DHAKA FRIDAY JUNE 25, 2010

0.03%

6,189.85

11,784.68

0.18%

6,519.21

V 0.14%

17,730.24

0.05%

9,928.34

0.82%

2,847.61

0.12%

2,566.75

Sell Tk

69.73

87.61

105.91

0.80

\$1,232.50

(per ounce)

\$76.22

(per barrel)

(Midday Trade)

▼ 0.08%

Stocks

IDLC Index

Asian Markets

DGEN

CSCX

IDLC 50

MUMBAI

TOKYO

SINGAPORE

SHANGHAI

Currencies

\$\$ USD 68.73

EUR 83.44

JPY 0.75

Commodities

Buy Tk

101.62

SOURCE: STANDARD CHARTERED BANK

Oil

BKMEA polls

now July 11

STAR BUSINESS REPORT

The date for biennial elec-

tion of the Bangladesh

Knitwear Manufacturers

and Exporters Association

(BKMEA) has been deferred

The election was sched-

uled for June 26. The new

date for the election has now

been fixed at July 11 because

of some changes in the elec-

tion procedures, said

Chairman of the Election

Board Abdul Hoque yester-

He said the arbitrational

tribunal of the Federation of

Bangladesh Chambers of

Commerce and Industry

(FBCCI) on Wednesday

brought about some

changes to the election

procedures.

for the second time.

Implementation main challenge

Says WB in budget reaction

STAR BUSINESS REPORT

..... The World Bank (WB) has said the main challenge in the budget for the next fiscal year is its implementation, and the finance minister's budget speech lacked a clearer roadmap on how to gather pace in the implementation rate.

WB acting country director Zahid Hossain in its Dhaka office yesterday presented the donor agency's reaction to the budget and said: "The budget intends to be more self-reliant, infrastructure friendly and inclusive, but it lacks specific guidelines on its implementation."

He said the budget is "moderately expansionary but yet sustainable". The main challenge is ensuring high implementation rate of the investment programmes in key growth areas like energy, roads and railways, bridge, shipping, water resources, he added.

Hossain said the growth has to come from these sectors. "In the current fiscal year it was seen that though higher allocation was made for the energy sector, it could not be implemented."

He said increasing investment is another challenge in the next budget.

In the next fiscal year GDP (gross domestic product) growth has been expected to increase by 0.7 percentage

point over the current year's growth. He said the target is ambitious but achievable.

GDP growth will be 0.7 percent or more than the current year's and such a rate of increase was seen 11 times after 1971, the WB official said.

Hossain said 5.5 percent growth in the current fiscal year is quite good in the international and domestic context. It was consumption-led growth, which was possible due to a higher remittance inflow. But if investment, especially public investment, does not increase, the consumption-led growth will not be sustainable, he added.

The WB official said financial viability of the state-owned enterprises in energy sector should be ensured for increasing production in the power sector.

He urged the government to make the subsidies transparent through explicit provisions in the budget.

On the Tk 5,000 crore subsidy being talked about, he said: "I don't see anything to worry about it. If it contributes to an increase in power and gas supply, it will lead to a rise in investment and growth."

Hossain said if the reforms proposals for VAT (value added tax) are implemented, the target for revenue collection will be achieved.

WB accepts **BBS** estimate on growth

STAR BUSINESS REPORT

The World Bank (WB) has accepted Bangladesh Bureau of Statistics (BBS) estimate on the current fiscal year's GDP growth, as the Finance Division and the BBS gave different projections.

The GDP growth projection of 6 percent by the Finance Division was incorporated in the Economic Review 2010 and also in the finance minister's budget speech. However, the BBS estimated it at 5.5 percent.

The WB yesterday said the current fiscal year's GDP growth will be 5.5 percent, which was 5.7 percent last year.

WB acting country director Zahid Hossain said the BBS has the mandate to calculate the GDP growth rate. "We used the BBS estimate because our previous data was taken from it."

He said: "We know the method BBS uses in calculating the GDP growth and where its data comes from. The Finance Division has the right to make the estimate of 6 percent it has made, but it is not completely clear to us."

