DHAKA FRIDAY NOVEMBER 5, 2010

▲ 0.69%

7,986.91

0.20%

14,562.95

▲ 0.46%

2.09%

20,893.57

2.17%

9,358.78

0.48%

3,240.31

1.85%

3,086.94

Sell Tk

70.88

101.63

115.85

\$1,359.00

(per ounce)

\$85.21 (per barrel)

0.92

7,987.55

Stocks

IDLC Index

Asian Markets

DGEN

CSCX

IDLC 50

MUMBAI

TOKYO

SINGAPORE A

SHANGHAI A

Currencies

Buy Tk

97.04

110.83

Commodities

Gold

Oil

Banks asked to

monitor private

sector credit

STAR BUSINESS REPORT

Bangladesh Bank has directed

all scheduled banks to bring

private sector credit under

watch to stop any diversion to

Finding that the money

borrowed from banks are

often used in the areas con-

sidered unproductive, the

central bank made this

directive through a circular

"Poor monitoring of

banks is fuelling it and

impacting the economy

negatively," the circular

According to a guideline

on credit risk management,

banks are obliged to look

after whether any credit is

utilised in the areas men-

tioned by borrowers in their

A senior BB official said

industrial units and individ-

uals are diverting their bank

loans to unproductive sec-

tors, such as stock market

and land purchase.

loan applications, or not.

unproductive sectors.

yesterday.

pointed out.

0.85



Homebuyers search for their best picks at a stall on the first day of the REHAB fair at Agargaon in Dhaka yesterday. (Story on B3)

Business easier as reforms take hold

Bangladesh moves up four places in WB assessment

STAR BUSINESS REPORT

Aggressive reforms have eased way for doing business in Bangladesh and lifted the country's overall ranking by four places to 107th in the World Bank Doing Business Report for 2011.

The report, released globally yesterday, ranks 183 countries in terms of the ease of doing business and marked Bangladesh's improvements from its 111th position in 2010.

The country's jump to the overall ranking is the biggest among the South Asian countries, thanks to reforms in two major areas -- starting a business and registering property.

The report also categorised Bangladesh as one of the top 10 reformers worldwide in starting a business.

"Facilitating the start-up of a new business is critical for strong economic growth, and Bangladesh has made good progress in doing so. On an average, now it takes 19 days to start a business, while it took 44 days a year ago," said Ellen Goldstein, country director of World Bank in Bangladesh.

The report, launched in Dhaka

at the International Finance Corporation (IFC) office at Gulshan, said Bangladesh has made very significant improvements in the company registration process by using automated systems and simplifying procedures.

The theme of the report is 'Making a Difference for Entrepreneurs'.

The report said Bangladesh made business start-up easier by eliminating the requirement to buy adhesive stamps and further enhancing the online registration system.

The country has also reduced property transfer tax to 6.7 percent of the property value from previous 10.2 percent.

The report is the eighth in a series of annual accounts published by the World Bank and the IFC that ranks 183 economies on key aspects of business regulations for domestic firms.

The Doing Business report finds that from June 2009 through May 2010, four of eight economies in South Asia reformed business regulations to expand opportunities for local enterprises.

Pakistan came 83rd as the best South Asian nation in the report, followed by the Maldives in the

85th and Sri Lanka in the 102nd. Bangladesh is ahead of Nepal (116th), India (134th), Bhutan (142nd) and Afghanistan (167th).

Globally, doing business remains easiest in the highincome economies and most difficult in Sub-Saharan Africa and South Asia.

For the fifth year running, Singapore leads in the ease of doing business, followed by Hong Kong, New Zealand, the United Kingdom, and the United States. Among the top 25 economies, 18 made things even easier over the past year.

"Whilst the improvement in this year's ranking is encouraging, more still needs to be done at a much faster pace," said Paramita Dasgupta, regional business line leader of IFC.

She said many countries are going faster in terms of reforms and the experience of those countries shows that an improvement of 30-40 positions in a single year is possible.

"Bangladesh's experience with the company registration process demonstrates that when it puts its mind in something, it can indeed achieve dramatic results," said Dasgupta.

