

# ADB to offer \$4.7b in four years

REJAUL KARIM BYRON

The Asian Development Bank (ADB) has offered Bangladesh \$4.7 billion loans in four years under its new Country Partnership Strategy (CPS) with the main focus on regional connectivity, energy, education and urban development.

Of the total amount, \$2.4 billion will come as Asian Development Fund (ADF) loan and \$2.3 billion as Ordinary Capital Resource (OCR) in the period between 2011 and 2014, according to the ADB proposal.

The OCR would be for major revenue generating infrastructure, while the ADF would be a joint initiative with major development partners in investment operations.

Besides, about \$9.5 million will come every year as technical assistance.

The proposal was placed at a

joint meeting of the government and the ADB at Economic Relations Division (ERD) conference room recently, where four challenges and three risks were identified on the way to the implementation of the programme.

At the meeting, the Bangladesh government side was led by ERD Secretary Musharraf Hossain Bhuiyan and ADB by its visiting mission leader and the organisation's South Asia Department Deputy Director General Carmela D Locsin.

High officials of different ministries and the ADB were also present.

The ADB mission will hold discussions with different ministries on the proposal over the next few days and will finalise the project at a wrap-up meeting on May 30.

The proposal said Bangladesh now faces four major develop-

ment challenges -- infrastructure deficit in power, gas, roads, railways, ports and waterways; acute shortage of skilled manpower, technical and managerial personnel; rapid urbanisation resulting in severe congestion and inadequate services; and increasingly frequent and severe natural disasters, multiplied by climate change.

In the new programme, the main focus will be on the transport sector, including implementation of the multi-billion dollar Padma Multipurpose Bridge project.

In the proposal, the ADB puts its main focus on regional cooperation in the transport sector support, and said it will develop strategic links on the main Asian Highway, prioritising linkage to open up sub-regional trade.

The proposal also said support for railway reforms and expansion of the railway network

into key regional railway corridor has been identified as part of the trans-Asia railway network and continued commercialisation of the Chittagong Port.

Alongside several projects in the transport sector, the ADB will give about \$450 million in two projects in regional cooperation.

In the power sector, the donor agency will lay stress on expanding capacity for conventional power, using cleaner and more efficient technology and improving environment for private sector investment.

The ADB will also add priority to regional power generation to boost power trade and cooperation in hydropower.

For urban development, the ADB loan will aim at expanding access to clean water in Dhaka and Khulna cities and ensuring reforms of water supply providers in selected municipalities.

It will also help build up rapid transit system in Dhaka and Chittagong using buses, and expand access to municipal infrastructure and services in the pourashavas.

In the financing, the ADB will give emphasis on public-private partnership (PPP) initiatives and capital market development; capacity building assistance to make new PPP scheme, and help make operational the Bangladesh Infrastructure Finance Fund.

The ADB will also encourage PPP initiatives in power and gas, toll roads and elevated expressways, and urban public transport including metro rail, rail and port service.

Weak institutional capacity and governance, and a lack of readiness for projects are the major impediments the ADB mentioned in its proposal to implementing the programme.



UNITREND

ICB Capital Management Ltd signed an issue management deal with Bengal Windsor Thermoplastics Ltd, a company of Bengal Group of Industries, at Bengal House in Dhaka on Wednesday. Nasir Uddin Ahmed, chief executive officer of ICB Capital, and Humayun Kabir, managing director of Bengal Windsor, inked the deal.

## Govt appoints lawyer to defend Ibrahim Khaled

STAFF CORRESPONDENT

The government has appointed a lawyer to defend seven persons, including stockmarket probe committee chairman Ibrahim Khaled, in the case filed against them with the Fourth Joint District Judge's Court of Dhaka recently.

Banking and Financial Institutions Division has sent a letter to the law secretary in this regard on Tuesday. Supreme Court advocate Syed Haider Ali

## Mobile financial services to reach remote areas

STAR BUSINESS DESK

bKash Ltd, a subsidiary of BRAC Bank, yesterday joined hands with Access to Information Programme (A2I) and Local Government Division (LGD) to make financial services accessible to rural people through mobile.

A2I, an UNDP-supported government programme, and LGD are implementation partners to operate Union Information and Service Centre (UISC) in 4,501 union parishads.

bKash will act as the payment service operator to

provide all banking services to the poor through cellphones.

