

## Stocks

DGEN ▲ 0.26%  
2,945.46

CSCX ▲ 0.48%  
6,700.23

(Week-on-week)

## Asian Markets

MUMBAI ▲ 1.89%  
15,689.12


TOKYO ▼ 0.27%  
10,187.11


SINGAPORE ▲ 0.94%  
2,622.69

SHANGHAI ▲ 0.58%  
2,861.61

(Friday closings)

## Commodities

 **Gold** ▲  
\$989.14  
(per ounce)

 **Oil** ▼  
\$67.91  
(per barrel)

SOURCE: AFP  
(As of Friday)

## News in Brief

### India promises \$10b bond purchase: IMF

AFP, Washington

The International Monetary Fund on Saturday welcomed India's commitment to buy 10 billion dollars worth of IMF bonds.

"I welcome the announcement by India of its intention to support the Fund's lending capacity through the purchase of up to 10 billion dollars worth of IMF notes" IMF director Dominique Strauss-Kahn said in a statement.

Indian Finance Minister Pranab Mukherjee announced the purchase at a G20 finance ministers meeting in London.

The Indian pledge comes after China said it would snap up 50 billion dollars worth of the asset, created in July this year as a means of propping up the Washington-based institution's finances.

"This investment will help underpin the international financial system by ensuring the Fund has adequate resources to meet the financing needs of its membership," said Strauss-Kahn.

### AIG plans to sell Philippines unit

AFP, Manila

A Philippine unit of troubled American Insurance Group (AIG) said Friday it was selling its local health insurance and pension operations to focus on its core life insurance business.

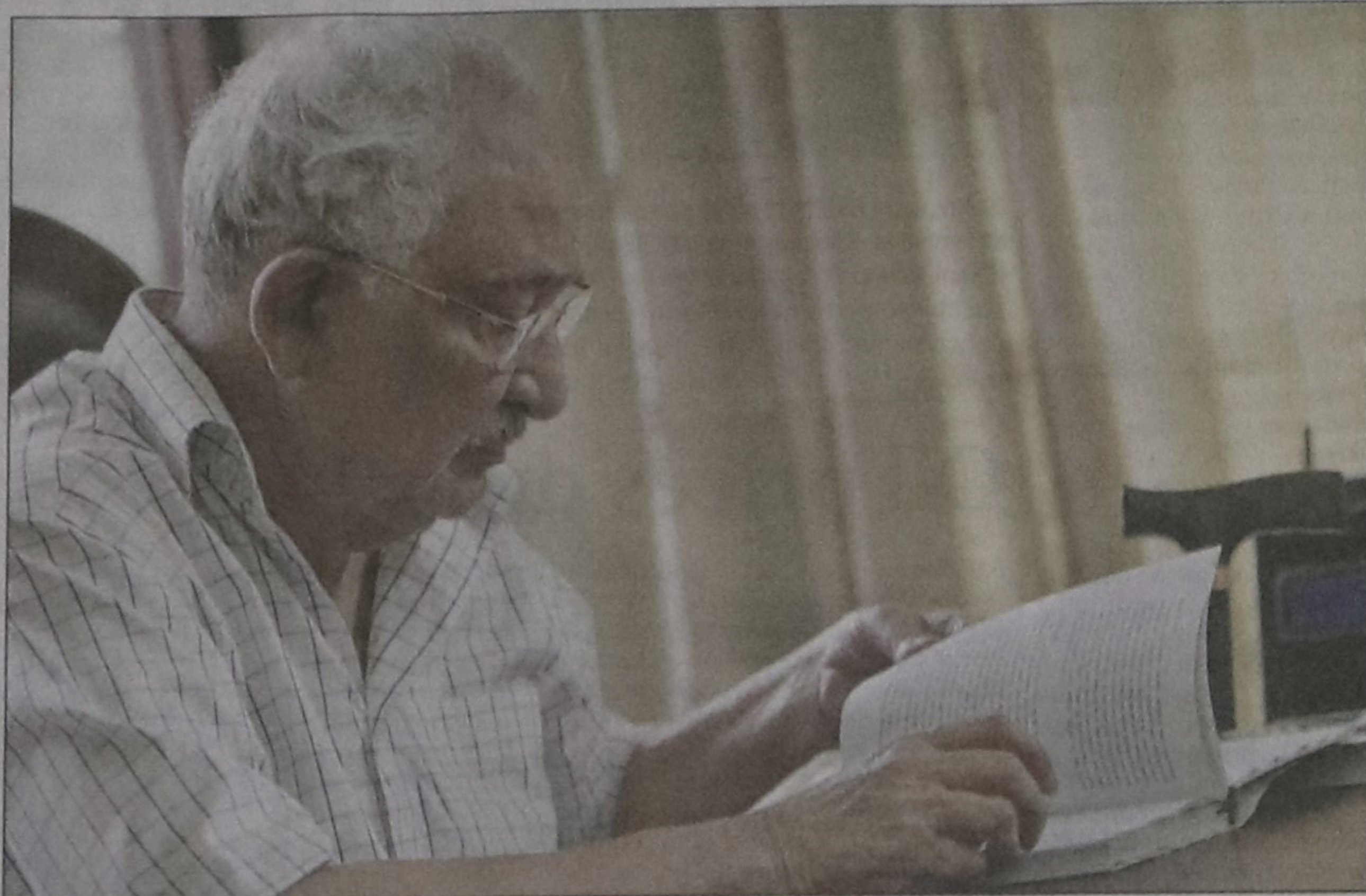
PhilamCare Healthy Systems Inc. and Philam Plans Inc., which provides pension, education and life plans, will be sold off to Philippine companies, Philippine American Life and General Insurance Co. (Philamlife) said.

