

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DGDN	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
0.45%	0.40%	\$1,486.00 (per ounce)	\$108.88 (per barrel)	1.53%	0.36%	0.28%	0.22%	72.45	102.02	116.11	0.86
6,318.22	11,418.82			19,091.47	9,556.65	3,144.38	3,137.72	BUY TK	73.45	107.70	121.77
								SELL TK			0.95



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BUSINESS

DHAKA TUESDAY APRIL 19, 2011, e-mail:business@thedailystar.net



PMO
Agriculture Minister Matia Chowdhury, seated right, and Sri Lanka's External Affairs Minister GL Peiris, seated left, sign a deal on cooperation in agriculture on behalf of Bangladesh Agricultural Research Council and Sri Lanka Council for Agricultural Research Policy, at the Prime Minister's Office in Dhaka yesterday. Prime Minister Sheikh Hasina and Sri Lankan President Mahinda Rajapaksa are also seen. (Story on page 1)

SEC approves Tk 5,000cr fund

STAR BUSINESS REPORT

The Securities and Exchange Commission yesterday approved a trust deed and investment management agreements on the Tk 5,000 crore Bangladesh Fund designed to prop up the volatile stockmarket.

The approval came at a meeting of the stockmarket regulator with the commission's chief Ziaul Haque Khondker in the chair.

Eight state-owned financial institutions will sponsor Tk 1,500 crore of the fund, while the rest of the fund will be raised from institutions and individuals, said Saifur Rahman, a spokesman for the SEC, in a press briefing after the meeting. The eight institutions are: Investment

of some applicable rules, the SEC said everything will be under the existing rules.

The sponsors had requested for allowing 50 percent of the fund to be invested in the stockmarket and the rest in the money market. "But as per rules, a fund's minimum 75 percent is meant for investment in the stockmarket," he said, adding that 25 percent can be invested in the money market.

"There were also requests for reducing the fund's registration fee and annual fee to Tk 50,000 each. But the fund will have to submit the registration fee and annual fee as per existing rules," said Rahman, also an executive director of the SEC.

A fund has to submit registration fees equivalent to 0.2 percent of the fund size and annual fees equivalent to 0.1 percent

SHARES OF FUND PROVIDED BY SPONSORS

The rest of it will be raised from other institutions and investors

Investment Corporation of Bangladesh	Tk 500cr
Sonali Bank	Tk 250cr
Janata Bank	Tk 200cr
Agrani Bank	Tk 200cr
Rupali Bank	Tk 100cr
Bangladesh Development Bank	Tk 100cr
Shadharan Bima Corporation	Tk 100cr
Jiban Bima Corporation	Tk 50cr

Corporation of Bangladesh (ICB), Sonali Bank, Janata Bank, Agrani Bank, Rupali Bank, Bangladesh Development Bank, Sadharan Bima Corporation and Jibon Bima Corporation.

"It will be an open-ended mutual fund and will be a professionally managed collective investment scheme with an unlimited lifetime and size," he said, adding that face value of each unit will be Tk 100.

He said the fund will have to be registered with the office of sub-registrar prior to launching and a certified copy of the registration will have to be submitted to the SEC.

ICB Asset Management Company Ltd is the manager of the fund, while ICB Capital Management Company Ltd is the custodian.

Although the sponsors sought a waiver

of the fund. So, the Bangladesh Fund will have to submit Tk 10 crore in registration fees and Tk 5 crore in annual fees.

Besides, the SEC executive director said the fund sponsors had sought 10 percent quota allotment of government shares while offloading in the stockmarket. The commission replied that it depends on the government's decision.

"On the appeal of a 5 percent quota in any initial public offering, the commission observed that it will also depend on rules," Rahman added.

On March 6, the ICB, along with seven other state-owned enterprises, decided to give a massive liquidity support to the shrinking stockmarket by creating a Tk 5,000 crore fund, and the proposal was submitted to the SEC on March 29 for approval.

Moody's hails microlenders

SAJJADUR RAHMAN

Moody's Investors Services, a US-based rating and research agency, has hailed microfinance institutions (MFIs) of Bangladesh for helping the country set up a sound social safety net.

The firm that rated Bangladesh Ba3 yesterday said the MFIs along with remittance inflows and garment exports have supported the country's steady economic performance.

"Exports and remittances have underpinned an improvement in the country's balance of payments and microfinance has established a critical social safety net that offsets the vagaries of a subsistence level per capita income," said Moody's in its assessment.

The globally reputed rating firm that has done ratings on over

170,000 corporate, government and structured finance securities also said the MFIs have helped reduce rural poverty in Bangladesh.

The Moody's observation came at a time when the microfinance are in the web of debates whether their lending programmes have been able to reduce poverty or not.