Goldstein said further improve-

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ments in property registration and strengthening of contract enforcement would reduce costs, increase business confidence, and ultimately lead to more jobs and better livelihood.

Asked the reasons why Pakistan became the region's highestranking economy, GM Khurshid Alam, senior private sector specialist of IFC, said Pakistan has reduced the time for exporting by improving electronic communication between the Karachi Port authorities and private terminals in the past year.

Since 2005, business regulation has become more effective for entrepreneurs worldwide, with about 85 percent of the world's economies making it easier for firms to operate, thanks to 1,511 improvements in business regulations, the report said.

The annual survey used only 9 indicators -- ease in starting a business, dealing with construction permits, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business to measure ease of doing business. This year's report eliminated the employment indicator.

German varsity launches Social **Business Chair**

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STAR BUSINESS REPORT

The European Business School (EBS) University in Germany has launched a Social Business Chair to develop competences and skills for leadership of a new economic model.

This is the third Social Business Chair, named after Nobel laureate Muhammad Yunus, the champion of the new economic

theory, after HEC Paris established a new Chair in April 2008 and Glasgow Caledonian University in Scotland in early 2010. The goal of the unique Chair is to explore the potential of

social business and develop it as a business model for Germany, said EBS University President Prof Christopher Jahns at the inaugural in Weisbaden on Monday.

As the first chair for social business in Germany, it aims to advance research to develop new business approaches for developed countries. The EBS is the leading German private business school with 180 partner universities worldwide.

ADB signs \$23m for transport projects

STAR BUSINESS REPORT

The Asian Development Bank (ADB) has approved a \$23 million technical assistance loan to Bangladesh to expedite the implementation of prioritised sub-regional transport projects.

"Projects prepared under this facility will support economic growth and reduce poverty in Bangladesh, as well as strengthen cross-border links to stimulate more intraregional trade and investment," Hiroaki Yamaguchi, principal transport specialist for ADB's South Asia Department, said in a statement yesterday.

ADB said Bangladesh has the potential of becoming a major transport and transhipment hub, as it borders India and Myanmar and is geographically close to Bhutan, Nepal and Kunming in China.

ADB said it would help Bangladesh roll out planned transport projects to accelerate growth and stimulate economic activity across South Asia and beyond.

South Asia is one of the fastest growing regions in the world but internal trade here remains well below the levels seen in other parts of Asia, because the region's inadequate transport infrastructure remains a major stumbling block, it added.

In the past, transport projects in Bangladesh faced startup delays because of a long time-lag between loan approval and the final project design, ADB said.

The facility will address obstacles to speedy implementation by supporting feasibility studies, design preparation, procurement, social and environmental safeguards and capacity building for oversight agencies.

"These measures will accelerate the start of physical work following loan approval by at least a year, compared with projects processed under conventional procedures," said Yamaguchi.

Road projects marked for assistance include cross-border routes identified by the South Asian Association for Regional Cooperation's Regional Multi-modal Transport Study.

The facility will help prepare projects that cover around 300 kilometres of roadworks up for tender in 2012 and up to 1,700 kilometres by the end of 2013. The rail component will also focus on priority projects along the sub-regional transport routes.

Railway will be the executing agencies for the projects due to be completed by June 2013.

The Roads and Highways Department and Bangladesh

bonus dividend.

Remittance edges up as Eid nears

STAR BUSINESS REPORT

Inward remittance increased slightly in October, but the total amount fetched in the first four months of the current fiscal year marked a fall.

In October, remittance went up to \$917 million, from \$837 million in September, due to the upcoming Eid-ul-Azha. The amount was \$900 million in October last fiscal year.

However, during the period from July to October, remittance fell by 0.90 percent compared to the same period last year. The July-October period last year saw a growth

of 21 percent. The earning in the four-month period this year was \$3.57 billion, down from \$3.60 billion during the same period last year.

