

## Stocks

DGEN ▼ 0.03%  
3,317.93

CSCX ▼ 0.06%  
7,193.82

## Asian Markets

MUMBAI ▼ 1.29%  
16,789.74

TOKYO ▼ 0.64%  
10,267.17

SINGAPORE ▼ 0.39%  
2,681.97

SHANGHAI ▼ 0.62%  
3,051.41

## Currencies

	Buy Tk	Sell Tk
USD	68.55	69.55
EUR	100.97	106.27
GBP	111.93	117.43
JPY	0.74	0.80

SOURCE: STANDARD CHARTERED BANK

## Commodities

**Gold** ▲  
\$1,054.80  
(per ounce)

**Oil** ▲  
\$80.12  
(per barrel)

SOURCE: AFP  
(Midday Trade)

## ICB Islamic Bank launches home, auto loans

STAR BUSINESS REPORT

ICB Islamic Bank Ltd has launched two new products to offer loans to clients at competitive 'profit-sharing' rates.

The products -- ICB Islamic Home Finance and Auto Finance -- were launched at The Westin hotel in Dhaka on Wednesday. Officials said there is huge demand for the products in Bangladesh.

Customers will be able to get up to Tk 75 lakh under the home finance facility for up to a period of 20 years from the bank for apartments, home extensions and renovations.

On the other hand, customers will be able to get up to Tk 20 lakh under the auto finance scheme, bank officials said.

The profit-sharing rate will be nearly 13 percent for home loans and 15 percent for auto loans, officials said.

People with an income in excess of Tk 25,000 and Tk 20,000 a month will be eligible for home loan and auto loan respectively.

Though demand for home and auto loans is huge, the number of available products is limited, said Nafeez Sharafat Chowdhury, head of consumer banking.

Speaking as chief guest, Tanveerul Haque Probal, president of the Real Estate and Housing Association of Bangladesh, thanked the bank officials for launching such products, saying the low interest rates will promote real estate.

Abdul Hafiz Chowdhury, director of the bank, Masihul Huq Chowdhury, managing director and chief executive officer, also spoke at the event.

## Contact Us

If you have views on Star Business or news about business in Bangladesh, please email us at [business@thedailystar.net](mailto:business@thedailystar.net)



World Bank's acting Country Director Robert L Floyd, left, speaks at a press conference in Dhaka yesterday. The multilateral lending agency's Lead Economist Sanjay Kathuria, middle, and Senior Economist Zahid Hossain, right, are also seen.

# Warning sounds over slow ADP

## WB report foresees sluggish growth ahead, stresses economic reforms

STAR BUSINESS REPORT

The World Bank has warned that Bangladesh's GDP growth and poverty reduction rate may slow further in the current fiscal year because of sluggish exports, remittance inflow and investment amid global recession.

Against this backdrop, the WB in an economic update said the first priority is to expedite implementation of annual development programme (ADP) and economic reforms to cope with the situation.

The report -- Bangladesh Country Economic Update -- was released yesterday at a press conference at the WB Dhaka office.

"In the short term the best thing the government can do is to really implement its development programme -- that's the no 1 priority," said Sanjay Kathuria, lead economist for Bangladesh, while releasing the report.

Kathuria also said the impression is that the pace of economic reforms has been quite slow in the last few months. "If we can start by getting back on the track,

accelerating these reforms is needed to help boost business optimism," he said.

WB acting Country Director Robert L Floyd said Bangladesh would get over \$3 billion between FY2010 and FY2013 under the next country assistance strategy of the donor agency.

The country got \$2.69 billion during FY2006-FY2009 under the assistance strategy.

The report predicted that the GDP (gross domestic product) growth rate might be 5.5 percent in the current fiscal year.

It also said the rate could be as high as 6 percent if a sustained global recovery leads to strong export and if the performance of energy sector improves.

The GDP growth was 5.9 percent in the last fiscal year, a slight drop from the 6.2 percent growth achieved in FY2008.

