARTERED BANK

Commodities	
Gold	▲ \$947.97 (per ounce)
Oil	▲ \$64.62 (per barrel)
SOURCE: AFP	

(Midday Trade)

More News
ICCB spots PPP constraints
The International Chamber of Commerce-Bangladesh (ICCB) has identified several constraints that need to be overcome for greater private sector participation. For private sector participation, five constraints must be overcome, the business organisation said in the editorial of its quarterly news bulletin.
B-3
International
Indonesia shakes off blast jitters

Indonesia's economy and financial markets are likely to be unscathed by the suicide blasts that hit Jakarta hotels last week, although its tourism industry will suffer, analysts said Monday. Share prices and the rupiah currency were resilient Friday despite the bombs which tore through the JW Marriott and Ritz-Carlton, killing up to nine people including four foreigners attending a business breakfast.

Thai exports fall 25.9pc

Thai exports fell 25.9 percent year-on-year in June but after eight consecutive months of falls the sector's decline has likely bottomed out, the commerce ministry said in a statement Monday. "Export figures fell because of slow global demand and increasing competition."

B-4

Contact Us

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

Mutual funds set to hold strong

Study says 40pc growth a year likely

SAJJADUR RAHMAN

Bangladesh's mutual fund sector has every possibility to grow at 40 percent a year in the next five years, a study says.

Mutual fund is a professionally managed investment pool.

RACE Management, a second generation asset management company who conducted the study, forecasts a Tk 10,000 crore growth for 2015, in terms of assets. The 2008 growth was only Tk 1,000 crore.

"Increasing interests by institutions and retailers to capture stock market returns and the availability of skilled investment officials help such fund grow," said Hasan Imam, the company's chief executive officer.

Hasan, who has a 10-year working experience in the US financial sector (Wall Street), sees the local mutual fund industry as "massively underserved" despite its great potential.

Mutual fund's market capitalisation in Bangladesh is only 2 percent, while it is almost 50 percent in the developed markets such as US and Europe. In

neighbouring India, the figure is 24 percent. The RACE Management study has found such a market capitalisation not more than 10 percent for Pakistan, a relatively weaker economy.

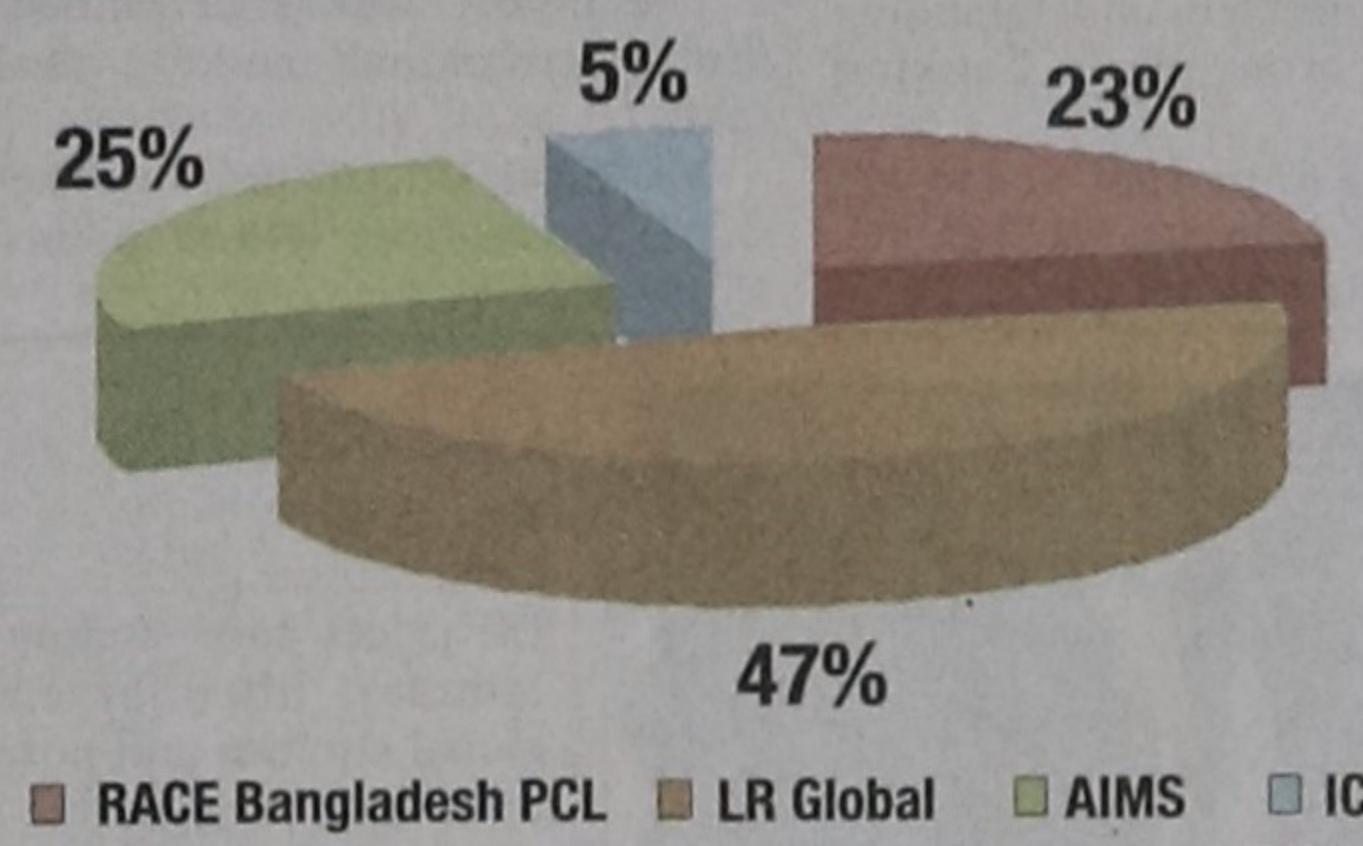
Analysts pointed out that the market capitalisation of Dhaka Stock Exchange increased by almost 10 times in the last 10 years riding on the growing demand by investors. But the number of mutual funds did not grow to that extent, mainly because of poor knowledge and the dearth of professionals.