The costs of the transactions were not disclosed.

A Philamlife spokeswoman told AFP PhilamCare had end-2008 assets of 794 million pesos (16.33 million dollars, 239 million pesos in stockholders' equity, and revenues of 1.05 billion pesos.

## Contact Us

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## A fixer for economy

STAR BUSINESS REPORT

Accolades poured in from top economists for M Saifur Rahman, a former finance minister and a passionate promoter of free-market economy, who died in a road crash yesterday.

They praised the professional accountant-turned-veteran politician as the pioneer of reforms and great manager of macroeconomic fundamentals.

"The nation has lost a patriot and the loss is irreparable," said AMA Muhith, the sitting finance minister in his immediate reaction to the death of Saifur in the Brahmanbaria road accident on his way to Sylhet from Dhaka.

"He (Saifur) will always be remembered for his contributions to the economy," said Muhith. Both Muhith and Saifur came from the same district: Sylhet.

Saifur, the longest-serving finance minister -- for 12 years -- had pioneered the value added tax system in 1992, trade liberalisation, privatisation, floating exchange rate and food for education system.

Akbar Ali Khan, a former finance adviser to the caretaker government,

billed Saifur as a bold economic reformist.

"Many of his reform programmes have proved right," said Khan who has the experience of working as finance secretary with Saifur.

Recalling memories, AB Mirza Azizul Islam, another former finance adviser to the caretaker government, said: "I had opposed his decision on the introduction of floating exchange rate. Later, I saw the initiative worked very well."

Mirza Aziz, who was the chairman of the Securities and Exchange Commission at the time, said the former finance minister did not interfere in any activity.

Dr Salehuddin Ahmed, the central bank governor during Saifur's tenure between 2001-06, also flashed back to his days with him.

"His patience to hear opinions from others was amazing," said he said.

The former central banker cited an example that Saifur had once provoked high officials of state-owned banks publicly. "When I requested him that such practice should not be done in public, he listened to me," Salehuddin recalled.

The former governor credited Saifur for not giving in to political pressure to

allow more licences for banks.

Salehuddin pointed to the Oriental Bank scam and said Saifur had asked all officials to follow the law of the land.