The report, however, warned that the growth might slow further in FY2010, pointing to slower growth in exports and remittances in the second half of FY2009 and a mixed private investment outlook.

Private consumption, accounting for

around 75 percent of GDP, may also decline because of lower agricultural and remittance growth. The investment rate has remained flat in recent years due to growing infrastructure constraints and high interest rates.

The report predicted that the impact of the global financial crisis on poverty would be more significant in 2010 than in 2009.

"Prior to the crisis, Bangladesh was on target to cut poverty by nearly 11 percentage points between 2005 and 2010. With the impact of the crisis, the poverty rate is now projected to fall by about 9 percentage points. This translates to around 2.4 million additional poor in 2010," the report said.

The estimated impact is also uneven in different regions of the country, with more industrialised and integrated regions (Dhaka, Chittagong and Sylhet divisions) likely to be affected more by the crisis.

The report applauded the improvements in Bangladesh's debt indicators in the period between FY2002 and FY2009, which were due among other things to

fiscal adjustments and rising GDP growth.

It said sustaining these improvements would require stronger efforts to mobilise domestic revenues as well as a higher quality of expenditure, especially on the ADP.

"Also, slow ADP implementation can hurt both growth and poverty reduction."

The report warned that inflationary pressure may reemerge if the liquidity overhang in the banking system continues and international commodity prices rise.

Senior Economist at WB Bangladesh office Zahid Hossain said the country suffered less in the global economic crisis compared to other countries. He said investment has been almost stagnant for the last three years. One of the main causes is high interest rate, and weak infrastructure, especially in gas and power sectors.

He said there has not been remarkable improvement in public investment in gas and power sectors for the last several years. ADP allocation in these sectors should be increased, he suggested.

## Beximco Pharma gets nod for Tk 410cr preference shares

STAR BUSINESS REPORT

The stock market regulator yesterday approved Beximco Pharmaceuticals' plan to issue preference shares worth Tk 410 crore at 5 percent dividend.

The Securities and Exchange Commission gave the go-ahead to the listed drug maker at a meeting presided over by the commission's Chairman Ziaul Haque Khondker.

As per Beximco Pharma's plan, the preference shares of Tk 100 each will be converted into ordinary shares in six months and be traded on bourses after a one-year lock-in.

The fund will be used for capital expenditure to finance the ongoing BMRE (balancing, modernisation, rehabilitation and expansion) projects and working capital of the company, as disclosed by the Beximco Group's concern earlier.

The company said the conversion will be completed in two stages. In the first stage, half of each preference shares, meaning Tk 50, will be converted into ordinary shares on February 1 next year with 25 percent discount on a weighted average price of the company's share on DSE during three months ending on January 31, 2010.

The remaining half will be converted into ordinary shares on May 2, 2010 with the same discount on a weighted average price within a stipulated time of three months ending on April 30, 2010.

