

Savings-investment gap main development challenge: Muhith

STAR BUSINESS REPORT

The main development challenge the country is facing now is the gap between savings and new investment, and if a balance is ensured, Bangladesh will be able to increase its public expenditure up to 20 percent, said the finance minister yesterday.

The minister also said the planning commission should be restructured to make it effective in planning for economic development.

"The gap between savings and investment rate is the main development challenge. Now, although investment doesn't increase well, we have satisfactory savings. This situation is not healthy for a country," said AMA Muhith.

"If we can change the old-fashioned savings and investment pattern, the government will be able to increase its public expenditure up to 20 percent from 16 percent at present," he added.

The minister was speaking at the inaugural ceremony of a two-day conference on Migration, Health and Development in South Asia, co-organised by South Asia Network of

Economic Research Institutes and Bangladesh Institute of Development Studies (BIDS) at Sonargaon Hotel in Dhaka.

"We have to attract 30 percent more investment than the present level to become a middle income country. And so, we are encouraging large-scale private investment, from both domestic and foreign entrepreneurs," said Muhith.

However, he said energy and power crises are now holding back investment in the country.

"There is a horrible crisis in energy and power sector, which is the worst in the region and creates roadblock to investment right now. But there is not any quick solution to the crisis as it takes time to reshape the entire energy sector."

He said it has become a difficult challenge for the government to cope with the demand for energy, including gas and power. "Now we need a global commitment and consensus to find ways to solve the crisis."

He also stressed creating a favourable investment climate in the country.

Terming Bangladesh a victim of climate change, he said nobody comes forward with investment when the question of mitigating environmental risks comes.

The existing financial institutions that deal with climate fund are not equipped enough to extend support and encourage investments in the risk management areas, the minister said.

Muhith termed education and information technology (IT) as the most powerful tools for ensuring transparency and reducing corruption at institutional level.

SR Osmani, professor of development economics at University of Ulster, Jordanstown, UK, suggested that the government ensure a steady growth in both savings and investment to boost economic growth.

He said: "India raised its corporate and private sector savings up to a quarter of its total GDP. In an ideal situation, a country must have savings one third of its GDP."

Dr Mashiur Rahman, economics affairs adviser to the prime minister, said the entire South Asia needs to ensure rapid economic growth to

address poverty.

Around 100 participants from India, Nepal, Sri Lanka, Pakistan and Bangladesh are taking part in the conference.

The conference will have separate sessions on international and domestic migration, trade in health services and health care, employment, and poverty reduction in South Asia.

It will also discuss the challenges of regional economic cooperation, cost effectiveness of health care, international migration and climate change, public expenditure accountability in education, health and water.

Prof Nurul Islam, emeritus fellow at International Food Policy Research Institute, US, chaired the inaugural ceremony. He urged the government to better the trade policy and make it efficient in providing tariff subsidy and incentives to local industries.

TN Srinivasan, professor of economics at Yale University, UK, and Mustafa Kamal Mujeri, director general of BIDS, also spoke.



Outgoing Turkish Ambassador to Bangladesh Sakir Ozkan Torunlar made a farewell call on President Zillur Rahman at Bangabhaban in Dhaka yesterday.

Dhaka-Istanbul direct flight soon

Turkish envoy tells president

UNB, Dhaka

Turkish Airlines will start direct flight from Istanbul to Dhaka in two to three months, aiming at strengthening trade and commerce ties between the two countries.

The country manager of the Turkish Airlines will come to Dhaka within a week to finalise all formalities with the ministries concerned.

Outgoing Turkish Ambassador to Bangladesh Sakir Ozkan Torunlar communicated this to President Zillur Rahman during a farewell call at Bangabhaban yesterday.

The ambassador hoped that the direct flight would help expedite contacts between Turkish and Bangladeshi entrepreneurs to achieve the targeted \$1 billion trade between the two countries this year. Torunlar said Bangladeshi passengers travelling to Europe would also get benefit from the direct flight, as they will be able to use

Turkish Airlines as transit passenger at a cheaper rate.

The direct flight would open Bangladesh's connectivity with other regions of the world.

