

Stocks	
DGEN	0.74% 4,678.04
CSCX	0.75% 8,817.14

Asian Markets	
MUMBAI	0.73% 17,686.24
TOKYO	0.25% 10,681.83
SINGAPORE	0.89% 2,920.28
SHANGHAI	1.18% 3,282.18

Currencies		
	Buy Tk	Sell Tk
USD	68.65	69.65
EUR	97.61	101.86
GBP	109.05	113.44
JPY	0.73	0.78

Commodities	
Gold	\$1,125.60 (per ounce)
Oil	\$81.63 (per barrel) (Midday Trade)

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

EDF lending rate spikes

SAJJADUR RAHMAN

The central bank raised interest rates against loans sanctioned from the export development fund (EDF) by 1.5 percentage points from January 1.

Businesses said the move will reduce their competitiveness and fuel production costs.

"Charging a higher interest rate at this moment is not acceptable. I have already conveyed our concerns to the government," said Abdus Salam Murshedy, president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

Halim Khan, secretary general of Bangladesh Bicycle Manufacturers and Exporters Association, pointed out that the Bangladesh Bank (BB) move contradicts the basic objective of the EDF. "It will affect the export-oriented industries."

However, a senior BB official said the hike in such lending rate followed a sharp decline in the LIBOR (London inter-bank offered rate) in recent months.

The BB has set the new interest rates at LIBOR plus 2.5 percent from the previous LIBOR plus 1 percent. Now BB's stake will stand at LIBOR plus 1 percent from the previous LIBOR only. Commercial banks will get 1.5 percent from an earlier 1 percent.

BB doubled EDF to \$300 million last month to help exporters sustain the global recession fallout. In October 2007, the fund was raised to \$150 million from \$100 million.

Murshedy said exporters have long been demanding incentives from the government to survive the global financial shocks. Prices of export products sharply dropped in the past year.

Under this global perspective, EDF is a moral boost to us, he said.

"Now we have to spend 1.5 percent more for our products," the BGMEA chief said.

The BB official said following the hike in EDF lending rate, it now stands at only 0.4 percent.

Exporters however thanked BB for raising the single borrower credit limit from the fund to \$10 million from \$1.5 million.

EDF came into being in 1989 to facilitate access to finance in foreign exchange for input procurements by manufacturers and exporters. Authorised dealer banks can borrow US dollar funds from the EDF against their foreign currency loans to the parties.

Now, a total of 29 commercial banks avail of the EDF facility provided by the BB. Many exporters borrow from this low-cost fund.

BB officials said so far only \$100 million has been utilised from the fund.

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Economics of profit power

Harvard-trained expert explains



Mia de Kuijper

STAR BUSINESS REPORT

Mia de Kuijper, a Harvard-trained economist and investment adviser, has said turning profit power into sustainable wealth requires new and innovative strategies.

Her suggestion comes as a new economy is emerging from the global financial crisis.

At a seminar on 'Profit Power Economics' organised by Business School of BRAC University in Dhaka yesterday, de Kuijper explained what profit power means to companies.

"Profit power is economic clout -- the ability of a company to hold on to the value it itself has created," she said.

The author of recently published book "Profit Power Economics", de Kuijper focused on the fundamentals of the global economy and explained how companies and individuals could create

sustainable wealth.

The book examines the strategic implications of what she calls "transparent economy". The book's unique framework is designed for achieving high returns.

Based on research and illustrated with lively lessons from the experiences of the author and other successful investors and leaders, Profit Power Economics draws a detailed picture of the new competitive arena and gives readers a step-by-step approach to build (or find) exceptionally high-return enterprises.

Profit power is also meant for a company to extract a share of profits from its competitors, to create incremental value for itself and for its partners in business relationships, and to shape the risks the company and others will take on.

de Kuijper presented a keynote paper based on her book.

Kuijper showed four rules of success for the business: (a) focus on power nodes for choosing and valuing investments, (b) structure and manage global enterprises with new business models and power relationships, (c) fight fiercely against three-dimensional competitive threats, and (d) navigate today's shifting market dynamics by using insights about powerlaw network dynamics.

