

Five factors set back PPP: analyst

STAR BUSINESS REPORT

Five specific factors are hurdles to the public private partnership model in implementation of projects in Bangladesh, an expert said yesterday.

The factors include absence of meaningful competition, poor specification by the government due to corruption or lack of capacity and the incompetent bidders who delay project implementation, Fouzul Kabir Khan, a former power secretary, said.

Absence of penalty for renegeing on contracts and corruption in bidding and contracting also result in project failures, he said.

The implementation of the AES Meghnaghat 450 megawatt power project was a successful case under the PPP model, said Khan at the luncheon meeting of the France-Bangladesh Chamber of Commerce and Industry at Westin Hotel in Dhaka.

In his keynote paper on PPP, Khan said Sonamasjid Land Port was unsuccessful, Jatrabari-Gulistan Flyover project was distressed and Patenga Container Terminal project was cancelled. All were under



Ryuichi Kaga, third from left, a senior adviser of Asian Development Bank, speaks on funding solutions for PPP projects, at a meeting of France-Bangladesh Chamber of Commerce and Industry at the Westin Dhaka yesterday. Michel Trinquier, French ambassador to Bangladesh, and Humayun Rashid, president of the chamber, were also present.

the PPP.

The PPP model can be followed in some major sectors: power, infrastructure, township development, transports and roads, Khan said.

Ryuichi Kaga, senior adviser for PPP in the South Asia Department of Asian Development Bank, outlined three funding modalities of his bank for PPP projects.

The modalities are sovereign finance to

host government or its governmental agencies, corporate finance to project sponsors and project finance to project company.

"Controlling project risks is key to successful funding," Kaga said while he was speaking on 'funding solutions for PPP projects' at the meeting.

But three kinds of risks should also be mitigated for a successful project financing, which are political, commercial and natural disaster risks, he added.

As funding solutions, he mentioned some ways like loan, guarantee, equity investment, interest rate/currency swaps and transaction advisory services.

"Much progress has been made with PPP in Bangladesh over a relatively short time. ADB is ready to provide holistic support," Kaga said.

Syed Afsor H Uddin, chief executive officer of PPP Office, said unsolicited fund can be accepted in the PPP projects, but through some complex processes.

Michel Trinquier, French ambassador to Bangladesh, and Humayun Rashid, president of the chamber, also spoke.



Nasiruddin Ahmed, chairman of the National Board of Revenue, hands over an instrument of accession to the international convention on the simplification and harmonisation of customs procedures to Kunio Mikuriya, secretary general of World Customs Organisation, at the WCO headquarters in Brussels recently.

Immigrant-led startups on the decline in US: study

AFP, Washington

The number of US high-tech startups founded by immigrants, which has long been a source of growth for the American economy, has begun to slip, according to a study released Tuesday.

The study suggests that an "unwelcoming" immigration system is discouraging foreign-born entrepreneurs, a major source of tech startups in Silicon Valley and other technology centers.

The Kauffman Foundation study shows that the proportion of immigrant-founded companies nationwide has slipped from 25.3 percent to 24.3 percent since 2005.

The drop is more pronounced in Silicon Valley, where the percentage of immigrant-founded startups declined from 52.4 percent to 43.9 percent.

The study evaluated the rate of immigrant entrepreneurship from 2006 to 2012.

"For several years, anecdotal evidence has suggested that an unwelcoming immigration system and environment in the US has created a 'reverse brain drain.' This report confirms it with data," said Dane Stangler, director of research and policy at the

Toyota, Chrysler gain in US auto sales, Ford stalls

AFP, Chicago

Chrysler and Toyota posted solid gains in US auto sales in September while rival Ford said Tuesday its gains had stalled.

"Last month marked our 30th consecutive month of year-over-year sales increases and our strongest September in five years," Reid Bigland, Chrysler's head of US sales, said in a statement.

"Going forward with our current product line up, record low interest rates and a stable US economy, we remain optimistic about the health of the US new vehicle sales industry and our position in it."

Chrysler's sales rose 12 percent to 142,041 vehicles in September as car sales jumped 27 percent and truck sales rose six percent.

Toyota said its sales jumped 42 percent to 171,910 vehicles and would announce more details

SEC moves to give mutual funds more leeway

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AMCs should make the other half of its investments in other profitable sectors, added Fayekuzzaman, also a director of the Dhaka Stock Exchange.

The AMCs submitted a proposal to the SEC to reduce their mandatory investment quotient on stockmarket following the declining trend of the market, which was compromising their fund value.

"The mutual funds will be more dividend friendly if they are able to invest a significant portion of their funds outside the capital market," the AMCs said in their proposal.

Furthermore, open-ended mutual funds will be able to go into operation by collecting 40 percent of the proposed size of the total fund, which was previously 60 percent.

A mutual fund is a professionally managed collective investment scheme that pools money from many investors and invests them in stocks, bonds and short-term money market instruments.

Presently, there are 41 listed closed-end mutual funds and 17 AMCs are running their operation.