Kamal Quadir, chief executive officer of bKash; Ashok Madhab Roy, LGD joint secretary, and Md Nazrul Islam Khan, prime minister's private secretary-1, inked the memorandum of understanding at the Prime Minister's Office in Dhaka. Syed Mahbubur Rahman, BRAC Bank managing director, was also present.

For the people at union-parishad level, the MoU will create a way to have access to banking without going to the banks, said a statement.



BRAC BANK

bKash Ltd, a subsidiary of BRAC Bank, signed a deal at Prime Minister's Office in Dhaka yesterday with Access to Information Programme (A2I), a UNDP-supported programme of the Local Government Division, to make financial services accessible to grassroots people through mobile telecom networks in 4,501 union parishads in the country. Kamal Quadir, chief executive officer of bKash; Ashok Madhab Roy, joint secretary of LGD, and Md Nazrul Islam Khan, prime minister's private secretary-1, signed the deal.

## Stock fall sparks protest in Ctg

STAFF CORRESPONDENT, Ctg

Small investors staged demonstrations in Chittagong yesterday demanding resignation of the finance minister and Bangladesh Bank governor for their failure to bring stability in the share market.

Around 100 investors under the banner of Investors Forum of Chittagong formed a human chain in front of Chittagong Stock Exchange building at Agrabad at around 12pm to press home their demand.

The protestors alleged that Finance Minister AMA Muhith and BB Governor Atiur Rahman are responsible for the present turmoil in the stock market. Aslam Murshed, president of Investors Forum of Chittagong, and MA Quader, joint secretary, spoke on the occasion.

Later the protestors brought out a procession. SM Tanvir Arafat, assistant commissioner of Double Mooring zone, said the protestors were peaceful.

## Coal India in talks to buy Indonesia mine

REUTERS, Mumbai/Jakarta

Coal India, the world's largest coal miner, is in advanced talks to buy up to 40 percent of Indonesian low-grade coal producer Golden Energy Mines for up to \$1 billion, three sources with direct knowledge of the deal said on Thursday.

"The due diligence has been going on for some time and will be completed soon and we plan to submit bid by the end of next month," a source told Reuters.

Officials at Coal India and Golden Energy's parent company, Dian Swastatika in Jakarta, could not be reached for comment.

Golden Energy Mines aims to raise its output to 10 million tonnes a year of 4,200-5,300 kc/kg coal this year from 3 million at its Sumatra and Kalimantan mines.

Indian firms have rushed to find coalmine assets in Indonesia, South Africa and Australia to fill the growing gulf between domestic coal output and demand.

"All the good medium to high-grade coal reserves in Indonesia are owned by existing players, what's left are sub-bituminous or low-grade reserves in central Kalimantan or areas where it's not economic to mine," a source at one of Indonesia's biggest miners said.

"Many of these reserves are so far from a river for barging or roads for trucking to the ports that the costs don't work for low-energy coal," he said.

Indian entities chasing overseas mines could find they get burned by overpaying for low-grade assets which come with high cash costs to port, coal industry sources said.

## SEC: stable market soon

STAR BUSINESS REPORT

The stockmarket regulator yesterday said the current market trend is suitable for long-term investment, and stability will be restored soon.

"The price-earnings (PE) ratio of the market almost came down to 15. The lower PE ratio states that it is high time for long-term investment in the stockmarket," said Saifur Rahman, spokesman and an executive director of the Securities and Exchange Commission (SEC).

The PE ratio is an indicator for considering the extent of risks an investment might entail in a stockmarket. Price-earning means a valuation ratio of a company's current share price compared to its earnings per share.

Experts and market insiders said the PE ratio came down to this level due mainly to a two-month downside, which was unavoidable following the unusual rise in share prices.

However, while addressing a press briefing on the current market situation, Rahman said the commission is continuing its discussion with the finance ministry, National Board of Revenue, central bank, stock exchanges and merchant banks to overcome the present situation arising from the recent debacle in the share market.

"All the parties concerned have agreed to work together to bring back stability to the

market, and the commission hopes the investors will witness the results soon," he said.

Rahman said the commission has also taken initiatives to reform many of the existing securities rules and implement those properly to restore normalcy in the stockmarket.

The commission would also take the investors' suggestions, he said.

Earlier, two associations of retail investors submitted separate memorandum to the SEC, putting forward their demands.