The World Bank in its 'State of the Bangladesh Economy' report released on Wednesday said holding on to the growth of remit-

tance is a big challenge for Bangladesh. An official of the central bank said remittance inflow was decreasing due to a fall in manpower export and the slow

recovery from the global recession. Although the recession was over, the recovery was very slow; so the earnings of the expatriate wage earners are not increasing much, he said.

The World Bank report said the challenges to recovery in the advanced countries would come from the build-up of high levels of public debt, rising unemployment and constrained bank lending.

Growth prospects will further be undermined if severe or poorly planned fiscal consolidation constraints domestic demand, the report said.

In the recent times, manpower export has been on a downward curve. In October the fall was about 25 percent. Expatriate wage earners are also returning home after losing jobs.

During the 10-month period to October this year, about 38,000 wage earners returned from abroad.

However, the foreign exchange reserve in Bangladesh increased substantially and crossed \$11 billion early this year on the back of lower imports and higher remittances.

But an increase in import and a fall in remittance inflow caused a plunge in the forex reserve to \$10.78 billion on Tuesday.

AIMS fund soars on dividend approval

AIMS 1ST MUTUAL FUND

STAR BUSINESS REPORT

The price of AIMS 1st Mutual Fund soared by a maximum of 20 percent yesterday, as the stockmarket regulator has approved the fund's rights offer and bonus dividend.

The price movement in the AIMS fund also fuelled the prices of other mutual funds. All but one among 29 listed funds marked a 7 percent rise on average.

As investors came to know about the regulator's nod, the price of each unit of AIMS 1st Mutual Fund jumped by Tk 4.15, before touching the circuit breaker that does not allow a scrip's price to go up or down suddenly by certain percentages.

However, each unit of the fund traded between Tk 22 and Tk 24.90. A total of 34.90 lakh units worth Tk 8.68 crore were traded on the Dhaka Stock Exchange.

The trading showed that the unit holders were not eager to sell mutual funds from their portfolio, rather they expect higher prices in the days ahead, stockbrokers said.

The trustee committee of the AIMS 1st Mutual Fund set a meeting for Tuesday to declare dividends for

WEDNESDAY'S CLOSE YESTERDAY'S OPEN YESTERDAY'S CLOSE

the year 2010. The record date for the previous years dividends and rights entitlement will also be announced.

On February 24, the trustee committee declared 70 percent stock dividend for fiscals 2007-08 and 2008-09 and a 130 percent rights entitlement.

rights offer for 13 units of Tk 1 each, against a holding of 10 units of Tk 1 each, at a price equal to the net asset

value of a unit of the fund. The Securities and Exchange Commission has given the approval to the dividends and

rights offer of AIMS 1st Mutual Fund on Wednesday, following the commission's decision not to appeal against a High Court verdict that declared illegal the regulator's earlier rejection of the dividend announcement.

On October 5, the court directed The committee proposed the the SEC to approve the fund's prodeclaring bonus dividend.

posal for offering rights issues and An HC bench of Justices Mamnoon Rahman and Sayeda Afsar Jahan handed down the verdict after hearing

Hossain, a stock investor.

except for telecom, gainers beat losers 163 to 73 with five securities remaining unchanged, which traded more than 11.05 crore shares and mutual fund units on a value of Tk 2,490 crore.

Chittagong stocks also marked a rise, with the CSE Selective Categories Index increasing 29 points, or 0.2 percent to 14,562.

The investor filed the petition on

March 25, challenging the SEC that

rejected the mutual fund's proposal

for offering the rights issues and

rights and dividend proposals sub-

mitted by the fund's manager, Asset

and Investment Management Ser-

gained yesterday, with the bench-

mark DSE General Index increasing

55 points, or 0.69 percent to 7,986 --

As most sectors advanced,

Meanwhile, Dhaka stocks also

vices (AIMS) of Bangladesh.

also the highest-ever level.

The SEC on March 7 rejected the

The Chittagong Stock Exchange traded more than 1.30 crore shares and mutual fund units on a value of Tk 200.88 crore.

Advancers beat losers 118 to 68, a writ petition filed by Md Abdul with five securities remaining unchanged on the port city bourse.