

STAR BUSINESS

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Bangladesh could be 'next China'

WB says the country should cash in on its low-cost edge over the competitors

STAR BUSINESS REPORT
Bangladesh must act soon to take advantage of its low-cost edge to become the "next China" before Dhaka's competitors take the markets the world's second largest economy is leaving, according to the World Bank.

In a report, the lender said Bangladesh can become the alternative to China with its labour-intensive exports growing at double digits if it can address infrastructure bottleneck and take advantage of its large pool of underemployed labour-force.

"If Bangladesh could improve the business environment half way to the level of India's, it could increase its trade by about 38 percent," said the report styled "Bangladesh: Towards Accelerated, Inclusive and Sustainable Growth-Opportunities and Challenges".

If Bangladesh fails to act soon, others will take the markets China is vacating, it said.

The report, unveiled at the Westin Hotel in Dhaka yesterday, said the average monthly wage in Bangladesh is \$43, while it is \$61 in Cambodia, \$87 in India, \$63 to \$90

in Vietnam and \$150 to \$250 in China. It said Bangladesh's competitors are becoming expensive places. In the next three to four years China's exports of labour-intensive manufactures is projected to decline. It will no longer have one-third of the world market in areas such as garments, textiles, shoes, furniture, toys, electrical goods, car parts, plastic and kitchen wares.

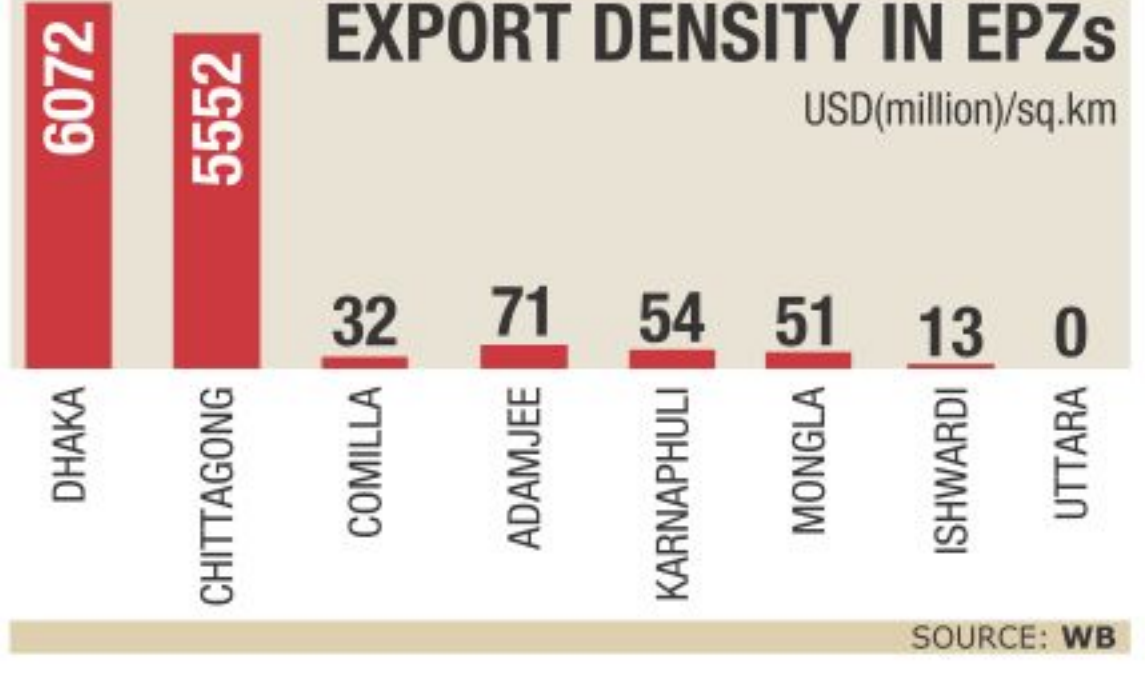
Capturing just 1 percent of China's manufacturing export markets would almost double Bangladesh's manufactured exports, said the WB report.

