

# BB speeds up financial inclusion: Atiur

BSS, Dhaka

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Bangladesh Bank (BB) Governor Atiur Rahman yesterday said the central bank has intensified financial inclusion movement to ensure sustainable development.

It increased credit flow to agriculture, small and medium enterprises and environment-friendly projects, he said.

"The central bank has taken various steps to help the government ensure sustainable development and equitable economic growth for poverty reduction," the governor said while addressing the reunion of the finance alumni of Dhaka University Finance Department.

During global economic crisis, Bangladesh efficiently maintained macroeconomic balance, he said, adding that despite external and

internal risks, sustainable agricultural growth and sensible expansion of service and manufacturing sectors helped Bangladesh achieve a 6.7 percent GDP growth in last fiscal year.

"The government is expecting a 7 percent growth in the current fiscal year. During the last three years, the country achieved 47 percent growth in export, and inflow of remittance also witnessed a 20 percent growth and forex reserve reached \$9.35 billion," said the BB governor.

He said the euro zone has been facing a new financial crisis. To avert its negative impacts, the BB will have to closely monitor the possible overall economic risks side by side, playing a proactive role to minimise those risks, he added.

"For achieving long-term sustainable growth, we've to diversify our export products and look for new

markets," he said.

"We've to discourage import of unproductive luxurious products and check unnecessary state and social expenditures," he added.

Rahman said Bangladesh needs to continue its hunt for new labour markets, and steps must be taken to increase manpower exports to the existing markets. Internal demand for manpower must be increased through expanding social safety net for the hardcore poor, he added.

The governor said economic cooperation must be strengthened at regional and international level to face possible economic crisis.

Special emphasis will be given on intensifying intra-regional trade and cooperation through using the regional network such as Asian Clearing Union and Saarc, Rahman added.

# India's food bill: a vote-winner and budget-buster

REUTERS, New Delhi

Plans to expand the multi-billion dollar food subsidy programme are a likely vote-winner for India's ruling Congress party as it heads into key local elections in 2012, but could worsen strained finances as the flagging economy crimps revenue.

The Food Security Bill, introduced in parliament on Thursday and expected to win easy approval, would guarantee cut-price grains to 63.5 percent of India's 1.2 billion people, adding as much as \$7.5 billion to New Delhi's subsidy burden.

India is already unlikely to meet its target to cut its fiscal deficit to 4.6 percent of GDP in the fiscal year that ends in March, as slower-than-expected economic growth crimps tax collections and poor markets prevent India from selling stakes in government companies.

"Where will the money come from?" asked Ashok Gulati, chairman of the Commission for Agricultural Costs and Prices, in a Reuters interview.

"There is a limit beyond which you cannot spend. Oil, food, and fertiliser subsidies are already too high," he said.

New Delhi's fiscal projections were based on economic growth in the current fiscal year of nine percent. Latest figures show it slid to 6.9 percent in July to September and it has been under eight percent since the start of 2011.



MTB  
RAM Obaidul Mukhtadir, lawmaker from Brahmanbaria 3, and Md Hashem Chowdhury, deputy managing director of Mutual Trust Bank, award scholarship to a student of Brahmanbaria at the opening of the bank's 76th branch in Brahmanbaria recently.

# European markets enjoy Christmas bounce

AFP, London

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European stocks rose on Friday, the last trading day before the Christmas break, as traders temporarily put aside the debt crisis worries that have roiled markets for most of 2011.

In thin trade, investors continued to buy up stocks and the single currency after Italy accepted fresh austerity measures and following positive US jobs data, traders said.

London's benchmark FTSE 100 climbed 1.02 percent to close at 5,512.70 points. The index ceased trading earlier than usual ahead of the long festive weekend.

With deals still taking place across continental Europe, Frankfurt's DAX 30 nudged up 0.06 percent to 5,855.60 points in early afternoon deals.

In Paris the CAC 40 was up 0.73 percent to 3,094.04 points as traders brushed off news that the French economy grew less than first thought in the third quarter.

The euro was stable at \$1.3053 against \$1.3050 in New York late Thursday.

"A combination of Italian Prime Minister Mario Monti's success in gaining approval for his austerity package and continuing economic progress in the US is the catalyst for the markets drive at present," said Spreadex trader Jordan Lambert.

# Japan approves \$1.16-trillion draft budget

AFP, Tokyo

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Japan's cabinet approved Saturday a 90.334 trillion yen (\$1.16 trillion) budget for the 2012 fiscal year, with a record 49 percent financed by bonds even as the country struggles to retrain in its massive public debt.

Finance Minister Jun Azumi said Japan had reached its "limit" in relying on debt and said he was aware the global community was watching him in light of the serious debt woes in Europe.

Under the draft budget, to be submitted to parliament next year, the government would issue fresh bonds worth 44.2 trillion yen in the year from April, aggravating Japan's public debt, which at nearly double its GDP is the worst among industrialised nations.

The proposed budget is technically 2.2 percent smaller than the original budget for the ongoing year to March.

But local media said the budget in reality is the largest ever, worth more than 96 trillion yen, when key items accounted for in separate budgetary steps are included, such as money needed to rebuild the

# Dollar flat in holiday-thinned trade

AFP, New York

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The dollar was flat against the euro on Friday in holiday-thinned trade, as traders sought to cover positions ahead of the three-day US weekend.

Investors continued to show more taste for the single currency after Italy accepted fresh austerity measures and following positive US jobs data, traders said.

The euro was stable at \$1.3040 against \$1.3050 in New York late Thursday.

"A combination of Italian Prime Minister Mario Monti's success in gaining approval for his austerity package and continuing economic progress in the US is the catalyst for the markets drive at present," said Spreadex trader Jordan Lambert.

