

Stocks	
DGEN	0.81%
	4,429.18
CSCX	3.00%
	8,351.24
(Week-on-week)	

Asian Markets	
MUMBAI	Closed
TOKYO	0.40%
	10,494.71
SINGAPORE	Closed
SHANGHAI	0.38%
	3,141.35
(Friday closings)	

Currencies	
Buy Tk	Sell Tk
USD	68.60
EUR	97.07
GBP	108.31
JPY	0.73
(As of Thursday)	

SOURCE: STANDARD CHARTERED BANK

Commodities	
Gold	\$1,105.30
	(per ounce)
Oil	\$77.08
	(per barrel)
(As of Thursday)	

SOURCE: AFP

Fresh fund likely for BB's home scheme

UNB, Dhaka

Bangladesh Bank Housing Refinance Scheme, a popular housing project in the public sector, is likely to get approval for a Tk 200 crore fresh fund as its entire amount of Tk 500 crore has been used up.

The approval is expected to come today.

"The government is going to inject the money into the scheme to facilitate home ownership for the middle-income group," a senior BB official told the news agency.

The BB board of directors in its meeting on October 28 decided to allocate further fund only after the entire amount of Tk 500 crore is exhausted.

Against the backdrop of increasing demand for home loan, the central bank launched a Tk 300 crore refinancing scheme for housing loan in fiscal 2007-08 and later it was increased to Tk 500 crore.

Private sector weathers out shocks, so far

SAJJADUR RAHMAN

Unlike other countries, banks in Bangladesh have made hefty profits and exports continued to grow, while internal consumption has also been on the rise.

The economy grew by nearly 6 percent in fiscal 2008-09 and is expected to expand further this year. Exports increased by nearly 12 percent to \$15.56 billion in 2008-09 compared to the previous year.

Export data for different sectors in the current fiscal year shows agro-processed foods, terry towels, leather bags and purses and footwear have continued to earn more this year. Also manufacturers of ceramics tableware, bicycle and even handicraft have brought in more.

According to provisional statistics of Export Promotion Bureau (EPB), export earnings posted 18 percent growth in October, compared to the same month last fiscal year.

Exports fetched \$1.024 billion or nearly Tk 8,000 crore in October, while earnings were \$0.87 billion (Tk 6,080 crore) in the same month last year.

In October last year, exports dipped 7.48 percent when the impact of global financial crisis was felt for the first time in the country's export sector.

Knitwear and woven garments that account for 75 percent of total exports were also able to maintain their growth trend in the first four months of the current fiscal year.

Growth in import also shows positive trend in the current year. Bangladesh spent a total of Tk 154,821 crore for imports in fiscal 2008-09. The average monthly spending was Tk 12,901 crore. Latest figures show import expenditure increased to Tk 12,524 crore in September this year from Tk 10,926 crore a month ago.

Financial sector and capital market have performed well throughout the year.

Most of the banks made handsome profits at the end of the third quarter of 2009 riding on their income from stock market-based business.

This happened at a time when the world was passing through such an economic slowdown that people did not witness in the last 40 years.

Economist Prof Wahiduddin Mahmud said Bangladesh has recently become a subject of

THE YEAR IN REVIEW

Bangladesh has been the subject of analysis for researchers because of its resilience to international and domestic troubles:

Wahiduddin Mahmud

research and analysis for the international researchers because of its extremely good resilience amid a lot of domestic and international problems.

What are the reasons? How could the export-oriented economy survive the recession? What has shaped the country's ability to respond to the crises?

The credit goes mostly to the entrepreneurs, especially the young ones. Private sector has attributed Bangladesh's success to three major reasons: Entrepreneurs' capacity to adjust faster with the changes in the international market scenario, productivity increase and reduction in rejection rates.

Businesses also credited government policy responses, including loan rescheduling and rate cut, made relatively quicker this year.

"Entrepreneurs' ability to react to the changing market scenario was faster and better than many countries," said Syed Nasim Manzur, managing director of Apex Adelchi Footwear that has sustained its export growth quite well in recession.

sion.

The other reasons he gave are productivity increase and a significant reduction in product rejection rate.

"Private sector here did not wait for the government bailout as it happened even in many developed countries. They (entrepreneurs) have responded quickly by producing low-end items to cope with the market demand," said Nasim.

Manufacturers of terry towel that continues to perform well in the export market also said their quick responses helped them increase the export growth in fiscal 2008-09 and in the first quarter of 2009-10.

"We started producing low-cost items from the last quarter of 2008 following the recession and a decline in purchasing capacity of the developed world's clients," said JA Ansari, managing director of Jaantex Industries that exports terry towel.

Bangladesh bagged \$132.57 million from terry towel export in 2008-09 and the income stood at \$37.35 million in the first quarter of the current fiscal year.