The WB also stressed expanding the manufacturing activities for exportable products outside Dhaka and Chittagong.

Speaking at the event, Ahsan H Mansur, executive director of Policy Research Institute, Bangladesh, said the country would have to capitalise on its demographic dividend in the next 30 years. "If we fail to cash in on it, it will not come again in the next several millenniums."

The wobbly infrastructure, a lack of good governance and corruption contributed to a flow of less-than-expected investment in the last five years, he said.

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From left, Ahsan H Mansur, executive director of Policy Research Institute; Zahid Hussain, a senior economist of World Bank in Bangladesh; AMA Muhith, finance minister; Ellen Goldstein, WB country director; Debapriya Bhattacharya, distinguished fellow of the Centre for Policy Dialogue, and Salman Zaidi, WB lead economist in Dhaka, attend the launch of a report of the global lender on Bangladesh's growth, at the Westin Hotel yesterday.

BB to slap charges on cheque clearance

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Bangladesh Bank will impose a service charge on automated cheque clearance and electronic fund transfer from the beginning of next year, said a circular yesterday.

A bank can charge its customers a maximum of Tk 50 plus value-added tax for high-value cheques (Tk 5 lakh and above) and Tk 7 plus VAT for regular-value cheques (under Tk 5 lakh).

And for electronic fund transfer, a bank will be allowed to charge a maximum of Tk 7 plus VAT.

BB, on the other hand, will take Tk 25, Tk 5 and Tk 5 from the charges for high-value cheque, regular cheque and electronic fund transfer respectively.

In the circular, the central bank said it has been allowing the banks to use its infrastructure free of charge to provide the services to their customers for around two years now.

"Though the systems were installed with the assistance of the British government, the BB has been bearing the operating costs," said the circular.

"It [BB] has decided to impose the charges for maintenance and covering the operating costs," it said.

A BB official said the central bank requires nearly Tk 25 crore per year to run the system smoothly.

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GP gets nod to borrow \$355m from abroad

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Bangladesh Bank yesterday gave approval to four private sector companies to take loans from foreign sources, with Grameenphone Ltd being one of the companies.

The country's largest mobile phone operator will borrow \$355 million, which, according to a senior official of the company, will be used to upgrade the network for the rollout of 3G services.

Mundipharma (Bangladesh) Ltd, Dada (Dhaka) Ltd and Tamisha Synthetic Ltd are the other companies to get the green signal from BB to borrow -- \$0.61 million, \$4 million and \$3.67 million respectively -- from sources overseas.

The highest interest rate of the approved proposals is 3-month LIBOR+4 percent per annum, with the effective interest rate being

within 4.32 percent per annum, said a BB statement.

"This type of foreign financing will be helpful to keep the dollar price stable. The balance of payment deficit will decrease and it will



create more job opportunity for the country," added the statement.

Earlier last month, Grameenphone borrowed Tk 846 crore from 15 banks and financial

institutions in Bangladesh as syndicated term loan for network expansion.

The nod to borrow comes at a time when the government is working to fix the base price for the 3G auction to disburse licences, to four private mobile operators, by early next year.

The telecom ministry has proposed \$20 million for per Megahertz (MHz) of spectrum as the base price, with the licensees having the opportunity to purchase between 5 and 15 MHz of spectrum.

The borrowing approvals came at the 70th meeting of the Board of Investment Scrutiny Committee of the BB at its headquarters in Dhaka.

The meeting was presided over by the BB governor Dr Atiur Rahman, who is also the convener of the committee.

Labour leaders: reopen Hall-Mark factories

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Leaders of 40 trade unions in the garment sector yesterday demanded reopening of the factories of Hall-Mark Group and payment of arrears to its workers.

The leaders also demanded trial of the accused persons of the group soon, in a memorandum submitted to State Minister for Labour and Employment Begum Monnujan Sufian.