The economist showed 12 contemporary sources of profit nodes that include brand, secret ingredients, regulatory protection, focused financial resources, customer base with switching costs, proprietary processes and distribution of gateways.

"Control is just one and you are on the road to high returns," she said.

de Kuijper who was associated with companies such as Royal Dutch Shell and PepsiCo also said perfect information enables a company to earn profit.

BRAC University Vice-chancellor Jamilur Reza Chowdhury chaired the seminar, also attended by academicians.

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Announcement on revised ADP Jan 15

Minister asks secretaries to speed up execution

STAR BUSINESS REPORT

The revised annual development programme (ADP) for fiscal year 2009-10 will be announced on January 15, Planning Minister AK Khandker told secretaries at a meeting yesterday.

The inter-ministerial meeting, organised at the planning ministry, reviewed ADP implementation in the last six months.

Secretaries were asked to apprise the ministry of the amount of expenditure of the fund allocated to any ministry by January 10.

If any allocated fund is not spent fully against the projects under ADP, the surrendered money will go to the projects to be completed by June 2010, the meeting was also told.

The minister pointed out that this time the ADP is being finalised five months ahead of the schedule to facilitate accelerated execution of development projects. Usually, ADP revision is done at the end of any financial year.

As per 6-month progress showed, around 28 percent or Tk 8,600 crore has been spent for ADP implementation. The ADP size is Tk 30,500 crore.

During the same time in the last fiscal year, the implementation rate was 24 percent of the allocated Tk 6,100 crore. Although the FY 10 ADP implementation pace is better, the ministries concerned will under tremendous pressure to complete 72 percent of uplift projects within the stipulated time.

"Still, we've many things to do," AK Khandker said, urging the secretaries to expedite project implementation.

He also reminded them that proper ADP implementation would help the country progress economically.

During the meeting, it was also pointed out that five ministries succeeded in implementing more than 50 percent of the ADP in the last six months.

Happy New Year!

2010

মুতাল ট্রাস্ট ব্যাংক লিমিটেড
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REHAB housing fair kicks off

STAR BUSINESS REPORT

The biggest housing fair in Bangladesh kicked off yesterday, with huge quarries from the customers who were showing interest mainly in mid-size apartments.

Developers said the customers asked for flats ranging from 1,000 square feet (sqft) to 1,200sqft, and the downtown areas were on their priority lists.

The five-day REHAB exposition was mainly crowded by the visitors of middle-income bracket, said Mohd Kashedur Rahman, assistant manager

(sales) of Assurance Developments.

The developers expect a good sale this time after two years of slack business during the last caretaker government regime.

The provision of allowing black money for purchasing flats may also help bring a momentum in the sector, they said.

Real Estate and Housing Association of Bangladesh (REHAB) is organising the fair at Dhaka Sheraton Hotel, anticipating orders worth Tk 1,000 crore from the show.

A total of 268 participants, including 262 REHAB members, are showcasing

their products at the fair, also attended by six financial institutions that are offering housing loans.

Ferdous Aman Deedar, assistant manager (sales) of Navana Real Estate Ltd, said: "Quarries for apartments in the posh areas are comparatively low than from downtown areas."

According to REHAB, the sector's turnover was Tk 3,000 crore in 2009, which was almost a half of the amount in 2008. The real estate sector's contribution to the national GDP is 15 percent.

RELATED STORY ON B4

Govt to press wider access for exports to India

STAR BUSINESS REPORT

Commerce Minister Faruk Khan said yesterday Bangladesh would demand duty-free access for 232 products, including readymade garments, to the Indian market.

The demands will be placed when Prime Minister Sheikh Hasina visits India on January 10. She will also propose shortening of the list of sensitive goods so that Bangladesh can export more products to the country and reduce the trade imbalance in bilateral trade.

India has 460 products on its sensitive list. Khan said Bangladesh would demand removal of all kinds of non-tariff barriers to Bangladeshi exports to India.

The minister was speaking to reporters after a meeting with leaders of the Metropolitan Chamber of Commerce and Industry at his secretariat.

He claimed success in controlling the prices of essential commodities despite high global prices, although there were limitations in some cases.

