

Stocks	
DGEN	▼ 0.69%
	3,422.62
CSCX	▼ 0.39%
	7,419.20

Asian Markets	
MUMBAI	▲ 2.49%
	16,849.60
TOKYO	▲ 0.01%
	9,871.68
SINGAPORE	▲ 1.21%
	2,740.43
SHANGHAI	▼ 0.11%
	3,175.19

Currencies		
	Buy Tk	Sell Tk
USD	68.55	69.55
EUR	100.91	106.19
GBP	112.75	118.25
JPY	0.75	0.81

SOURCE: STANDARD CHARTERED BANK

## Commodities

<b>Gold</b>	▲
	\$1,117.83 (per ounce)

<b>Oil</b>	▲
	\$79.35 (per barrel) (Midday Trade)

SOURCE: AFP

## Bangladesh gains in governance, economic freedom

UNB, Dhaka

Bangladesh has made considerable progress in terms of MCC (Millennium Challenge Corporation) scorecards released in the US on Tuesday.

A release of Bangladesh Embassy in Washington said Bangladesh met MCC requirements in eight of 17 indicators weighted by MCC. This is a net gain of two additional indicators over a year.

The US government's Millennium Challenge Corporation (MCC) released country-by-country data measuring the policy performance of 86 developing countries -- an indicator for grant assistance from MCC in fiscal 2010.

As per 2010 MCC scorecards, Bangladesh gained impressively in the broader category of governance and economic freedom.

In 'Investing in People' category, Bangladesh's immunisation rates jumped from 70 percent in 2009 to 75 percent in 2010. In natural resource management sub-category under the same category of investing in people, Bangladesh obtained 41 percent in 2010 against 33 percent in 2009.

Under the economic freedom category, Bangladesh made good progress in sub-category trade policy, as the country attained 8 percent this year compared to last year's achievement of 4 percent.

However, Bangladesh's achievement in the category of "investing in people" needs further boost for better outcome in the future.

The Millennium Challenge Corporation (MCC) is a US government entity designed to work to reduce global poverty through the promotion of sustainable economic growth. Bangladesh could make itself an MCC eligible country if it could maintain upward movement of the criteria covered by the MCC report.

# Forex reserve sets \$10b benchmark

STAR BUSINESS REPORT

Bangladesh's foreign exchange reserve yesterday crossed the \$10 billion mark for the first time in history, riding on buoyant remittance inflows, moderate exports and declining import payments.

The Asian Development Bank's budgetary support worth around \$649 million released the same day also helped the reserve reach equivalent to five months' import bills.

Central bank Governor Atiur Rahman termed it a 'historic' and 'rare' achievement for the country, as the reserve almost doubled in two years.

"This reflects the strength of our economy," Rahman told reporters at a briefing at the Bangladesh Bank (BB) headquarters yesterday.

The governor however denied that the ADB loan has helped push the reserve to \$10 billion and said it is the remittances that played the key role.

Deputy governors Murshid Kuli Khan and Ziaul Hassan Siddiqui also spoke.

The central bank expects the reserve to help the country achieve a better sovereign rating currently being conducted by two global firms -- Moody's and Standard and Poor's.

"This reserve will also help the government bargain strongly with bilateral and multilateral development partners," said the central bank chief.

"Foreign investors will also be encouraged," Rahman added.



Bangladesh Bank Governor Atiur Rahman speaks at a press briefing at the central bank headquarters in Dhaka yesterday to announce the country's foreign exchange reserve that crossed the \$10 billion mark for the first time.

The foreign exchange reserve was \$9 billion in September and \$7.47 billion in June this year. But it was slightly over \$5 billion in June 2007.

Bangladesh has an obligation imposed

by the International Monetary Fund to maintain a reserve equivalent to three months' import bills. According to IMF compulsion, \$6 billion reserves is enough.

The reserve reached \$10 billion

mainly due to a significant rise in inward remittances despite the global economic slowdown that dealt a blow to many countries with negative growth in their remittances.

