

Stocks	
DGEN	▲ 1.05% 6,375.93
CSCX	▲ 1.99% 12,213.03
IDLC Index	
IDLC 50	▲ 0.43% 6,715.28

Subject to Conditions contained in www.Idc.com

Shipbreaking law coming soon: Barua

BSS, Dhaka

The government will soon frame a law to develop the ship-breaking industry and protect the workers' rights, said Industries Minister Dilip Barua yesterday.

In the absence of a law, problems surfaced in the industry, and the lack of labour rights protection has not yet been addressed, Barua added.

The minister was speaking at a meeting with a four-member delegation of Geneva-based International Metal Workers Association at his office in Dhaka.

"Enacting the ship-breaking act remains under active consideration of the government and an inter-ministerial meeting has already been held to put forward their recommendations," the minister told the delegation.

The project official of the central office of International Metal Workers Federation Suzana Miller headed the delegation.

Foreign workers to see easy visa rules

Committee works on new guidelines

JASIM UDDIN KHAN

The government will soon streamline the existing rules on setting up liaison offices by foreign investors and issuing work visas to the foreigners in a bid to attract more expertise and investment, said officials.

A committee headed by Board of Investment (BoI) Executive Chairman MA Samad is working on the draft guidelines, which will get a go-ahead soon, they said.

"The foreign investors and visa seekers have long been facing problems in setting up liaison offices and getting visa. The committee is looking into their complaints," Abu Reza Khan, executive member of BoI, said yesterday.

He said the main objective of the initiative is to efficiently manage a central data bank, which will help monitor the activities of all the foreigners and branch and liaison offices of the investors.

Currently three government agencies - the BoI, Bangladesh Export Processing Zones Authority (Bepza) and NGO Affairs Bureau - grant permissions for setting up branch, representative and liaison offices, and buying houses, and issue work permits to the foreign nationals.

But the committee plans a single organisation for all the works.

Another official said the government aims at bringing more foreigners with special technical know-how.

"The country is yet to reach the expected level of expertise in many sectors, including light engineering, information technology and ship building. We want to attract more experts to the country," he added.

Under the existing rules, the employers train local employees by foreign experts and technicians so that the locals can

replace the foreigners within five years. But in most cases, the guidelines are not followed, said the officials.

The committee in a series of meeting held recently observed that the officials working at Bangladesh missions abroad do not always efficiently issue visas to the foreigners.

"The Bangladeshi officials often issue wrong category visas to the foreigners. Sometimes they allocate long and short tenure to the visa seekers than expected, and sometimes they mistakenly prevent the foreigners having expertise from working in Bangladesh," said a member of the committee.

The committee is also working on other issues like requirement of work permit for the spouses who enter the country with 'no visa required' category people, and possibility to reduce duration of 'B-category visa' as the foreigners sometimes work under this visa without prior permission.

According to the existing rules, the employers have to publish advertisements in leading national dailies before recruiting a foreign national to see whether local people are available with special experience, skill and academic background required for a particular job.

But the committee plans to relax the requirements, and companies may need to publish advertisements on their websites instead of newspapers.

Currently around 20,000 foreigners are working in Bangladesh.

Some intelligence agencies, especially the Special Branch of Police, allege that around 3,000 foreigners are working in the country without work permits or valid approvals.

jasim@thedailystar.net

BB moves to rein in inflation

New monetary policy will be announced today

REJAUL KARIM BYRON

In the new monetary policy for the current fiscal year, Bangladesh Bank will squeeze the growth of credit to the private sector in an effort to contain inflation.

For the current fiscal year, the central bank may set a target for the private sector credit growth at 18.2 percent. Until May last year, the growth rate was 22.28 percent.

The focus of the new monetary policy to be announced today is higher growth but lower inflation, a BB official said.

The government set the GDP growth target for this fiscal year at 6.7 percent and inflation at 6.5 percent.

