

Stocks	
DGEN	0.68% 5,338.13
CSCX	0.91% 10,155.01

Asian Markets	
MUMBAI	Flat 17,164.99
TOKYO	0.01% 10,751.98
SINGAPORE	0.24% 2,874.33
SHANGHAI	1.21% 2,976.94

Currencies		
	Buy Tk	Sell Tk
USD	68.62	69.62
EUR	92.86	97.02
GBP	102.64	106.96
JPY	0.74	0.79

SOURCE: STANDARD CHARTERED BANK

Commodities	
Gold	\$1,104.30 (per ounce)
Oil	\$80.90 (per barrel)

SOURCE: AFP (Midday Trade)

News in Brief

DSE website off-limits to BB employees

STAR BUSINESS REPORT

Bangladesh Bank (BB) has made the Dhaka Stock Exchange website off-limits to its employees during office hours from Thursday.

The central bank instruction came after it found its officials busy surfing the DSE website, a senior BB official told The Daily Star yesterday.

"We'll no longer be allowed to browse the DSE website," said the official. There are nearly 22 lakh BO (beneficiary owners) accounts in Bangladesh. On average, 1,000 new accounts have been opened a day until February.

Lebanon may take more Bangladeshi workers

STAR BUSINESS REPORT

Lebanon considers employing more Bangladeshi male workers in construction and cleaning sectors, a delegation that visited the Middle Eastern country said yesterday.

"They expressed keen interests when we talked of our training facilities and skills, especially in construction," said Khorshed Alam Chowdhury, director general of the Bureau of Manpower Employment and Training.

Chowdhury, a member of the delegation, told The Daily Star that around 30,000 Bangladeshis have so far gone to Lebanon, but very few were male.

"Actually, Lebanon had no idea of Bangladeshi workers' skills. As we asked them to hire our workers and mentioned their skills, they said they would immediately examine the issue."

Besides, he said, Lebanese leaders assured of regularising the Bangladeshi workers who were overstaying there. But Chowdhury failed to say surely the number of such workers.

"A worker with an expired work visa will only be allowed to be regular, but not those who went on visit visas," he added.



Finance Minister AMA Muhith speaks at the inaugural ceremony of a three-day international conference on microfinance regulations, organised by Microcredit Regulatory Authority at Sonargaon Hotel in Dhaka yesterday.

Top apparel buyers open offices in Dhaka

REFAYET ULLAH MIRDHA

Most global retail brands have opened their offices in Dhaka in recent times for direct sourcing of Bangladesh's quality clothing items at reasonable prices.

Buyers say the liaison offices here will raise their capacity to follow up on supply chain management for the Bangladesh-made apparels collected at a cost comparatively lower than other countries.

After China, the world's largest supplier of apparels, Bangladesh emerges as a lucrative place for the renowned retailers like US giant Wal-Mart, JC Penny, Zara, Tesco, IKEA, Marks and Spencer, H and M, Uniqlo and Li & Fung.

These firms have already established their branches in the Bangladesh capital with an aim for business expansion, as they now take much more interest in Bangladesh's readymade garments than they are keen on such items from China, India and Pakistan.

Previously, major foreign buyers used to source Bangladesh's RMG

either from Delhi or Hong Kong or from Islamabad or through the local buying houses representing them.

According to a major supplier, major brands like Puma, G-Star Raw and Espirit are likely to have their branches in Dhaka soon, although they still source ready-to-wear products from other countries.

An official of the Swedish company IKEA points his finger at Bangladesh's low-cost but quality apparels, which pushed up buyers' interests.

Moreover, recently Bangladesh improved a lot in compliance issues and made the garment factories free of child labour, he added.

"Recently many owners have established effluent treatment plants (ETP) in their factories, as it is mandatory for protection of environmental and ecological balance," the IKEA official also pointed out.

Cheap labour cost is another factor that helped grow buyers' keenness, said an official at the Dhaka office of another retail brand.

On the objectives of opening its

branch office, he said, "Certainly we can now follow-up the supply chain management, compliance issues, product quality and design and efficiency of the suppliers very closely."

The country is in an advantageous position with cheap and quality apparels because its competitors like China, Pakistan and India are losing out their market share for their higher cost of production, industry insiders say.

Higher cost of production and shifting to high-end products have driven China out of the apparel market, while Pakistan lost its reputation because it has long been a trouble-free country, apparel makers added.