Private expatriate bank soon

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SAJJADUR RAHMAN

The central bank has started work on setting up an expatriate bank in the private sector to foster manpower exports and provide services to non-resident Bangladeshis.

The proposed bank will be established with full expatriate equity and management, officials said.

"We'll invite tenders to seek bids for the bank in a couple of months," Bangladesh Bank Governor Dr Atiur Rahman told The Daily Star.

The bank will be a fully commercial scheduled bank, he said.

On establishment of the bank, Bangladesh will have two expatriate banks.

The government is now working to set up a specialised expatriate welfare bank under its management. A draft act has also been formulated in this regard. The bank will start operations in a few months, central bank officials said.

Bangladesh's dependence on remittance is increasing. It helps the country maintain a handsome foreign exchange reserve and a positive balance of payments account.

The country received \$9.7 billion in remittance in fiscal 2008-09 and the figure reached nearly \$9.2 billion during the first 10 months of the outgoing fiscal year. Bangladesh's annual remittance income was below \$2 billion a decade ago.

Despite global recession, some 475,000 Bangladeshis went abroad for work in 2009. Manpower export to the main markets, such as Saudi Arabia, Malaysia and Kuwait, declined in 2009 than last year. However, the government and private sector entrepreneurs have been working to find new markets for manpower exports.

The government set a target to export 577,000 workers in fiscal 2010-11, expecting new markets, such as Libya, Lebanon,

Now at BDT 35,500/-

A migrant worker adjusts his bag while leaving Shahjalal International Airport in Dhaka. Bangladesh Bank is now working on in setting up a private expatriate bank.

Sudan and Algeria, to employ more people from Bangladesh.

New Zealand and Canada are two other major markets with potential, according to government projection.

The government also formed a fund worth Tk 70 crore to develop skills of the people who intend to go abroad for work. New technical institutes will also be set up at different districts. Senior BB officials said the two expatri-

ate banks would provide exclusive services, including low-cost loans, for the overseas job seekers. New products, including pension schemes, would be developed for the expatriates, they said.

They said remittance would increase significantly after these two banks are established.

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sajjad@thedailystar.net

Energy crunch causes \$16.6b loss a year: Study

STAR BUSINESS REPORT

Bangladesh's energy crunch causes \$16.6 billion yearly loss in the gross domestic product (GDP), reveals a study.

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"If we assume 10 percent of the energy shortfall is in the export-oriented manufacturing sector, then \$1.33 billion less output is in this sector due to the power and energy crisis," said Ijaz Hossain, referring to his study.

KEY FINDINGS OF THE STUDY Economic loss of energy shortfall is \$16.6 billion a year \$1.33 billion less output in the export- oriented manufacturing sector Indigenous coal is the best option for primary fuel

Hossain, a Buet (Bangladesh University of Engineering and Technology) professor, placed yesterday the findings of his study on 'impact of power and gas crisis on the manufacturing sector' at the luncheon meeting of the Dutch-Bangla Chamber of Commerce and Industry.

Held at Sonargaon Hotel in Dhaka, the meeting was also addressed by ASM Alamgir Kabir, chairman of Power Development Board, Fazlul Hoque, president of Bangladesh Knitwear Manufacturers and Exporters Association, and Alphons Jean Antoine Joseph Marie Gertrude Hennekens, ambassador of the Netherlands.

In his chief guest's speech, the PDB chief said the government plans to produce 10,000 megawatt (MW) of electricity in the next five years.

Alamgir Kabir said 100MW additional electricity will be added in the national grid from a rental power plant by the first week of next month. The chief of the knit sector's trade body

said apparel makers have to face the ordeal of delayed shipments due to frequent power outages and inadequate gas supply, Fazlul Hoque said. "The real challenge lies in improving

efficiency of civil servants to implement projects," Dutch envoy Hennekens said.

Osama Taseer, general secretary of the Dutch-Bangla chamber, moderated the programme, chaired by Rakesh Mohan, the chamber's president.



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Tel: +88-02-8831409, Fax: +88-02-8816073

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