Zillur Rahman appreciated the outgoing ambassador for his endeavour to enhance the bilateral relation to a new height. The President conveyed his gratitude to Turkish President Abdullah Gul for visiting Bangladesh in February last and appreciated his desire to increase bilateral trade up to \$1 billion.

Zillur Rahman urged the Turkish entrepreneurs to relocate their industries, particularly the textiles, in Bangladesh taking advantage of the prevailing investment-friendly atmosphere.

He remembered his Istanbul visit in November last year to attend the COMCEC Summit of OIC, and thanked the Turkish government for extending warm hospitality during his stay in the country.



National Board of Revenue Chairman Dr Nasiruddin Ahmed speaks at a meeting with a delegation of Metropolitan Chamber of Commerce and Industry led by its President M Anis Ud Dowla at NBR conference hall in Dhaka yesterday. The trade body placed a proposal for the upcoming national budget for fiscal 2010-11 at the meeting. (Story on B1)

Dhaka bourse calls for calm

STAR BUSINESS REPORT

The Dhaka Stock Exchange yesterday called upon the investors not to lose nerve, saying that the market situation is better now than early last year.

"The situation is much better now than in February 2009. The overall economy is also in a good position," said DSE President Md Shakil Rizvi at a press conference in Dhaka.

Md Rakibur Rahman, the immediate past president of the DSE, also spoke at the briefing, where the bourse wanted the government to raise funds for power and infrastructure projects without looking for finance from development partners.

It said the government will be able to raise up to Tk 20,000 crore from the stockmarket to invest in power and energy projects.

The DSE call came as supply-demand mismatch of quality scrips is partly blamed for the rise in prices of a number of securities in the face of a growing number of investors and fund inflows to the market since February 2009.

"We hope share offloading by state-owned companies will help increase quality issues and bring balance between supply and demand," Rizvi said, referring to the recent government announcement to gradually offload shares of 26 state enterprises.

He also said the DSE would encourage private companies to go public.

Md Rakibur Rahman stressed increasing the supply of issues to prevent the market from falling in a disaster. "It will not be right to expand the market without increasing the supply of new securities."

Rahman also said the market should not witness ups and downs based on individual interests. Rather, government policy and company fundamentals should be the yardstick for market movement, he added.

He blamed rumours for creating doubt among the investors. "The market will not stabilise until it breaks free from rumours."

Oil prices tread water after big gains

AFP, London

Crude oil prices paused on Tuesday, as traders digested bumper gains made the previous day, and awaited this week's weekly US energy inventories report, analysts said.

New York's main contract, light sweet crude for delivery in May, was unchanged at 82.17 dollars a barrel.

London's Brent North Sea crude for May eased three cents to 81.14 dollars per barrel.

"Currently range-bound oil prices are a result of optimism about a global economic recovery, clashing with still weak oil market fundamentals" of supply and demand, said analysts at the JBC Energy consultancy in Vienna.

Oil had spiked higher on Monday on the back of a weak US dollar, rising stock markets and hopes of economic recovery, as well as concerns after deadly suicide attacks on the Moscow metro.

"The price gain was primarily the result of a higher risk appetite on the back of firmer global equity markets, expectations of positive economic data and of a softer US dollar," added Commerzbank analyst Carsten Fritsch.

Singapore Airlines fares go up from tomorrow

ANN/THE STRAITS TIMES

Airfares have gone up in recent months on the back of stronger demand for air travel, and the next hike is due to hit travellers on Thursday, when Singapore Airlines (SIA) increases ticket prices.

Industry players said many airlines, including SIA, had brought fares back up to pre-crisis levels. SIA travellers can expect to pay about \$50 (US\$36) to \$100 (US\$71) more on top of this from April 1, The Straits Times found out.

The last time the carrier increased its fares was in October last year, said travel agents, who were told of the April 1 hike in a circular issued by SIA earlier this month.

In its note, SIA did not specify the quantum of the increase, but informed the agents that the booking system would be updated to reflect the revised fares.

US Congressman assures Dhaka of passing bill on zero tariff benefit

UNB, Dhaka

US Congressman Jim McDermott assured Bangladesh of extending his all-out assistance in passing the New Partnership for Trade Development Act at the US House of Representatives.

