

No loan to buy GP shares anymore

STAR BUSINESS REPORT

Grameenphone is no more a marginable security, as its PE (price earnings) ratio crossed 50 points yesterday.

It means investors will no longer be allowed to seek credit from brokerage houses and merchant banks to buy GP shares only with cash in their portfolios.

A marginable security is a stock that can be purchased on margin loans provided by brokerage houses and merchant banks.

The 50-point mark is the level set by the

stockmarket regulator below which investors are allowed to seek margin loans. But GP's PE ratio reached 53.84 yesterday.

GP jumped 6.94 percent to Tk 385.40 on Dhaka Stock Exchange yesterday. In the last four trading sessions, the mobile phone operator's shares shot up 23.5 percent in total.

"We have decided to stop the margin loan against Grameenphone in line with regulatory rules," said M Fazlur Rahman, president of Bangladesh Merchant Bankers' Association.

A PE ratio is a company's current share price compared to its earnings per share. In general, a high PE ratio reflects

that investors expect higher earnings in future or a strong chance that they will be able to make a capital gain.

In other words, share value will increase and the investor is free to sell at a rate higher than he paid for it.

GP led Dhaka stocks to a new high yesterday. The benchmark index of the premier bourse, DSE General Index, soared to its highest at 5,828.38, up 82.59 points or 1.43 percent.

Advancers beat losers 120 to 113 with three securities remaining unchanged. A total of 5,92,57,479 shares worth Tk 1,381.70 crore traded on the prime bourse.



Senior Citi official visits Dhaka

STAR BUSINESS DESK

Gaurang Hattangdi, managing director and head of Citi's commercial bank for Asia, arrived in Dhaka yesterday for a one-day visit to meet clients and review the banks' business in Bangladesh.

Hattangdi joined Citibank in Mumbai in 1989 and was appointed as the head of Commercial Banking Group in Citibank India in 2002.

He moved to Hong Kong in October 2004 as the business development head for Asia in the group. In November 2006, Hattangdi was seconded by Citibank to Guangdong Development Bank where he was deputy president.

He returned to Citibank and his current assignment since February 2009. An MBA from the Graduate School of Business at the University of Chicago, Hattangdi is a chartered accountant from India.

Dhaka, Delhi to venture into power plant

BSS, Dhaka

Bangladesh Power Development Board (BPDB) and National Thermal Power Company (NTPC), India are likely to go for a joint venture to set up a 1,320 MW of coal-fired power plant soon.

According to the sources in the BPDB, a memorandum of understanding will be signed during a two-day first

steering committee meeting on grid connectivity tomorrow during the visit of HS Bharna, India's power secretary.

"The working committee will fix share and equity, tariff and other related issues of the proposed joint venture," a top official of the BPWD told the news agency yesterday.

The NTPC has huge experience

in installing mega coal-fired power plant.

"We can share with them in this area as coal will be our future fuel," Abul Kalam Azad, secretary to the Power Division.

The committee will discuss preparation of the feasibility report for two coal fired power projects at Khulna and Chittagong of around 1,320 MW each.

Indian textiles shake off recession impact

OUR CORRESPONDENT, New Delhi

The Indian textiles industry has come out of fallout from the global recession and most companies in the sector are posting profit, said Indian Textiles Minister Dayanidhi Maran.

"The Indian textile industry is among the first industries to come out of recession and garment manufacturer order books are full till June," Maran said at a roundtable, organised by the Confederation of Indian Industry in New Delhi on Tuesday.

However, he said Indian textile exporters were still dependent on the United States and European Union markets, which have a tendency to run parallel to each other, booming and falling together.

Maran asked exporters to look for new markets for Indian textile. The minister has recently led business delegations to several countries in search of new markets for

Indian textiles.

The entire US market fell 12.04 percent and Indian exports to that country shrank 7.56 percent. A similar trend was witnessed in the EU market too in fiscal 2008-09.

He asked textile industries to focus on the Indian domestic market, which is the third largest in the world.

Maran wanted the focus particularly on the rural market, saying big malls and retail stores in cities are not a solution to expanding the textile business.