# Non-banks widen share in private sector credit

SAJJADUR RAHMAN

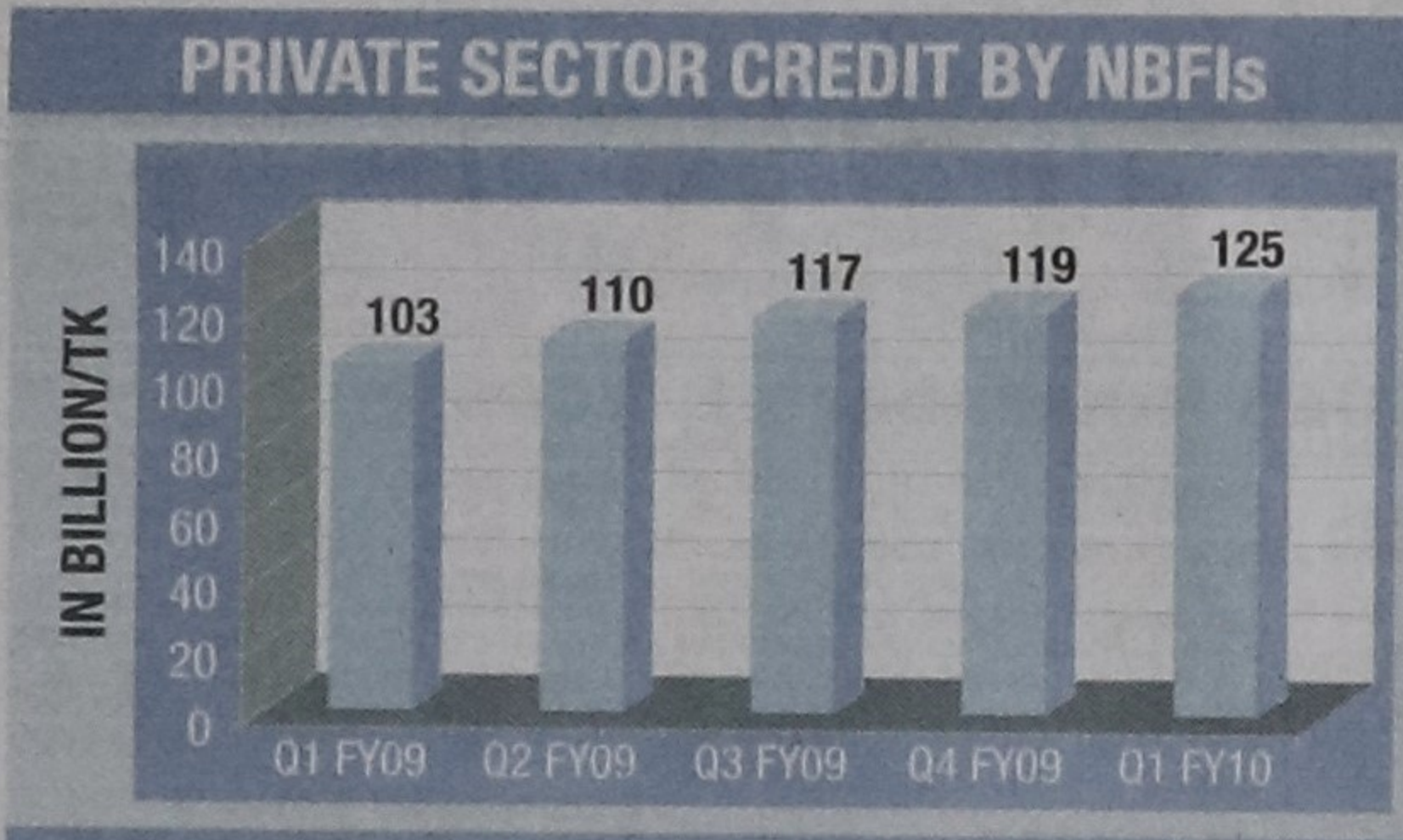
Non-bank financial institutions (NBFIs) are increasingly coming forward to finance private sector investments that are still dominated by the banking sector, according to a Bangladesh Bank (BB) report.

NBFI's share in private sector credit reached over 5 percent at the end of Q1 of the current fiscal year from less than 4 percent four years ago, according to the BB quarterly report for July-September.

Aggregate private sector credit stood at Tk 2,478 billion at the end of September, of which NBFI share was only Tk 125 billion.

Private sector credit disbursement by NBFIs increased by over 21 percent in the July-September period of fiscal 2009-10 compared to the same period a year ago, despite a sharp decline in demand. While bank credit growth was slightly over two percent in Q1 of 2009-10 than that of Q1 last year.

"A part of banking sector credit is absorbed by non-bank institu-



tions," observed the latest BB quarterly report released this week.

Although NBFI's contribution to private sector credit still remains insignificant in comparison to the banks, it is rising persistently.

NBFIs disbursed nearly Tk 5.5 billion to the private sector in the July-September quarter, which was less than Tk 3 billion in the previous quarter.