Debapriya Bhattacharya, distinguished fellow of Centre for Policy Dialogue, said he had the "good fortune" of knowing him for the last two decades, particularly in connection with his professional activity relating to evaluation and appraisal of his policies and policy formulation practices.

"I greatly appreciated his public resistance to illogical donor conditionality and his preference for market reforms based on indigenous ideas," said Bhattacharya.

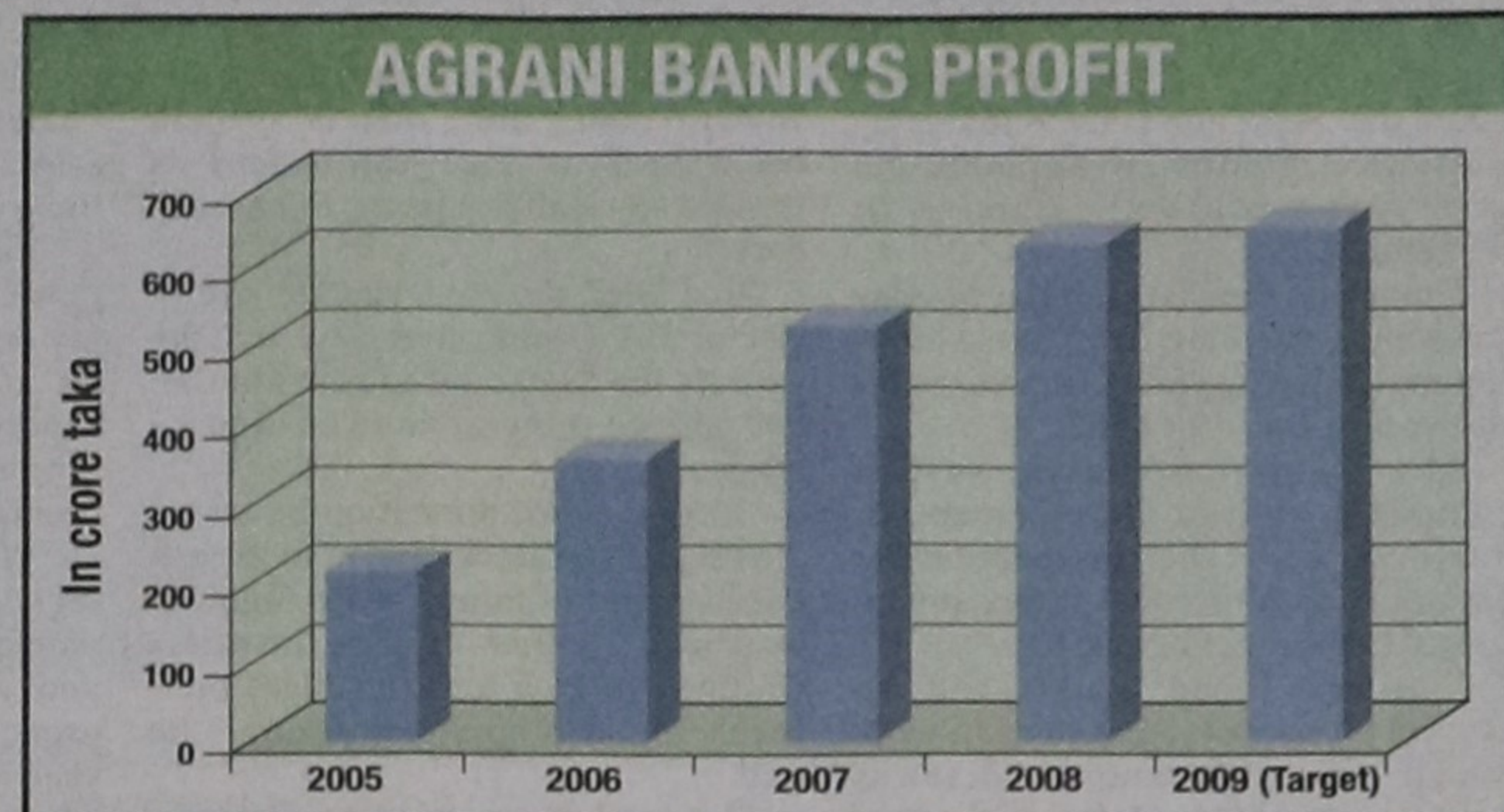
However, his policy choices were often subjected to pressure from political and commercial lobbies, which restricted his effectiveness.