Khan said the government is importing 50,000 tonnes of soybean oil soon to increase stocks of the item.

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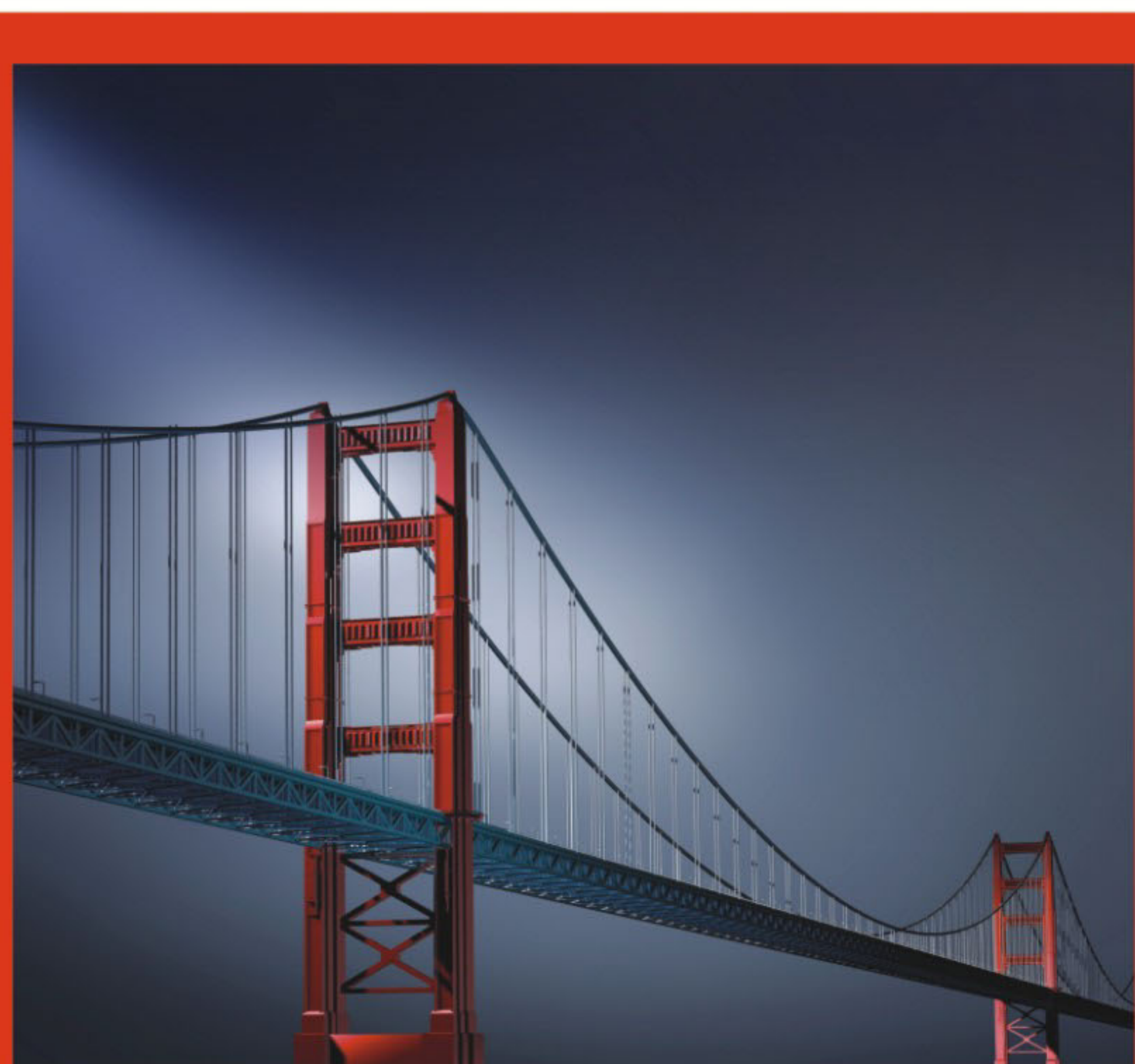
৩.৫ কোটি টাকা পর্যন্ত বাণিজ্যিক ঋণ

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