## Minister vows to keep Ctg port up and running

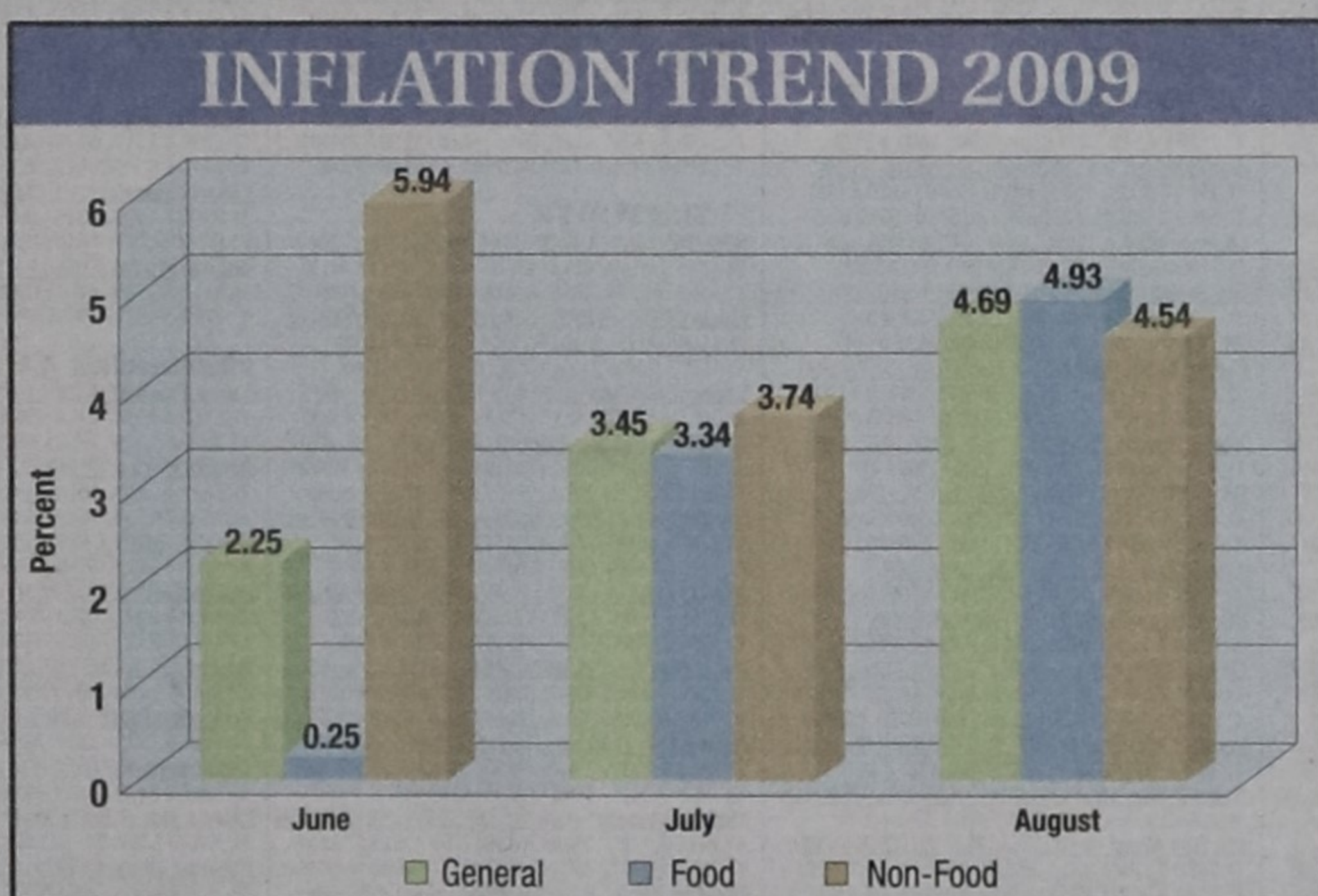
STAFF CORRESPONDENT, Chittagong

Shipping Minister Shajahan Khan yesterday vowed to take all steps to keep Chittagong port operational.

The tendency toward paralysing the port must be stopped and the government will no longer tolerate activities that harm the port, he told reporters in Chittagong after holding a series of meetings with port-related worker organisations and Chittagong Port Authority officials.

The minister started talks with the worker organisations after a section of people under the Dock Bandar Shramik Karmachari Federation announced a plan to go on strike for eight hours at the port from October 27.

"The demands of all these organisations were more of the same -- reinstatement of sacked workers, revival of the abolished Dock Workers Management Board (DWMB) and welfare," Khan said.



# August inflation rises 1.2 points

REJAUL KARIM BYRON

The point-to-point inflation rate increased 1.2 percentage points to 4.69 percent in August, largely fuelled by spirals in the prices of food and non-food items in recent months.

The World Bank yesterday warned that inflationary pressure would mount if the liquidity overhang in the banking system continues and international commodity prices rise.

Government data shows the overall inflation rate increased to 3.46 percent in July -- the first month of the current fiscal year to record a significant rise -- from 2.25 percent in June.