Race managed 45 percent of the total mutual fund industry, while LR Global 18 percent, ICB AMCL 14 percent and Aims of Bangladesh 13 percent.



AAM Zakaria, managing director of First Security Islami Bank Ltd, attends the inauguration of the "7th Foundation Training Course for Cash Officers" at the bank's training institute in Dhaka recently. Yusuf Haroon Abedi, principal of the training institute, was also present.



Fahad Karim, chief executive officer of Masthead PR, receives an award at the 37th International Star for Quality Convention in Geneva recently. Ziauddin Adil, director of the PR agency, was also present.

Stocks rise for second day

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Stocks gained for the second day, riding on investors' optimism fuelled by the newly set exposure limit of commercial banks in the stockmarket.

DGEN, the benchmark General Index of Dhaka Stock Exchange, finished the day at 4,706.43 points, after gaining 117.09 points or 2.55 percent.

The maximum limit of a bank's exposure in the capital market has been revised at 40 percent of the total paid-up capital of a bank, according to the draft of the Banking Companies Act 2012.

In line with the existing rules, a commercial bank can invest 10 percent of its total liability in the stockmarket.

"The new exposure limit of commercial banks set by the finance ministry boosted the investors' confidence," said Akter H Sannamat, managing director of Union Capital.

"The money market continued to stabilise with the call money rate hovering around 8-10 percent. Inflation figures will be available within a week, which also is likely to contribute to

market rally," said LankaBangla Securities, a stockbroker.

Turnover rose 25.05 percent to Tk 979 crore, compared to the previous day.

A total of 2 lakh trades were executed with 28.58 crore shares and mutual fund units changing hands on the Dhaka bourse.

Of the 280 issues that traded on the DSE floor, 217 advanced, 52 declined and 11 remained unchanged.

All major sectors, except the telecom sector that lost 0.53 percent, were green.

Banks gained 4.98 percent, followed by power 3.47 percent, non-bank financial institutions 3.4 percent and pharmaceuticals 1.22 percent.

United Airways featured in the most traded stocks' chart with 1.73 crore shares worth Tk 56.63 crore changing hands.

Titas Gas and Bangladesh Submarine Cable Company were the next popular stocks of the day.

Fifth ICB Mutual Fund was the biggest gainer of the day, posting a 10 percent gain.

The Samata Leather was the worst loser, plunging by 7.64 percent.

Minister: govt fixing problems in safety net schemes

STAR BUSINESS REPORT

The government is working to strengthen its social safety net programmes and correct the anomalies in the schemes to reduce social disparity, said the social welfare minister yesterday.

"We are finding many anomalies whenever we try to launch or evaluate a safety net programme. Without correcting those, it is difficult to strengthen the schemes," said Enamul Hoque Mostofa Shaheed.

"We are also examining how we can widen the net further and eliminate poverty," he said.

He spoke at a dialogue on "integrated social safety net policy for Bangladesh" organised by Shamunnay, a non-government organisation, at the National Press Club in Dhaka.

The government is now reviewing the programmes and taking insights from the beneficiary groups, said the minister.

Admitting that there are still some weaknesses in these schemes, he said the government is trying to overcome these.

He said the programmes have achieved successes in ensuring food security and fighting extreme poverty.

He said the government sets its priorities in allocating safety net funds on the basis of a region's population, area and intensity of poverty.

The minister stressed enhancing economic activities in the poverty-ridden regions, espe-

cially the northern and southern parts of the country, to create large-scale employments.

Mahfuz Kabir, a senior research fellow at Bangladesh Institute of International and Strategic Studies, called upon the government to formulate an integrated social safety net policy.

He said the government should encourage more investments for developing human capital and creating jobs as a tool to make the safety net schemes more effective.

Kabir also stressed the need for eliminating corruption and political bias while implementing these programmes.

"The government needs to increase allocation for the programmes," he said.

He also suggested the government build a database for the safety net schemes to develop a variety of programmes at the field level.

The government now spends more than 2.5 percent of the country's gross domestic product in around 90 such schemes.

Around 80 lakh people are directly benefited from the programmes, Kabir said.

Khondkar Ibrahim Khaled, chairman of Bangladesh Krishi Bank, said the government should create effective pension funds for the aged people.

He also emphasised capacity building of the poor so that they can change their own fate.

Dilruba Yesmin Chowdhury, a research fellow at Shamunnay, and Mahbuba Nasreen, a professor at Dhaka University, also spoke.



Heather Cruden, Canadian high commissioner to Bangladesh, attends a meeting with the management and authorities of the Dhaka Stock Exchange during her visit to the premier bourse yesterday.



Ghulam Hussain, commerce secretary, poses with business leaders and investors, during a recent visit to Germany, organised jointly by GIZ Bangladesh and Bangladesh German Chamber of Commerce and Industry.



Managing Director of Bureau Veritas Bangladesh Golam Kibria hands occupational health, safety and environment certificates to Western Marine Shipyard Chairman Saiful Islam at a seminar in the capital on Monday. Health Minister AFM Ruhul Haque was also present.