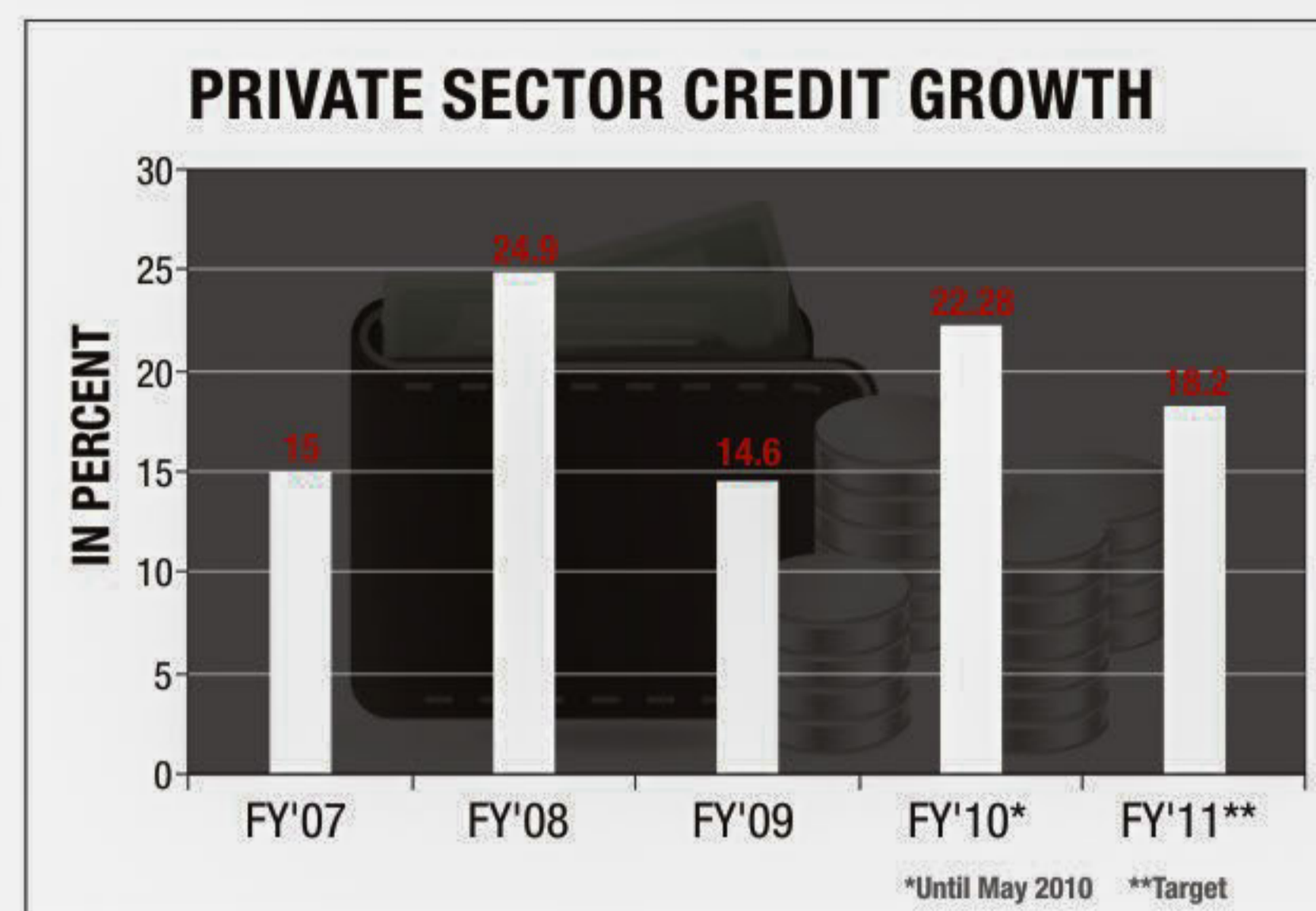
Last fiscal year, the private sector credit growth target was 18 percent but it has already crossed the target, a central bank official said.

The official said the new credit growth target should be enough to achieve the economic growth target and increase investment. However, he said credit growth in the productive sector would not be hampered.

In the new monetary policy, BB is expected to encourage banks to slash credit to the non-productive sector. BB took a number of steps to cut credit to non-productive sectors.

Citing a central bank study, the official said there is a direct link between an increase of credit to the non-productive sector and a rise in inflation.

The BB Policy Analysis Unit analysed the increase in broad money supply and inflation from 2005 to 2009 and said if the supply of broad money goes up by 10 percent, inflation rises by



2.1 percent.

Of the broad money, 74 percent is private-sector loan, it said.

The study report was presented to the BB board last month. If the loan to the productive sector increases, GDP growth goes up and it helps contain inflation at the same time, the report said.

According to BB statistics, in fiscal 2009, credit growth to the construction sector rose by 24 percent and consumer loans went up by 31 percent.

From last July, the inflation rate increased every month. It started showing a slight downward trend since March, but the BB official said the trend may continue till June, and it will start going up from this month.

The BB official said the commercial banks have been directed to stop giving loans for land purchase, and the refinancing scheme for the housing sector has been suspended, to cut the credit

flow to the unproductive sectors.

The cash reserve requirement has also been increased from 5 percent to 5.5 percent.

As a result, a positive impact was seen in the credit flow. Consumer loan increased only 7.25 percent in March, compared to March 2009.

The BB official said the downward trend in loans to the non-productive sectors continued in the current fiscal year and the BB will monitor it continuously.

However, the government needs to take supply-side action to contain inflation so the supply of essential commodities, including rice, remains steady. The government will also have to take steps to check the hoarding of rice, he said.

The official said Trading Corporation of Bangladesh will have to import essential commodities and supply those to the market.