Compared to last fiscal year, however, the rate of inflation is still much lower. Last fiscal year, the inflation rate was 10.04 percent in June, and in July it was 10.82 percent, which eased down to 10.11 percent a month later.

In the current fiscal year, the inflation rate of both food and non-food items increased. In food inflation, it was 4.93 percent in August, up from 3.46 percent in July. Non-food inflation rose to 4.54 percent in August from 3.74 percent a month ago.

The rate of inflation is higher in urban

areas than in rural areas, according to official data.

The August figures show inflation in urban areas was 5.81 percent, while it was 4.25 percent in rural areas.

In the latest Bangladesh Country Update, the WB referred to inflation as a major risk in economic management.

Senior Economist for WB Zahid Hossain said inflation is still in check but may not remain so in future.

Global food production is already facing uncertainty. As a result -- in many countries -- the prices of food items and oil are on the rise. Food prices on the world market play a major role in inflation in Bangladesh.

Zahid Hossain said there is huge excess liquidity in the banking system. Banks' excess liquidity almost tripled from Tk 13,000 crore in June 2008 to Tk 38,000 crore now.

The inflation rate will probably rise further if the excess liquidity flows into the market by way of credit, the economist said.

In a report, the WB has identified five short-term vulnerabilities and risks, with inflation being one of them.

"Inflation disproportionately affects the poor, who are the least able to bear the consequences," the report said.

## New avenue for RMG exports

### Items made of organic cotton in high demand

REFAYET ULLAH MIRDHA

The increasing demand for Bangladesh's readymade garments (RMG) made of organic cotton fabrics in western countries has opened up new avenues for apparel makers and exporters, according to industry insiders.

Exports of such products are on the rise, they say, as major buyers are ready to pay more because the health-conscious customers in the west find the items environment-friendly.

Meanwhile, cashing in on such high demand, local spinners now lean towards manufacturing organic cotton yarn, finds a survey, recently conducted by a giant international RMG brand working in Bangladesh.

In this context, an official of this international company pointed to the fact that the RMG makers are to import such fabrics from India, China and Pakistan as local organic cotton yarn makers cannot meet the entire demand.

The main feature of organic cotton fabrics is a sustainable farming method that discourages use of heavy chemicals and maintenance of soil fertility.

Talking to The Daily Star, Abdullah Al Mahmud Mahin, managing director of Mahin Group who uses organic cotton fabrics for export-oriented RMG products, expressed his high hope of a better chance for higher prices for the RMG products made of organic cotton fabrics.

"If I use five percent organic cotton fabrics for RMG products, the prices increase at least 25 percent," Mahin said, pointing to a value addition to Bangladesh made apparels through the use of such fabrics.

The manufacturers using organic cotton fabrics more than five percent in garments, the Mahin Group boss said, are to go by a system that binds them to obtain certification from growers, yarn spinners on such usage. Finally, the manufacturers are required to make such certification to the prospective buyers.

Global Organic Textile System is a world class organisation who certifies such usage of organic cotton fabrics.

Actually, demand for organic cotton yarn marked a rise over the last one year, said an official of a Chittagong textile mill.

"As a result, we are also receiving huge number of orders from local manufacturers and international buying agents," he added.

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## STOCK LOTS NEEDED FOR USA MARKET

If you have any stocklots of ladies' or men's apparel Made for USA market please contact or email for appointment (Newlook Textile) leading stocklot buyer from New York Assaf Cohen will be staying in Dhaka Hotel Westin from 26 Oct to 29 October for immediate purchase and payments.

**Requirements:** Made for USA only, quantity should be 2400 units and above per style. First (A Grade) quality only.  
Email: [newlooktex@gmail.com](mailto:newlooktex@gmail.com), [assaf@tradewindsclothing.com](mailto:assaf@tradewindsclothing.com)  
Contact: Ali Jahangir (01675208637), Shah Nawaz (01913308636), Assaf Cohen USA (001-212-278-0171).  
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