Meanwhile, Export Promotion Bureau data shows around \$3.55 billion knitwear exports in seven months to January of the current fiscal year, a 6.85 percent decline compared to the corresponding period a year earlier. EPB also points out that this figure is also 13.62 percent below the target for this period.

Woven exports also slowed 6.99 percent to \$3.15 billion during July-

January.

Home textiles and textile fabrics also maintained a negative growth, as their exports totalled \$165.65 million and \$42.30 million respectively.

When his attention was drawn to such export decline, Anwar-ul-Alam Chowdhury Parvez, former president of Bangladesh Garment Manufacturers and Exporters Association, said the financial meltdown worldwide has led to this situation, as major export destinations like EU and USA have been badly affected by the recession.

"Apparel exports will rebound soon as there are signs of recession-recovery," Parvez hoped. However, he insisted on developing Bangladesh's basic infrastructures to take the growth in apparel exports to an optimum level.

In this context, he suggested the government ensure regular adequate supply of gas and power to RMG units so that manufacturers can maintain in-time production and lead-time.

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People take a look at a 'Jutin' sheet made of hessian cloth and formulated solution of polymer materials with 30-40 percent jute. Bangladesh Atomic Energy Commission unveiled the nonbiodegradable sheet in Dhaka yesterday.

New stimulus for stocks

Regulator resets margin loan ratio at 1:1.5

STAR BUSINESS REPORT

In an effort to give an impetus fresh to the stockmarket, the regulator has increased the margin loan ratio to 1:1.5 from 1:1 for equity securities.

The new ratio means an investor or a client will get Tk 1.50 loan against his or her holding securities worth Tk 1.00. The ratio will however come into effect from Thursday.

The latest move followed a continued steep fall in the market till yesterday. Demonstration on streets by general investors in protest of such long bearish spell is also reported from different parts of the country.

However a loss-recovery mood gripped yesterday's market on regulator's positive measure speculations, which at one stage led to a more-than-

150-point nosedive of shares.

The market started with a drop of 156 points within the first thirty-five minutes and then gained a bit before falling again. Just two hours after the session, the market started to show positive signs to close at 5,338 points--down by 36.93 points or 0.68 percent.

"Considering the current market situation, the Securities and Exchange Commission has enhanced the loan ratio to up liquidity flow," its executive director Anwarul Kabir Bhuiyan told newsmen.

Earlier on February 3, the SEC squeezed the ratio to 1:1, down from 1:1.5.

Market operators however termed the SEC move a piecemeal, not a headway to stabilise the market.

"The stockmarket cannot be geared up or pulled down by only giving directions or changing decisions in a quick manner," Rakibur Rahman, president of Dhaka Stock Exchange, told newsmen after an emergency meeting with the SEC on the current market situation.

"Without increasing supply of new securities, as the market is facing a supply dearth, it should not be controlled by directives or instruction," he said, adding that no stockmarket in the world is controlled in such a way.

Meanwhile, a group of retail investors took to the streets in front of the DSE building, and also tried to blockade vehicle movements. Our Chittagong and Rajshahi correspondents also reported such demonstrations in protest of NBR's proposed tax on profit in share business and SEC's unnecessary intervention in the two metropolitan cities.

Eco-correct substitute for CI sheets

STAR BUSINESS REPORT

Bangladesh Atomic Energy Commission (BAEC) has developed an environment friendly jute-made substitute for traditional corrugated iron (CI) sheets.

The product, Jutin, is a result of over two decades of research by Dr Mubarak Ahmed Khan, now a chief scientific officer of Radiation and Polymer Chemistry Laboratory at BAEC.

Ahmed sees a huge prospect of the product since it has a wide range of advantages that the CIsheets do not have.

"No metal is used in Jutin. It's rust-proof and will give service for over 100 years," Khan said at a roundtable in Dhaka yesterday, organised to unveil the product.

The sheet is made of jute hessian cloth and formulated solution of polymer materials, with jute accounting for 30-40 percent of the total ingredients.

Jutin is not biodegradable, but it will not cause any harm to environment as do products such as plastic and polythene, Khan said.

As saline water causes rust to CI sheets, use of the jute-made corrugated sheets will be of great advantage for the people in the coastal belt where water is saline.

The scientist said the product is much more durable, strong and also flexible compared to CI sheets. It will also be cost-effective, he said and urged the government to launch a public-private partnership project to produce Jutin commercially.