GP posts strong revenue

STAR BUSINESS REPORT

Grameenphone (GP) shares rose around 7 percent yesterday after the telecom company reported a 12 percent increase in revenue for the first half of 2010.

The mobile phone operator's total revenue for the first half to June this year was Tk 3,581 crore.

Total revenue in the second quarter of 2010 was Tk 1,877 crore -- also up by 15 percent compared to the same period a year ago.

The growth came mainly in voice revenues because of subscription growth and revenues from sale of GP handsets and data cards, the company said.

Data revenues also contributed to the consistent revenue growth, and increased by 68 percent compared to the first half of 2009.

With the rise in revenue, GP's consolidated profit after tax went up to Tk 483.29 crore in the first half of 2010 with weighted average earnings per share (EPS) of Tk 3.58.

The consolidated profit after tax and the weighted average EPS were Tk 477.53 crore and Tk 3.93 in the first half last year.

The financial data, which the company announced yesterday, also added to the investors confidence and resulted in a rise in the GP share prices.

On the Dhaka Stock Exchange, each GP share advanced by 6.83 percent to Tk 255.70, making the company the second largest gainer on the trading floor.

GP, the sole constituent of telecom sector on the DSE, also pushed up the Dhaka stocks.

The benchmark index of the premier bourse -- DSE General Index -- gained 66.5 points, or 1.05 percent to 6,375.93. Of the gain, GP alone con-

tributed around 50 points.

"Telecommunication was the main driver as GP gained following declaration of its half-yearly result," Brac-EPL, an investment bank, said in its market analysis.

The operator said superior service quality and innovative products and services have given it a competitive

edge over the market. "Our rural footprint is now even stronger through our new product 'Baadhon' bundled with low-cost handsets," said Raihan Shamsi, deputy chief executive officer and chief financial officer of GP, in a press statement.

The operator has added record high 26 lakh new subscribers to its network during the second quarter. This addition takes GP's total subscription base to 2.65 crore. It now serves 44 percent of the mobile market.

The GP's consolidated profit after tax was Tk 167.57 crore with weighted average EPS of Tk 1.24 in the second quarter this year against Tk 249.26 crore and Tk 2.05 respectively for the same period of the previous year.

Despite the revenue growth, GP said, the fall in the profit margin was mainly due to a heavy subsidy of Tk 327 crore that it provided for high subscription acquisition.

The high acquisition cost has also pushed the EBITDA (earnings before interest, taxes, depreciation and amortisation) margins down to 49 percent in the first half of 2010 compared to 59 percent in the same period of 2009.

"We see this dent in profitability by acquiring more subsidised subscriptions as a short-term investment and are hopeful to see better return through revenue generation on a long-term perspective," said Raihan Shamsi.

He also said: "SIM tax, which is limiting the growth of the mobile industry as well as the progress of bridging the digital divide, has been overlooked in the approved national budget for 2010-11."

GP contributed Tk 1,814 crore to the national exchequer in the first half of 2010 and Tk 16,600 crore since inception.

The company paid Tk 468 crore in corporate taxes for the first half this year, which was Tk 82 crore more than that of the same period last year.

GP, the first listed telecom company, gave 60 percent cash dividend for the year 2009.

BY THE NUMBERS

Listing year
2009

Paid-up capital
Tk 1,350.3 crore

Face value
Tk 10

Yesterday's closing price
Tk 255.7

Dividend for 2009
60 percent cash

PE ratio based on last audited financials
21.17

Market capitalisation
Tk 32,609 crore

BRDB disburses Tk 7,500cr

BSS, Sangsad Bhaban

Bangladesh Rural Development Board (BRDB) has disbursed Tk 7,477.97 crore in microcredit until May this year, LGRD and Cooperatives Minister Syed Ashrafur Islam said yesterday.

"The loan recovery rate is 94 percent and the loans help 42,04,288 people become self-reliant," the minister said in a reply to a question from a lawmaker in parliament.

The minister said Tk 350 crore had been allocated for the upazila development assistance sector in current development budget.

MTB Multi-Currency Credit Card
"Do more and gain more
Get beyond your expectations!"

মিউচুয়াল ট্রাস্ট ব্যাংক লিমিটেড
Mutual Trust Bank Ltd.
you can bank on us

Phone: +88 017 300 807 04-5
www.mutualtrustbank.com

SQUARE PHARMACEUTICALS LTD.

Best in class CASH MANAGEMENT solutions

The largest pharmaceutical company in Bangladesh, Square Pharmaceuticals has found a cash management partner that truly streamlines its receivables and payments process. HSBC has tailored a solution that enables Square to collect funds from across the country and to automate the payments initiation process. A true partnership built on HSBC's in-depth local knowledge.

Cash Management. Redefined.

► hsbc.com.bd

HSBC
The world's local bank

Issued by The Hongkong and Shanghai Banking Corporation Limited in Bangladesh