Companies in the garments sector should concentrate on the big rural market also, he said.

Indian textile exports shrank 2 percent to \$21.75 billion in fiscal 2008-09, as demand from US and EU markets fell in the wake of the global economic downturn.

The Indian textiles industry employs an estimated 35 million people, the second biggest employer after agriculture.



Sanjay Prakash, chief executive officer, and Mahbub-ur-Rahman, head of commercial banking of HSBC Bangladesh, attend a press conference to announce the launch of the bank's Export Excellence Awards 2009 in Dhaka yesterday.

HSBC to award exporters

STAR BUSINESS REPORT

The Hongkong and Shanghai Banking Corporation (HSBC), Bangladesh has decided to award exporters to acknowledge their efforts in showcasing the country's products abroad, officials said yesterday.

HSBC Export Excellence Awards 2009 will be given to five enterprises in four categories: exporter of the year in readymade and textiles, export processing zones, traditional and emerging sectors and small and medium enterprises.

Two awards will be given under the readymade and textiles category -- an enterprise that will have an annual export turnover of \$50 million or more and another with less than \$50 million turnover. And the remaining three awards will be given in three categories.

"As a big trading bank we have decided to recognise the exporters who add value to Bangladesh," said Sanjay Prakash, chief executive officer of HSBC.

HSBC dealt in Bangladesh's nine percent export trade worth over \$15 billion in fiscal 2008-09. The bank has operations in 85 countries.

The bank will receive applications until March 25 and the awards will be given in the following month.

Mahbub-ur-Rahman, head of commercial banking of HSBC, said the exporters demonstrated outstanding resilience even in a challenging global economic atmosphere.

"Their success stories need to be recognised," Rahman said.

In addition to the recognition and accolades, the winners will also receive national and international exposure, he said.

Obama forms fiscal commission today

AFP, Washington

US President Barack Obama will Thursday sign an executive order establishing a bipartisan commission to find ways to reduce the gaping US budget deficit, a White House official said.

Obama has chosen Democrat Erskine Bowles, White House chief of staff for ex-president Bill Clinton, and former Republican senator Alan Simpson of Wyoming to head the panel, the official said.

The president has repeatedly complained that plans for a congressionally mandated fiscal commission were killed in the Senate -- by Republicans who had previously backed the idea as a way of trimming huge US deficits.

"Unfortunately this proposal -- which received the support of a bipartisan majority in the Senate -- was recently blocked," the president said in his radio and YouTube address to Americans on Saturday.

"So, I will be creating this commission by executive order."

BB starts weeklong roadshow in March

BSS, Dhaka

Bangladesh Bank will start a weeklong roadshow in late March to enhance awareness among people on farm loans and how to check money laundering.

The roadshow also aims at creating awareness on financing small and medium enterprises and sending remittances through the legal channel instead of illegal hundi, BB General Manager (SME) Sukomal Singh Roy told the news agency.

The roadshow will start in Teknaf in the southern district of Cox's Bazar on March 26 and end in Tentulia in the northern Panchagarh district on April 2.

Bangladesh Bank Governor Atiur Rahman will inaugurate the show.

Central bank officials said rallies and opinion-exchange meetings would be held at 13 spots that include Teknaf, Cox's Bazar, Chittagong, Feni, Comilla, Tangail, Sirajganj, Bogra, Rangpur, Dinajpur, Thakurgaon, Panchagarh and Tentulia.

BB has made 13 commercial banks as the main banks at these spots. The banks are AB Bank, NCC Bank, National Bank, Prime Bank, Bangladesh Krishi Bank, One Bank, Standard Chartered, Sonali Bank, Jamuna Bank, Uttara Bank, Islami Bank and BRAC

Bank.

Sukomal Singh Roy said if people become aware of these issues, the financial institutions would come forward to finance the SMEs and disburse farm loans.

He said the central bank's money laundering prevention department has already prepared a concept paper on the roadshow.

As per the concept paper, entrepreneurs will be informed and encouraged about the ways to remove hurdles to SME development.

The central bank thinks that money laundering is a threat to the SMEs.