Bangladesh's poverty has come down to 31-32 percent at the end of 2010, according to a household income and expenditure survey of the Bangladesh Bureau of Statistics. People lived under poverty line was 40 percent in 2005.

"The MFIs have played a huge role in reducing poverty in the country," said Muhammad A (Rume) Ali, chairman of BRAC Bank, an SME-focused lender. He said the Bangladesh econ-

omy has survived the recent global financial shocks due to its growing internal demand.

"There is no doubt that microfinance and remittances have fuelled the internal demand," said Ali, also a former deputy governor of the central bank.

Economist Zaid Bakht said poverty has come down to slightly over 30 percent, but the industry and services sectors did not contribute significantly.

"The dynamism and vibrancy in our rural economy is largely attributed to access to funds," said Bakht, a director of Bangladesh Institute of Development Studies.

The economist said remittance has also played an important role in establishing a social safety net, but microfinance has given it an institutional shape.

"Institutional measures (MFIs) have provided the backbone to the social safety net," said Bakht.

He said the underlying strength of microfinance in the economy needs to be recognised.

The MFIs work in a wide range of areas -- from agriculture to education, health, environment, gender justice and social enterprises.

Data available as on 2009 shows gross loan portfolio of the MFIs in Bangladesh stood at \$2.3 billion and total assets at \$3.5 billion. The number of active borrowers was 20.6 million with an average loan balance of \$115.6 per borrower.

The number of depositors was 27.8 million at the end of 2009, and their deposits were \$1.8 billion.

RELATED STORY ON PAGE 1

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Bangladesh garment going high-end

REFAYAT ULLAH MIRDHA

With an increased number of orders from international buyers, Bangladesh is graduating from basic garment production to high-end products. The manufacturers are taking orders from the renowned fashion brands worldwide, industry insiders said.

There are signs of the local garment makers gradually shifting to high-end products, because they can now choose from abundant orders. Earlier, the manufacturers had limited scope for bargaining as the buyers' orders were tight.

Fashion is always changing and clothing brands have to change to survive to keep up with the latest fashion trends and designs, because people love to wear the latest fashion and purchase the trendiest outfit.

Demand for high-end garment

items is higher because of their combination of great designs, flawless craftsmanship, high quality and meticulous attention to details, experts said.

Sector people said high-end products take up at least 20 percent of the total exports of garment products from Bangladesh, and the percentage is increasing.

But many manufacturers are not aware that they are exporting the garment items to some world-class fashion brands as the buyers always put pressure for lower prices.

They said many producers do not know their products are going to a high-valued clothing brand store as they are not selling the products directly, and they also lack negotiation skills.

Bangladesh is still a popular spot for low-priced basic garment items thanks to cheap labour.

Bangladesh's competing countries are shifting their focus to

high-end garments, which is a blessing for local manufacturers.

The buyers are flocking to Bangladesh as China, the largest supplier of apparel items worldwide, has higher cost of production.

"As a result, some garment manufacturers, especially big groups are going for high-end production from the basic garment items," said Asif Zahir, a director of Ananta Group, a leading garment group.

He said his group is also setting up a plant at Adamjee Export Processing Zone to produce high-end male suit from next June. "Manufacturers need a lot of investments in machinery, technologies and in quality improvement to produce high-end garment items," he said.

Some of the high-end fashion brands like Puma, Tommy Hilfiger, G-Star, Diesel, Ralph Lauren, Calvin Klein, DKNY, Nike, Benetton and Mango have been outsourcing

garment products from Bangladesh over the last few years.

Hugo Boss and Adidas are also coming here to outsource high quality garment items from Bangladesh, industry people said.

China, Hong Kong and Turkey were favourite destinations for high-end clothing items to the international buyers, but apparel companies and retailers are already feeling the pinch from higher wages in China and shifting to countries like Bangladesh.

Shakhawat Hossain, chairman of Paramount Textiles, said his group has been supplying fabrics to some world-renowned clothing brands over the years.

"My group supplies fabrics to Hugo Boss, Austin Reed, C and A, Massimo Dutti, Marks and Spencer and Yamaki of Japan, some high-end clothing brands worldwide," he said.

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GP holds AGM today

STAR BUSINESS REPORT

The country's largest mobile phone operator Grameenphone (GP) holds its 14th annual general meeting today at Bangabandhu International Conference Centre.

Hossain Sadat, company secretary of Grameenphone, said the company has almost one lakh shareholders and he is expecting 6,000 to 7,000 shareholders to

attend the AGM. The company has 1.35 billion shares, said Sadat.

GP's net profit after tax for 2010 was Tk 1,071 crore. Earnings per share for 2010 stood at Tk 7.93 compared to Tk 12.08 for 2009. The company earned Tk 7,473 crore revenues in 2010, according to its fourth quarter report.

The company came to the stockmarket in 2009.



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