The law -- aimed at increasing customs- and quota-free access for least developed countries, including Bangladesh, to the US market -- is more flexible than the earlier act relating to GSP (generalised system of preference) facilities.

The US Congressman made the remarks when a Jatiya Sangsad (parliament) delegation, led by Deputy Speaker Shawkat Ali, met him in the Thai capital Bangkok on Monday, according to a message received here yesterday.

The delegation thanked the Congressman for placing the bill at the US House of Representatives.

The delegation informed the Congressman of the possible negative impacts on Bangladesh if the bill is not passed and sought his personal assistance in the passage of the bill.

The Dhaka delegation also met with other delegations from India, Iran and Cuba and discussed matters of mutual interests and took part in general debate on world political, economic and social situation in 122nd conference of Inter-Parliamentary Union (IPU) in Bangkok.

A 17-member parliamentary delegation from Bangladesh is participating in the IPU conference, which began on March 27 and will end on April 1.

Greek fundraising effort disappointing: Analysts

AFP, Athens

A Greek gamble to raise urgently needed money was judged a semi-success on Tuesday, as analysts warned that the debt-laden country is still at risk and the euro is likely to remain weak.

Athens raised five billion euros (6.7 billion dollars) on Monday to cover debt maturing in April as it tested the markets four days after the European Union offered a safety net to stop a crisis hurting the euro.

But the seven-year bond offered by Greece received a lukewarm welcome as the interest rate that the government had struggled to lower from a threshold of just over six percent barely budged.

And demand was disappointing compared to past five- and 10-year bond issues

that were greatly oversubscribed, analysts said after Monday's release reportedly received offers of around seven billion euros.

"This shows that Greece's problems are far from over," financial research firm Rabobank said in a note.

Greece has struggled to bring down the yield demanded by the markets for its bonds, as the rate it is asked to pay is twice that of Germany, and Athens hoped that last Thursday's EU-IMF contingency plan would ease pressure.

"Following the announcement of the plan of combined IMF payments and bilateral loans many had expected that the interest that Greece would have to pay for its national debt would fall notably. But this hope had turned out to be false," noted Commerzbank analyst Ulrich Leuchtmann.



Citycell Chief Executive Officer (CEO) Mehboob Chowdhury and Link3 Technologies Limited CEO Babar Huda pose at a strategic partnership deal signing ceremony at the mobile operator's head office at Mohakhali in Dhaka yesterday. Link3 has been awarded a classified project that will benefit Citycell's customers for application and content.

Markets post marginal gain

STAR BUSINESS REPORT

Stocks finished marginally up supported by early gains although selling pressure toward the end of the trading eroded much of the gain in the morning trade.

Summit Power led the gains from the previous three-day losses after it declared a 25 percent stock dividend (one bonus share for every four shares) for 2009.

Summit edged up 1.11 percent to Tk 1,401.75.

Market heavyweight Grameenphone extended support to the recoup

although losers beat gainers 139 to 96.

The benchmark DGEN or DSE General Index added 9.51 points or 0.17 percent to finish at 5,533.62 points. The DSI or All Shares Price Index was up 5.48 points or 0.12 percent to 4,533.90. The DSE-20 comprising blue chip scrips advanced 1.35 points or 0.04 percent to 2,949.79.

Turnover continued dipping to Tk 684.88 crore from Tk 746.21 crore a day before.

Banking stocks, one of the lifelines of the market, ended mixed. Three banks -- City Bank, Standard Bank and Trust Bank -- announced divi-

dends, which the market operators said were below the investors' expectation.

Non-bank financial sector, and fuel and power advanced.

Beximco Pharma led the fall in pharmaceuticals. Beximco Pharma slipped 0.80 percent to Tk 185.50.

Cement also ended lower as sector heavyweight Lafare Surma Cement fell on a court row over limestone mining in India for its factory.

Both the general and life insurers dipped.

All the indices on the Chittagong Stock Exchange finished up.



Alamgir Kabir, chairman of Southeast Bank, presides over the bank's 15th annual general meeting at Bangabandhu International Conference Centre in Dhaka on Monday. The bank declared 35 percent stock dividend (bonus share) for 2009. Mahbulul Alam, managing director, was also present.