Spotlight on microfinance regulations

STAR BUSINESS REPORT

A rise in commercialisation of microfinance activities calls for a regulatory framework in the sector to benefit all stakeholders, experts said yesterday.

They said self-regulation by individual microfinance institutions (MFI) is not enough to protect the interests of depositors these days, as microcredit operations are growing amid rise in MFIs to make profits from lending to the poor.

The involvement of some global financial intermediaries in microfinance has also contributed to commercialisation of the sector, they pointed out.

Early practitioners of microcredit were social practitioners and they worked for socio-economic empowerment of the poor. Of late, many small and large institutions came into being, which in turn led to a rapid rise in commercialisation of microfinance activities, said DSK Rao, regional organiser for Asia-Pacific, Microcredit Summit Campaign.

Rao shared the view at a session of the international conference on benefits of regulations in microcredit sector.

The Microcredit Regulatory Authority, which is responsible for monitoring and supervising microfinance operations in Bangladesh, organised the three-day conference at Sonargaon Hotel.

Former Bangladesh Bank Governor Salehuddin Ahmed chaired the session. Justine Bagyenda, executive director of the central bank of Uganda, Baqui Khalily, professor of finance at Dhaka University, and Gianfranco AVENTO of European Business School, London, also spoke.

Rao said microfinance activities have grown tremendously in the last decade since the first Microcredit Summit in 1997. The number of clients rose to over 10 crore now from 70 lakh in 1997, he said.

In Bangladesh, MFIs have also expanded overtime. Now, over 1,000 MFIs, of which 503 have licences, are working and serving nearly three crore clients.

By the year 2009, outstanding loans in the microfinance sector, including Grameen Bank, stood at Tk 19,961 crore, up from Tk 15,445 crore in 2008.

Total savings rose to Tk 11,703 crore in 2009 from Tk 9,065 crore a year ago.

Despite such rapid growth, microlending activities by MFIs worldwide face criticisms for high interest rates, lack of transparency and cohesive recovery practices, according to Rao.

"Regulation is welcome, as it will take care of these problems, especially in the areas of interest rates and recovery practices," he said.

Salehuddin Ahmed said microfinance is an important tool to alleviate poverty, but it is not the only tool.

"Regulation is needed and self-regulation is not enough. But it should be user-friendly," he said.

Ahmed said regulation will benefit poor savers and borrowers, MFIs and also facilitate development of the microfinance sector.

MORE ON B3

Budget spending on slow lane

Progress report to be presented in parliament today

REJAUL KARIM BYRON

Budget spending in the first six months of the current fiscal year was 6.1 percent lower than in the same period of last fiscal year, according to a government report.

In the July-December period of fiscal 2009-10, the expenditure was Tk 34,607 crore out of the total budget of Tk 113,819 crore. The expenditure was Tk 36,868 crore in the same period a year ago.

The report that assessed the pace of budget implementation and economic progress in the first six months of the current fiscal year is expected to be presented in parliament today -- for the first time in Bangladesh.

Explaining the reasons for low budget spending, the report said the government spent less on farm subsidy, interest payment, food procurement and employment programmes.

In the July-December period, Bangladesh Petroleum Corporation did not spend money on subsidy.

On the other hand, development expenditure increased much.

The expenditure of the Annual Development Programme (ADP) increased by 42.2 percent to Tk 8,807 crore in the first six months of fiscal 2009-10 over the same period a year ago.

The size of the ADP was Tk 30,500 crore, of which the government could spend 29 percent.

The budget deficit in the July-December period was only Tk 946 crore, way down from Tk 6,129 crore in the same period a year earlier.

For the current fiscal year, the total budget deficit has been estimated at Tk 34,358 crore.

As the budget deficit was low, the government did not borrow from the banking system in the first six months. It rather repaid Tk 11,108 crore.

High revenue earnings, an increase in savings instruments sales and increased foreign assistance helped narrow the deficit, according to the report. As a result, the government had a cash balance of Tk 12,000 crore at the end of December 2009.

It was observed at a cabinet meeting yesterday that the country's economy is now in a better position than any other time in the past.

"The investment and revenue collections have increased in the first six months of fiscal 2009-10," the prime minister's Press Secretary Abul Kalam Azad told reporters.

The government projects 6 percent GDP growth for the current fiscal year.