The study reveals that less than two new mutual funds trickled into the market annually during the past decade. The existing funds, a close-end in nature, had not been able to expand in line with the increasing demand, it finds further.

However, things started changing with the entry of four asset management companies since 2008.

The second-generation asset management firms that have been awarded licences in two years 2008 and 2009 are Prime Finance, VIPB, LR Global and RACE. Earlier, there were only two such companies Investment Corporation of

TK 2,775 crore mutual funds to be floated by four asset management companies in two years



Bangladesh (ICB), a state-run organisation, and AIMS Bangladesh, a privately owned one. The government-owned Bangladesh Shilpa Rin Sangstha (BSRS), which has an asset management wing, is in dormancy.

The RACE Management has a plan to

launch Tk 725 crore mutual funds, partly this year and the remaining early next

year, said its CEO.

Another Tk 1,300 crore mutual funds from LR Global will hit the market in a couple of years, as the company already announced.

AIMS, a first-generation company, will also come up with Tk 700 crore mutual funds.

"Bangladesh market needs a lot of

mutual funds to boost the confidence of retail investors," DSE President Rakibur Rahman told The Daily Star yesterday.

"If we want to strengthen the stock market we need Tk 5,000 crore mutual funds next year," he added, pointing to the present Tk 1,200 crore funds.

However, the RACE Management CEO

said it's not so easy for the local market. "Educating investors will be a big challenge for any asset management company," said Imam.

Insufficient number of trustees and custodians are other major challenges, he pointed out.

According to market operators, the mutual funds have limitations because those are close-end, which means the number of shares is limited and those mature after a specific period.

The sell and buy mechanism for such a fund is also different compared to open-end one.

Investors buy shares in the fund giving each individual investor a proportionate ownership of the fund's assets. An asset management company then invests the fund's pooled assets in capital market instruments and accordingly returns are passed on to the investors. sajjad@thecitizen.net

Indo-Bangla connectivity in spotlight

Analysts from both countries focus on trade



Commerce Minister Faruk Khan (3-R), Indian High Commissioner Pinak Ranjan Chakravarty (2-L), FBCI President Annisul Huq (3-L) and leader of Indian delegation Harsh C Mariwala (2-R), among others, are seen at the inaugural session of a seminar on Bangladesh-India Economic Relations in Dhaka yesterday.

STAR BUSINESS REPORT

The visiting high-powered Indian business delegation yesterday urged the government to increase connectivity between the two countries to enhance bilateral and regional trade.

The members of the delegation said Bangladesh and India can boost both value and volume of trade through border trade, eco-tourism and aviation business.

"But, first of all we need people-to-people, business-to-business, cultural and road connectivity between the two countries to achieve the benefits," said Harsh C Mariwala, leader of the delegation, at a seminar at Pan Pacific Sonargaon hotel in Dhaka.

At the seminar on "Bangladesh-

India Economic Relations", Mariwala, also vice president of the Federation of Indian Chambers of Commerce and Industry (FICCI), urged the political leaders of both the countries to remove barriers to cementing bilateral trade relationship.