"Today, I will recall his role as an applied policy framer during an important economic transition with a great political acumen," he said.

Economist Zaid Bakht said whatever economic reforms took place in the economy most were initiated in his days as the finance minister.

"Later, these initiatives made good sense to the economy."

## Agrani may miss profit target



REJAUL KARIM BYRON

Agrani Bank may fail to meet its profit target this year because of sluggish trade and commerce in the country although the bank made more profit than its target last year.

The bank fixed the profit target for 2009 at Tk 700 crore, and later lowered the target to Tk 650 crore.

It has also sent a proposal to the finance ministry to re-fix the target of profit at Tk 650 crore.

In six months till June the bank made a profit of Tk 308 crore against the target of Tk 350 crore.

In 2008 its target was Tk 600 crore, but made a profit of Tk 633 crore, which was lauded in a World Bank report.

The report said profit exceeded target because of an increase in interest income and decline in operating cost. The WB recently evaluated the performances of four state-owned banks.

Agrani Bank Managing Director Syed Abu Naser Bukhtear Ahmed said the bank may fail to achieve the target of profit because of sluggish business activities in the country, interest rate cut, and the fall-out of global recession.

However he said: "Last year we achieved enviable success in almost all areas. We will try to continue this in future."

The WB report said Agrani Bank also intensified its debt recovery efforts by a combination of approaches including write-offs and rescheduling its overdue loans. As a result, the bank realised Tk 246 crore, which represents 82 percent of the target.

Non-performing loan (NPL) level as a percentage of the loan portfolio declined to 24.5 percent in 2008 against a target of 25 percent. Cash recoveries from NPL fell short of the target mainly due to failure in meeting the recovery target for non-20 top defaulters.

The report said Agrani Bank has not initiated its Voluntary Retirement Scheme. Although the bank has the lowest number of staff, it has the highest staff cost as percentage of total operating cost at 79.4 percent in 2008. Only 4.1 percent of total staff has been reduced since 2007.

Staff efficiency will need to show marked improvements as staff costs account for a significant portion of its operating costs, which is expected to further deteriorate when a new pay structure will be adopted, the WB said.

The report said computerisation of deposits and loans is well on track and targets achieved with 61 percent of deposits and 85 percent of loans computerised as in end-2008.

Agrani Bank has sent its six months' performance report to the finance ministry, which shows that in the first six months of 2009 it realised cash of Tk 102 crore in default loan against a target of Tk 175 crore. Its target of realising default loan in the whole year was Tk 350 crore.

At the end of June 2009, the bank's good loan stood at Tk 7,884 crore, whereas its target was Tk 8,211 crore.

The bank's managing director said: "In the next few months we will intensify recovery efforts. So we hope to fulfil the target by the end of the year."

To increase the rate of good loan, a massive microcredit programme has been taken in all areas of industries, agriculture and rural credit, business and trade, SME and microcredit, and small and cottage industries, he said.

Initiatives will also be taken to provide loan to power and infrastructure sectors, the managing director said.

He also said marketing teams have been formed at the bank's head office, seven-circle secretariat, 52 regional offices and 10 corporate branches to increase business activities of the bank.



Garment workers demonstrate in Dhaka yesterday for their Eid bonus and salary.

## Muhith bins RMG makers' Tk 3,000cr demand

Small package before Eid for affected industries, he says

REFAYAT ULLAH MIRDHA

Finance Minister AMA Muhith has downplayed the garment owners' demand for Tk 3,000 crore to pay salary and bonus to their workers before Eid, saying it is their 'tactic' for realising money from stimulus package.

Talking to The Daily Star by phone yesterday, Muhith said the government has not much money now to give the garment owners for paying their workers' salary and bonus.