A 14-member delegation of investors under the banner of 'Bangladesh Share Investors Association' submitted a memo on their 15-point demand to the newly appointed SEC Chairman Dr M Khairul Hossain.

They demanded suspension of share transaction until normalcy returns to the market, reduction of SLR (statutory liquidity ratio) and CRR (cash reserve requirement) rates by the central bank, allowing money whitening through the stockmarket and implementation of the margin loan ratio that is 1:2.

ICB Investors Forum, another association of investors, submitted a memo to the SEC, putting forward its 16-point demand, which includes restructuring the SEC, Dhaka and Chittagong stock exchanges, demutualisation of the bourses, increasing the Bangladesh Fund size from Tk 5,000 crore to Tk 20,000 crore and market friendly budgetary measures.



REHAB

Abdul Mannan Khan, state minister for housing and public works, attends a programme for a three-day REHAB Housing Fair, Sydney 2011 in Australia recently. The event started on May 20. Nasrul Hamid, president of Real Estate and Housing Association of Bangladesh, was also present.



CROWN CEMENT

Md Mukter Hossain Talukder, chief financial officer of MI Cement Factory (Crown Cement), and Mohammad Ullah, secretary of Dhaka Stock Exchange, sign a deal at the DSE office in the capital recently as the share trading of MI Cement started on the prime bourse on Sunday.

## Japan's Honda to boost India production

AFP, Mumbai

Japan's Honda Motor Company on Thursday said it plans to more than double production capacity in India, announcing fresh investments for the country on the back of increased demand for motorbikes.

Honda, which is in the process of untying itself from India's Hero Group, plans to invest about 15 billion rupees (\$331 million), two-thirds of which would help set up a new factory at Narsapuram, near the southern city of Bangalore.

The rest will go towards doubling production capacity at an existing plant in Tapukara, in the state of Rajasthan, to about 1.2 million units, media reports said on Thursday.

An unnamed Honda official was quoted as telling reporters in New Delhi that the Narsapuram plant will start operations in the first half of 2013, boosting the firm's production of two-wheelers in India to four million units.

The company currently turns out 1.6 million units.

India is the world's second-largest motorbike market after China, with total domestic sales of 10.1 million units, according to industry data.

Honda is ending a 26-year-old joint venture with Hero Honda Motors to go solo in India through local

## Lenovo Q4 net more than triples

REUTERS, Hong Kong

Lenovo Group Ltd, the world's No.4 PC brand, more than tripled its fourth-quarter net profit, beating forecasts on robust demand from commercial customers and making up for a slowdown in the consumer sector.

Lenovo reported a net profit of \$42.13 million in the January-March quarter, up from \$12.8 million a year earlier, according to Reuters calculations based on full year results.

This was better than expectations for a \$36.7 million net profit, based on a survey of 23 analysts polled by Thomson Reuters I/B/E/S.

"Momentum in commercial PC demand has gradually picked up, benefitting from the corporate refresh cycle, while consumer PC demand weakened due to a worsening macroeconomic environment and increasing competition from tablet products," the company said in a statement to the Hong Kong stock exchange.

The rising popularity of smartphones and tablets, such as Apple's iPhone and iPad, has eaten into PC sales by vendors such as Hewlett-Packard, but Lenovo hopes to expand its share of the mobile market with its LePhone smartphone and LePad tablet PC.

For the fiscal year that ended March, Lenovo's net profit totalled \$ 273.23 million, also higher than a consensus forecast of \$267.8 million.

## SKorea refiners face \$442m fine over cartel

AFP, Seoul

South Korea's anti-monopoly watchdog said Thursday it would fine four major oil refiners a total of 434.8 billion (\$442.7 million) for operating a cartel to protect their market positions.

The Fair Trade Commission said SK Innovation, GS Caltex, Hyundai Oilbank and S-Oil colluded to restrict competition for new gas stations.

The cartel helped the refiners maintain market share without engaging in competition, it said.

The watchdog said SK, the country's largest refiner, should pay 138 billion won in fines while GS Caltex, Hyundai Oilbank and S-Oil would be fined 177.2 billion won, 74.4 billion and 45.2 billion respectively.

It also said it would file a complaint with prosecutors against SK, GS Caltex and Hyundai Oilbank for their anti-trust activities.