Italy's senators gave their approval on Thursday to austerity tax increases and pension reforms in a bid to avoid bankruptcy for the eurozone's third-



BAP  
Mizanur Rahman Sinha, an advisor to Bangladesh Association of Pharmaceutical Industry (BAP), speaks at a seminar on "Filtration new trends in pharmaceutical manufacturing" at Sonargaon Hotel in Dhaka recently. Pall India Pvt Ltd -- a concern of USA-based Pall Corporation -- and Khan & Deen Traders Bangladesh jointly organised the seminar.



IBBL  
AHM Mustofa Kamal, chairman of the parliamentary standing committee on the finance ministry, opens the Bangodda Bazar branch of the bank in Comilla on Thursday. Abu Nasser Muhammad Abdus Zaher, chairman of the bank, was also present.

# Politics, policy loomed large over global markets in 2011

REUTERS, New York

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For anyone who makes money by making sense of financial markets, 2011 was a confounding year. Whether it was Europe's seemingly intractable debt crisis, uprisings in the Middle East or the political bickering and growing debt burden that cost the United States its AAA credit rating, investors had to be more nimble than ever to stay ahead of swiftly changing sentiment.

When the history books are written, 2011 may go down as the year when political risk trumped economics, earnings and interest rates as the main force driving capital markets.

"I can't remember a year when politics had such a big impact on capital markets," said Ron Florance, head of investment strategy at Wells Fargo Private Bank, which oversees \$157 billion in assets. "Maybe during the crash of 1987, but that lasted for a day. This has lasted for 365."

Just ask Tony Crescenzi, a portfolio manager at PIMCO, operator of the world's largest bond fund. For most of his 28-year career, a successful strategy boiled down to making the right call on the US economy. Not anymore.

"Now you've got all these other things in the mix. I've had to use a lot more of my time to learn about a lot more things," he said, noting that Ger-

man, Greek, Chinese and other foreign newspapers are now part of his daily reading regimen.

Few expect things to be different in 2012. Russell Napier, strategist at CLSA Asia Pacific Markets, a Hong Kong-based brokerage, said he fears a European banking crisis next year that could lead to the nationalization of some banks and push both Europe and the United States into recession.

"The bigger the politics quotient, the more volatile the markets," Napier said. "And it isn't going to get any better next year."

What the intersection of politics, economics and finance has meant for investors this year is not immediately apparent. The benchmark S&P 500 index looks set to finish the year roughly where it began. The euro, meanwhile, has shed just 2.5 percent against the dollar -- hardly what one would expect from a currency some investors fear may not be around much longer.

"But that doesn't begin to describe what investors went through," Florance said.

According to Jeff Rubin, an analyst at Birinyi Associates, the average daily spread between the S&P's high and low in August was 3.39 percent. That's below the vertigo-inducing swings seen after Lehman Brothers collapsed in 2008 but certainly volatile enough to make for very uncomfortable trading.

# New Nokia smartphone fails to turn tide

REUTERS, Helsinki

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Nokia's long-awaited Windows phones may be too little, too late in the smartphone war dominated by Apple and Google, despite positive reviews by handset critics.

Its first Windows model, the Lumia 800, has won little interest from consumers, with only 2 percent of Europeans in the market for a smartphone saying they would pick it, according to a survey by Exane BNP Paribas.

Analysts said there was nothing particularly wrong with the sleek-looking handsets, other than a software glitch on some models affecting battery life, but consumers were just not biting.

Smartphones using Microsoft software have just a 2 percent market share, compared with Google Android at around 50 percent and Apple at 15-20 percent.

"There isn't much room left for a third ecosystem. The smartphone market is consolidating fast," said Bernstein analyst Pierre Ferragu who rates Nokia a "sell".

Nokia's shares have fallen over 20 percent since the October 26 launch of the new phone, with investors fearing Nokia would be unable to claw back the market share it has lost in the past several years to rivals like Apple.

Phones using Nokia's old Symbian software, which it decided to dump in favour of Microsoft, are still in circulation and outsell Windows phones 10 to 1.

But as Nokia keeps shifting to Windows, sales of Symbian have a lot of room to disappoint over coming quarters and some analysts are warning of lower dividends and weaker-than-expected earnings ahead.

Now even Microsoft has started to hedge its bets, making its software increasingly available for rivals to Windows Phone.

Smartphones are built on mobile computing platforms, and the most modern combine web browsers, navigation systems, cameras and portable music systems. A so-called "feature" phone -- a market Nokia still dominates -- has far fewer of these applications.

Nokia officials defended the Lumia, and a spokesman said there was "positive momentum" while declining to give any data. One executive argued that Nokia had never counted on the first Lumia phones to lead to a quick turnaround but instead expected it to be the first step towards recovery.

In fact, there are just as many analysts recommending a "buy" on the shares as there are "sell" ratings. Those who are keeping the faith believe the new assault on the smartphone market may be enough to give Nokia a place at the table.

Many of them say the range of concerns over the Finnish company are fully priced into the shares, while the company's strong cash position and some prized patent assets could attract a takeover approach.



UNIQUE GROUP  
Mohd Noor Ali, extreme right, managing director of Unique Group, attends the launch of a computer system -- Systems, Applications, Products (SAP) -- which will be used by the five units of the group, at Unique's corporate head office in Dhaka recently.



WALTON  
Director of Walton Ilias Kanchan opens a distributor showroom of the company at Barura in Comilla recently.



CITYCELL  
Mehboob Chowdhury, chief executive officer of Citycell, and AKM Shahidul Haque, managing director of Mercantile Bank, exchange documents after signing an agreement at a programme in Dhaka recently. Citycell will facilitate the mobile and distribution network for the bank's mobile banking service.