"We have statistics that they made profit this year, it may be lower than the previous years," Muhith said.

"However I will announce a small financial package for every affected industrial sector before Eid so everybody is benefited," he said.

Muhith said the garment sector may be benefited from this small stimulus package. "We would sit in the second round of meeting of the taskforce committee on recession soon to discuss the latest situation of the stimulus package."

He said it is hard to believe the BGMEA claim that 40 percent garment owners would not be able to pay bonus to the workers as they incurred losses due to the global recession.

"We have statistics that majority of the owners are still capable of paying salary

and bonus to the workers as they made profit," Muhith said.

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) on September 3 demanded Tk 3,000 crore from the government's stimulus package of Tk 5,000 to pay the salary and bonus.

The BGMEA at a press conference said at least 40 percent owners of the factories are not in a position now to give the salary and bonus.

Meanwhile, garment trade union leaders are mounting pressure on the owners for payment of the salary and bonus.

"The owners have made a lot of profit over the years, but why are they saying now that they would not be able to pay bonus before Eid?" questioned Nazma Akter, president of Sammlito Garment Sramik Federation, a platform of garment workers.

Amirul Haque Amin, president of National Garment Workers' Federation, has already given an ultimatum to the owners to pay the bonuses within September 16.

When asked, acting BGMEA president Faruque Hassan said the owners are trying to get loan from banks to pay the workers.

"But, the banks do not want to give loan to the affected garment owners," Hassan said.

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## BTRC looks to 3G bidders

MD HASAN

The telecom watchdog is set to allow new investors for 3G licences, aiming to ensure a competitive price through bidding by the year-end.

3G or third generation technology for mobile is a technology which services include wide-area wireless voice telephone, video calls and wireless data--all in a mobile environment.

Bangladesh Telecommunication Regulatory Commission (BTRC) earlier announced repeatedly that 3G licences would be issued among the existing two or three mobile operators.

The commission has already finalised draft guideline for 3G.

"New investors can participate in 3G bid," said BTRC Chairman Zia Ahmed. "Our goal is to ensure a competitive bid. The commission will finalise the 3G guideline soon after consulting with the stakeholders," he added.

UK telecom Vodafone already expressed its interest to take part in the 3G bid. The company will visit BTRC soon to present its company profile.

Industry insiders said stakeholders already met with BTRC and talked different options, including operation

of 3G under a single license agreement. Later, the big operators backedtrack on this option.

Bangladesh broadband internet market already started gaining momentum after the issuance of WiMax licence in September last year. Two companies--Banglalion and Augure are now on their way to setting up networks for providing broadband services through WiMax.

The hefty bid of Tk215 crore (\$ 31 million) for each WiMax licence however has caused telecom investors' worries about the future of their business with the burden of licence fee.

Such fear then naturally spread among the existing mobile phone operators, the 3G licence seekers.

Bangladesh internet penetration is only 4 percent. Only 45 lakh people now enjoy internet services out of 150 million people.

Against this backdrop, BTRC officials felt the urgency of immediate resolution of the mobile phone operators' licence renewal issue. They said 3G spectrum will also be distributed as early as possible.

Affordability of internet to all will ensure the achievement of the govern-

ment's vision of Digital Bangladesh, said Oddvar Hesjedal, chief executive officer of Grameenphone, the top player in the mobile market.

"In my opinion the 3G spectrum or licence should be priced at such a level that it makes a good business case besides helping licensees in materialising the vision of government, regardless of whether it is a new operator or any of the existing operators," added Hesjedal.

In case of a new operator, however, it would mean extra investment in new infrastructure and thus an increase in costs, which will again impact the business case; in that light the 3G licence fee should be even lower, he said.

The BTRC however wants that new operators crowd the broadband market so that one operator cannot monopolise in providing all services.

Among the six mobile operators, except Warid and state run TeleTalk, four were fined by BTRC for their involvement in illegal international call termination through VoIP (voice over internet protocol).

This scandal also prompted the BTRC to welcome new operators in broadband market, said officials in the regulatory body.

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