Although Bangladesh is an agricultural country, most of its farmers are landless and they do not understand the terms, conditions and ways of getting agricultural loans.

All these issues will be shared with the farmers during the road show.

The concept paper says maintaining discipline in the financial sector is essential for national interest, for which money laundering and terror financing must be prevented.

The central bank thinks that the trend of sending money from abroad through the illegal channels still continues. Therefore, the people should be informed about the ways to send money legally.

Crisis forces 17m Asians into deep poverty: ADB

AFP, Manila

Seventeen million Asians have fallen into extreme poverty due to the global financial crisis, the Asian Development Bank and the United Nations said on Wednesday.

And another four million could this year slip into the same situation due to the effects of the slump, officials from the two organisations said at the launch of a joint report on poverty alleviation in Manila.

This is on top of the 900 million people in Asia who are already living in extreme poverty, defined as living on less than 1.25 dollars a day.

Asia had shown great progress in bringing people out of poverty in recent years, ADB vice-president Ursula Schaefer-Preuss told

reporters.

"But gains are being reversed due to the economic crisis," she said.

UN under-secretary General Noeleen Heyzer said that people in the export and tourism sectors in Asia had lost and were still losing their jobs due to the crisis, which swept across the globe in late 2008.

Less foreign investment, aid and remittances from overseas workers were further hurting Asia's poor, Heyzer said.

The report said more women, who form the majority of Asia's low-skilled and temporary workforce, than men had been forced back into extreme poverty due to the crisis.

UN assistant secretary-general Ajay Chhibber said the Asia-Pacific was doing

quite well in areas such as infrastructure in achieving the UN's Millennium Development Goals that are aimed at bringing people out of poverty.

"But it lags woefully behind in social issues," he said.

Even Latin America and Eastern Europe had better "social protections" than Asia such as pensions and unemployment insurance, Chhibber said.

Only two to three percent of gross domestic product in Asia goes to such social protections, he said, adding that this figure should ideally be four to six percent.

This meant large numbers of Asians could fall back into poverty during the crisis or even during natural disasters, he said.

Korean businessmen keen to invest in tourism

BSS, Dhaka

Around 20,000 Korean tourists will now be able to visit Bangladesh every month to enjoy its natural beauty, said J Moon, leader of the visiting Korean tourism entrepreneur delegation in Dhaka.

The Korean team leader told Industries Minister Dilip Barua that South Korean entrepreneurs have shown interest in constructing hotel, motel and resort in Bangladesh for the tourists and also by joint ventures.

"Korea is interested to start investing for the development of Bangladesh's tourism sector."

Moon was speaking while his team met Dilip Barua at his ministry yesterday. They also discussed growth of tourism industry and tourism entrepreneurs, joint

investment and new industrial policy of Bangladesh government.

They sought Bangladesh government's help and cooperation to invest in tourism industry.

The Korean team also told the minister that the Bangladesh government could extend help in road communication, tourist security and other facility to ensure quick expansion of tourism industry.

Barua said the government stepped positively for the development of sectors that include industry, education, health, agriculture and tourism for the economic prosperity of Bangladesh.

He said his government prioritises the tourism sector in the latest industrial policy.

South Africa economy to grow 2.3 pc

AFP, Cape Town

South Africa's economy is expected to grow by 2.3 percent this year, boosted by the football World Cup, but jobs remain a concern after last year's recession, the finance minister said Wednesday.

South Africa shed 900,000 jobs last year, and Finance Minister Pravin Gordhan warned the economic rebound was not strong enough to make major inroads in fighting poverty in a country where two in five people live on less than two dollars a day.

"Our economy needs to be transformed to meet the needs of all of our people," he told parliament, in a nationally televised speech.

The growth forecast of 2.3 percent topped earlier expectations for 1.5 percent



Syed Mahbubur Rahman, deputy managing director of BRAC Bank, and Md Abul Quasem, executive director of Bangladesh Bank, exchange documents after signing an agreement in Dhaka recently. BRAC Bank can now offer loans for solar energy, biogas and effluent treatment plants.