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) and the FICCI jointly organised the seminar.

A 50-member business delegation of India is now visiting Bangladesh to explore bilateral business potential.

As the chief guest at the inaugural session, Commerce Minister Faruk Khan termed political barrier the main obstacle to developing bilateral trade between the two countries.

"We are trying to remove all misunderstandings between India and Bangladesh to boost trade in this region," Khan said.

He said trade was used as a political weapon in the past, not as a development tool. As a result, the trade between the two countries remained imbalanced, he added.

Khan asked the Indian side to remove some non-tariff barriers from the imports of Bangladeshi goods so the trade gap is narrowed to a balanced level.

Inviting the country's apex trade body, FBCCI, to work jointly with the FICCI for increasing business-to-business connectivity, Secretary General of the Indian chamber Dr Amit Mitra called for exploiting potential of border trade, eco-tourism and aviation

business between the two countries.

"Although we have cultural connectivity, we are yet to do good business between us," Mitra said.

FBCCI President Annisul Huq urged all to establish rules of behaviour, well-defined products, markets and regulations that are established and enforced by the government for regional collaboration.

"We should not be busy so much with why Tata failed, or why Mittal could not take off, rather we now need to look at how we can work together and analyse any impediments that may slow the pace of trade and investment between the two countries," Huq said.

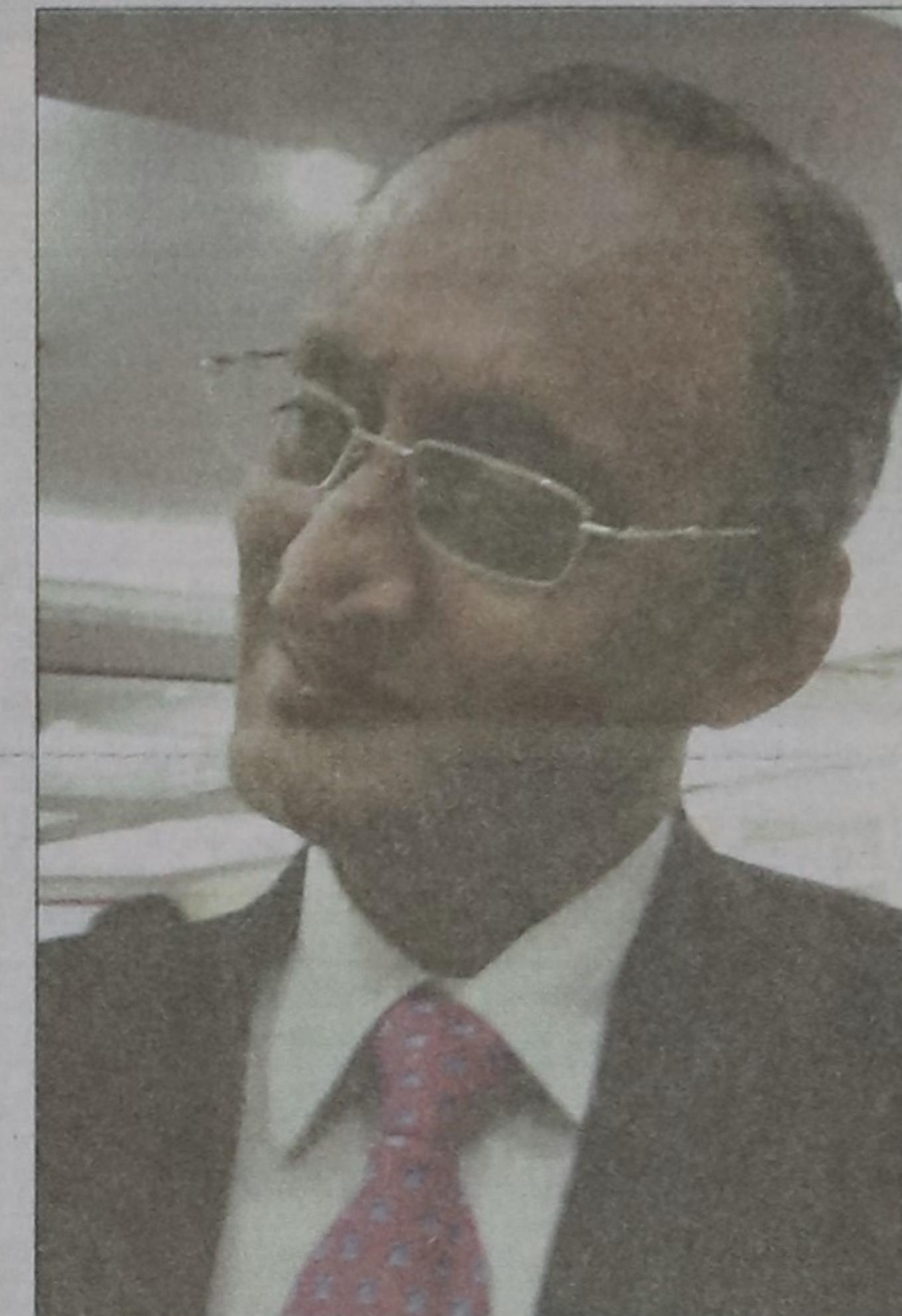
Underscoring the need for connectivity, Huq said: "The borders must become porous, visa issuance needs to be addressed quickly and media must be visible in both of the lands."