Sector people said in recent years most NBFIs have diversified their

products and services to many other areas, such as small loans, housing loans, start-up working capital and domestic factoring of accounts receivable, to net more businesses.

Some of these non-bank institutions have already introduced new financial instruments like bonds, securitisation, syndication services, merchant banking and stock brokerage.

Term lending by these financial institutions are also rising -- reach-

ing Tk 7.12 billion at the end of June from Tk 5.25 billion in March.

Mafizuddin Sarker, managing director of LankaBangla Finance, also said NBFI participation in private sector financing has increased.

"Now we fund a lot of industries for their balancing, modernisation, rehabilitation and extension (BMRE)," said Sarker, also the president of the Bangladesh Leasing and Finance Companies Association.

NBFIs are also lending more towards working capital, to bridge fund inflow and outflow in business cycles, he added.

A total of 29 NBFIs are operating in Bangladesh. Their total paid-up capital is less than Tk 20 billion. Banks are their main source of funds.

The total assets figure of the leasing industry has been rising at an average rate of nearly 25 percent a year for the last five years, according to the industry people.

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# GP share trade debuts Nov 16

STAR BUSINESS REPORT

Grameenphone share trade is set to debut on November 16, bourse officials said yesterday.

The decision on the listing of the leading mobile phone operator was taken in the board meeting of Dhaka Stock Exchange (DSE). This is the biggest-ever public offer in the history of Bangladesh capital market.

Earlier, Chittagong Stock Exchange (CSE) President Fakhor Uddin Ali Ahmed handed over the listing confirmation letter to Grameenphone Chief Executive Oddvar Hesjedal at CSE's Dhaka office, according to a press release.

"We have confirmed our commitment to the capital market as well as to other stakeholders and we will do more for a better market in future," said the GP CEO.

Subscribed by more than three times, the cellphone operator had earlier raised over Tk 486 crore from public last month by issuing 6.943 crore ordinary shares at Tk 10 each with a premium of Tk 60 each.

Grameenphone said it wanted to use proceeds from the issue to expand its network and develop information technology and for corporate purposes.

"Bangladesh capital market has proved that a large issue like Grameenphone can be easily subscribed by the retail investors. We urge other foreign investors to offload shares or raise fund through our stock markets," said CSE President Fakhor Uddin Ali Ahmed.

CSE Vice Presidents Al Maruf Khan, AQI Chowdhury and Directors MKM Mohiuddin, Mohammad, Fakhruddin, CSE CEO Mohammed Abdullah Mamun and Company Secretary and Chief of Corporate Affairs of Grameenphone Raihan Shams were also present on the occasion.