The banks were shielded from the recession impacts, as those were not exposed to global financial markets, said Anis A Khan, managing director of Mutual Trust Bank.

"Our exporters targeted the lower-end buyers in the recession-affected economies," Khan said.

He said the exporters' margin has come down significantly, but they pushed it up by increasing volume.

Central bank Governor Dr Atiur Rahman attributed this resilience capacity to the country's young entrepreneurs who always like to take challenges.

Rahman said some government steps such as doubling the export development fund and utilisation of additional reserve for other purposes were also supportive.

But some downside risks remain: Industrial sector's output declined to 5.9 percent in fiscal 2008-09 from 6.8 percent a year ago, while services sector registered a lower growth at 6.3 percent that was 6.5 percent in 2007-08.

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More on B4

- **STIMULUS SHIELDS EXPORTS** PARTLY by Refayet Ullah Mirdha
- **IN GOOD SHAPE**, a year-end review by Standard Chartered Bank



Discussants are seen at a roundtable on the roles of chartered accountants in transparency and accountability, organised by the daily Prothom Alo, at its office in Dhaka yesterday.

Proposed financial reporting council kicks up debate

STAR BUSINESS REPORT

A debate has surfaced over the proposed law on formation of a financial reporting council, as regulatory officials and accounting professionals view the move differently.

The law could help ensure quality audits besides enhancing the professionals' capability, say regulators such as the central bank, Securities and Exchange Commission and Dhaka Stock Exchange.

But the Institute of Chartered Accountants of Bangladesh (ICAB) thinks if the proposal is signed into a law it will undermine them.

The observations came at a roundtable, organised yesterday by Bangla-language newspaper Prothom Alo at its office in Dhaka. The discussants included representatives from the regulatory bodies, accounting practitioners, managing directors of commercial banks and top businesspeople.

"The proposed council will help improve accounting quality. We had given a go-ahead to an ordinance in this regard during our tenure," said Dr AB Mirza Azizul Islam.

The former finance adviser hoped that the present government would go for enactment of the law on the council for the sake of transparency.

Such financial reporting councils (FRC) are very much in existence in different countries --- especially in the rich world --- which independently regulate and oversee corporate reporting and governance.

Necessary measures are yet to be taken by the present government for the passage of the ordinance with regard to an FRC, which was promulgated during the caretaker government's rule in 2007.

The financial reporting council should immediately come into being, said BB Deputy Governor Murshid Kuli Khan, SEC Chairman Ziaul Haque Khondker and DSE President Rakibur Rahman, echoing Mirza Aziz's view.

Pointing his finger at ICAB's lack of biting

power, Khan said: "An FRC will ensure accountability. I hope the government will pass the law soon."

Khondker said, "Capital market will benefit in a long run from such an FRC."

Backing the move, Rakibur Rahman was however opposed to any sort of 'over-regulation'.

ICAB President Nasir Uddin Ahmed said the FRC is a donors' prescription and may not be viable for a country like Bangladesh.

"No South Asian country has an FRC. It may not be applicable for us," Ahmed said.

Jamaluddin Ahmed, former president of ICAB, said it might create mess.

"The government will appoint people of their own choice, but they may not be of sound knowledge," he noted.

The other issues the speakers dwelt on were misconception about professional accountants, their transparency and accountability.

Accountants' role in the ongoing global economic meltdown also came up for discussion.

They also pointed to the existence of bad elements in accounting practitioners like other professions in the country.

"They (accountants) should not be condemned randomly," said Salman F Rahman, president, Bangladesh Association of Publicly Listed Companies.

Mahbubur Rahman, president of International Chamber of Commerce, Bangladesh, questioned why revenue officials do not accept auditors' reports for tax assessment.

Prothom Alo Editor Matir Rahman delivered his welcome address, while Joint Editor Abdul Quaim moderated the roundtable.

SM Aminur Rahman and Nurul Amin, managing directors of Janata Bank and NCC Bank, also spoke.

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Mutual fund managers to raise problems with govt

STAR BUSINESS REPORT

Mutual fund managers have decided to place to the government and market regulator the problems they are now facing because of a finance ministry decision on launching new funds.

They took the decision at a meeting on Thursday where they have also reached a consensus to form an association aiming to develop the mutual fund industry.

"The meeting agreed to immediately take up with the regulatory authority and the government the problems currently faced by the mutual fund sector," said a statement signed by Moin Al Kashem, secretary general of the convening committee of proposed Mutual Funds Association of Bangladesh.

Earlier at a meeting on November 5, the finance ministry had decided that the Securities and Exchange Commission (SEC) will have to allow mutual funds in phases, saying that too many mutual funds would saturate and heat up the market.

Clients' trust. Industry milestones.

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