"If problems like Tipaimukh come up, we the businesspeople from both the sides, from around the region, should be united, vocal and stand by each other, protecting all our interests and each other's economy," he said.

Later, at the first working session of the seminar, the Indian businessmen showed interest to invest in leather, agro-processing, agro-product and readymade garment (RMG) sectors of Bangladesh.

In his keynote paper, Ahsan H Mansur, executive director of private think-tank Policy Research Institute, said Bangladesh's economy showed resilience despite global recession for its robust RMG exports and remittance inflow.

Inviting the Indian businessmen to invest in Bangladesh, Ifty Islam, managing partner of Asian Tiger Capital, Syed Nasim Manzur, managing director of Apex-Adelchi Footwear Limited, and Ahsan Khan Chowdhury, deputy managing director of Pran Group, presented keynote papers before the Indian delegation.



Turn political comfort into business strength, says Indian analyst

SAJJADUR RAHMAN

Businessmen should take advantage of the prevailing comfortable political situation in both Bangladesh and India, says a top Indian business analyst.

"We do not know what happened yesterday or 20 years ago. Today political stability prevails and hence, businesses should convert this comfort into opportunity," said Dr Amit Mitra, secretary general of the Federation of Indian Chambers of Commerce and Industry (FICCI), the apex Indian trade body.

Mitra, economist and recipient of the highest national civilian awards from three countries - India, Japan and Italy -- however said that comfort does not result in business, it is that business can take advantage of comfort.

He is in Dhaka to attend the first ever meeting between top business personalities from India and Bangladesh.

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) held a daylong discussion with FICCI delegates yesterday to sort out problems, to promote trade between the countries.

Bangladesh imported goods and services worth nearly \$3.6 billion from India in fiscal 2008, while exports to India stood at only \$330 million.

The only possible option to reduce the trade gap would be to allow greater Indian investment in Bangladesh and the re-export of those products and services to India, Mitra said.

"Bangladesh's trade deficit with India is neither acceptable nor sustainable," he remarked.

Mitra cited the example of Sri Lanka that signed a free trade agreement (FTA) with India, after which, Sri Lanka's export to India rose by 100 percent, while India's exports to Sri Lanka rose by 80 percent.

According to Mitra, signing an FTA is not necessary for promoting trade between the countries.

"India will make strategic investments in Bangladesh and export those goods and services to India, and in return, Bangladeshis will get jobs. That is the ideal situation," said Mitra.

He finds no reason for not promoting trade and business between Bangladesh and India. "There are no sustaining problems between these two countries," he said.

He said Bangladesh must be able to carry out detailed studies on the problems and prospects of trade.

The delegation is here to build pressure on both the governments, he pointed out.

"If there are anymore outstanding issues, sit and sort them out," said Mitra.

sajjad@thecitizen.net

Setbacks ashore for migrants to Libya

PORIMOL PALMA

Job hunts in Bangladesh's labour destination, Libya, face setbacks as brokers rush to the North African country to purchase visas from employers, ultimately increasing the cost of migration.

As licensed recruiting agents find it difficult to go to Libya and directly contact Libyan employers for visa, illegal manpower brokers, mostly based in Malaysia, travel there and purchase the visas to sell to recruiting agencies in Bangladesh, businessmen said.

"Such practices have sharply increased the cost for workers to go to Libya for work," said a recruiting agent.

Generally, the cost of migration to Libya for work should not be more than Tk 1 lakh to Tk 1.2 lakh, but jobseekers are paying around Tk 2 lakh.

Rafiqul Islam of Naogaon, a jobseeker, said his recruiting agent has already collected Tk 1.5 lakh from him and he has to pay Tk 1 lakh more.



At a time when overseas employment has already declined sharply and most Middle Eastern countries have curtailed recruiting Bangladeshi workers, Libya is the only hope for migrant jobseekers.

"This is great news