# Renault plans ultra low-cost car for India

PALLAB BHATTACHARYA, New Delhi

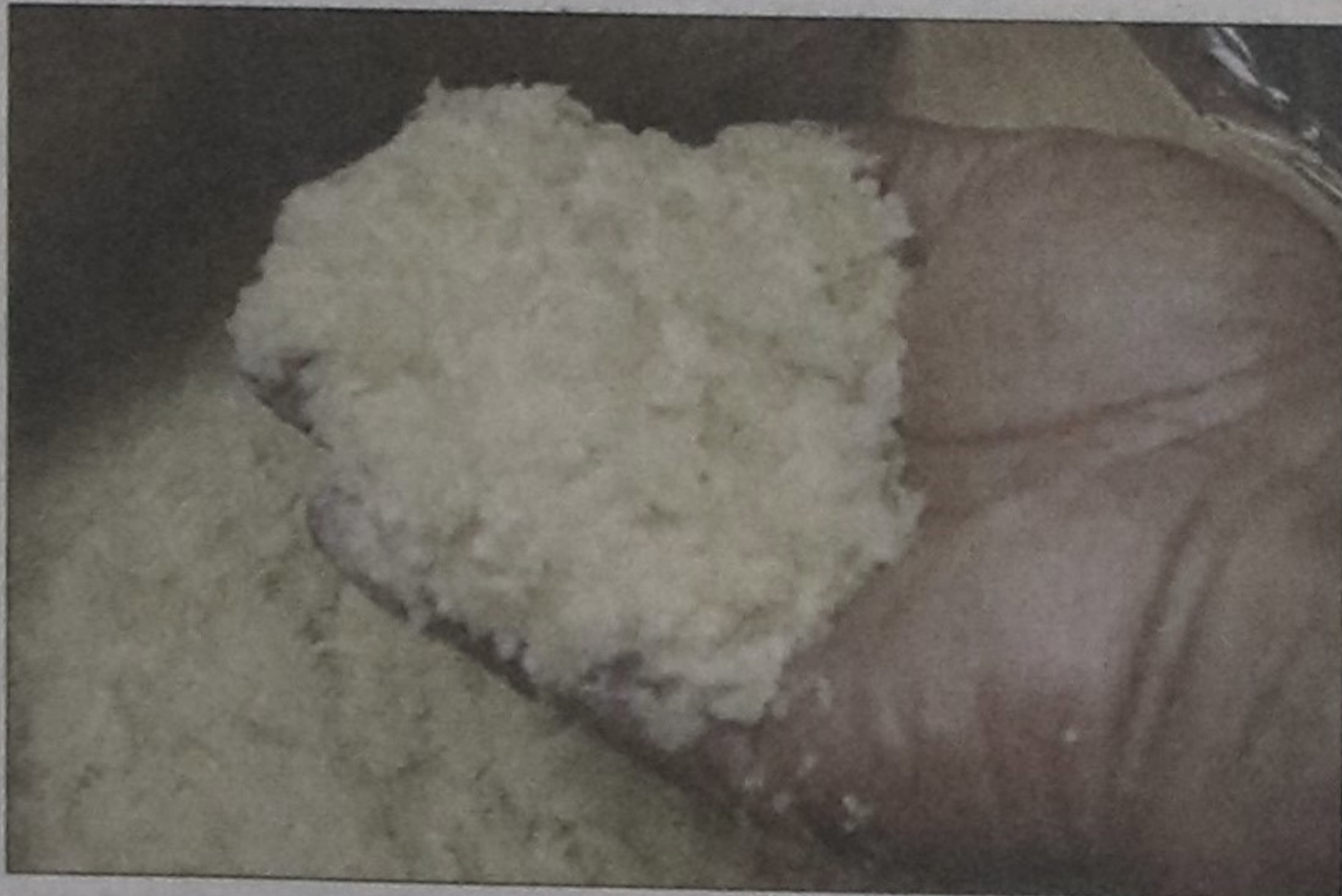
Partners Renault and Nissan said yesterday they would put on the road an ultra low-cost car in alliance with Bajaj Auto in the Indian market in 2012 to take on Nano, the world's cheapest car from Tata.

"The ultra low-cost car will come to the market in 2012," said Carlos Ghosn, chief executive officer, of the joint venture between French carmaker Renault and Japanese Nissan on the margins of an economic summit in New Delhi on Tuesday.

Bajaj Auto, the leading Indian two-wheeler and three-wheeler manufacturer, will design and manufacture the proposed low-cost car and Renault-Nissan will market it, Ghosn told reporters.

He declined to disclose the price at which the new car will be sold. The four-door hatchback Tata Nano, which hit the streets of India earlier this year, is available at around \$2,000.

# Potato flakes maker eyes brisk exports



A worker, left, shows potato flakes and some others, right, are seen busy at a processing unit of Patwary Potato Flakes in Chandpur. The company says it plans to export over 100 tonnes of the product this year.

A CORRESPONDENT, Chandpur

A Bangladeshi company plans to export more than 100 tonnes of potato flakes this year.

Patwary Potato Flakes Ltd, established by Abdul Awal Patwary in Chandpur, will export the product mainly to Indonesia, Thailand, Malaysia, Pakistan, India, UK and Germany.

The company that started its operation in November 2004 produces 7,200 tonnes of potato flakes a year.

Potato flakes are used as dry food and around 150 types of food can be prepared from the flakes. Flakes are a key characteristic of instant mashed potatoes. Firms that manufacture potato chips use flakes as primary raw materials for their products. Potato flakes or granules are also used as a base for potato pancakes.

Patwary Potato produces flakes from dried potatoes grown under the company's direct assistance at grower level. Contract farmers are provided with seeds and training in

technology by the company, officials said.

"We took 107 acres on lease for potato farming in the char area of Meghna in Chandpur and another 670 acres from Rangpur Sugar Mills in Gaibandha," said Md Jamal Uddin, a director of Patwary Potato.

"Last year we paid to farmers Tk 26 for potato per kg," said MA Hashem, another director of the company.

The company exported a huge amount of flakes to Switzerland,

Malaysia, Netherlands, Germany, Sri Lanka and other countries last year. It exported seven tonnes of potato flakes to Belgium alone, an official said.

Patwary Potato Flakes imported processing machinery from the Netherlands. All processing is done under the guidance of foreign and Bangladeshi experts, according to its website.

Patwary Potato Flakes has a cold storage to store more than 20,000 tonnes of potato to use all year for processing potato flakes.

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