They also demanded appointment of an administrator in the group and withdrawal of the cases filed against the workers. Earlier, the leaders held a rally in front of National Pres Club in the capital yesterday.

"During the meeting, we also demanded interference of Prime Minister Sheikh Hasina to reopen the factories, for which over 3,000 workers of the group are suffering now," Delwar Hossain Khan, one of the leaders of the trade unions, told The Daily Star.

All garment factories of Hall-Mark Group were announced closed for an indefinite period last month after the arrest of its top officials for their involvement in a loan scam with state-owned Sonali Bank.

The factories of the group have virtually halted production since May this year, when its scam started to get revealed.

Premier Cement's IPO delayed by a month

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Premier Cement Mills' initial public offering (IPO) subscription has been delayed by a month due to the continued lacklustre performance of the secondary market.

The new date for IPO subscription would now be from December 17 to 23, instead of November 18 to 22.

The revised date was approved at a meeting of the Securities and Exchange Commission (SEC) yesterday, following request from the cement manufacturer.

Since the resumption of trading after a six-day Eid and Puja break on October 30, the price indices dropped by around 300 points.

Earlier on September 12, the stockmarket regulator approved the Premier Cement IPO to raise Tk 26.40 crore from public sources.

Using the fixed price method, the company will issue 1.20 crore ordinary shares of Tk 10 each at an offer price of Tk 22, including Tk 12 as premium.

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Belarusian Prime Minister Mikhail V Myasnikovich visits a factory of Square Pharmaceuticals in Gazipur yesterday. Square Group's Chairman Samuel S Chowdhury and Director Anjan Chowdhury are also seen.

Belarus to import drugs from Square

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Belarus has signed a memorandum of understanding (MoU) to import pharmaceutical products and technological expertise from Square Pharmaceuticals.

The MoU was signed by Belarus's health ministry's director of the department of pharmaceutical industry, Gennady Godovalnikov, and Square's executive director for operations, Parvez Hashim.

Belarusian Prime Minister Mikhail V Myasnikovich's visit of the Square's factory in Gazipur yesterday.

As per a statement from Square, Myasnikovich was impressed with the pharmaceutical manufacturing facility, which he found to be world-class.

"He was particularly attracted to the plant's adoption of the latest technologies in manufacturing and quality assurance."

The manufacturing units of Square Pharma have been built

conforming to the North American and European regulatory requirements, said the statement.

Bangladesh is one of the fastest growing pharmaceutical manufacturing hubs in the world --lead by Square since 1985.

Square Group's Chairman Samuel S Chowdhury and Director Anjan Chowdhury received the guests at the company premise.

The Belarusian prime minister arrived in Dhaka on Sunday for a three-day official visit.

Stocks bounce back after a 10-day slump

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Stocks returned to the black yesterday riding on investors' optimism, after a continuous downtrend for 10 days.

DGEN, the key market tracking index of the Dhaka Stock Exchange, finished the day with 4,291.26 points, after surging 67.56 points or 1.59 percent.

"A natural comeback took place after consecutive 10 sessions of bleeding. Participants perceived the recent correction was 'well enough' and exhibited some optimism anticipating some short-term upside," said IDLC Investments in its daily market commentary.

The market recovered 19 percent of last 10 sessions' correction of total 351 points, the merchant bank said.

"Despite the day's upturn, a lack of confidence was still in place due to bleak earnings outlook of most of the listed companies."

LankaBangla Securities said: "Market has seen a relatively strong green day after two days of large fall since the week's opening. Most of the beaten shares responded quickly and with some of the highest gains."

Turnover rose by 2.45 percent from the previous day to Tk 245 crore.

A total of 0.78 lakh trades were executed, with 7.31 crore shares and mutual fund units changing hands on the Dhaka bourse.

All the major sectors posted gains: power rose by 2.78 percent, followed by pharmaceuticals at 1.25 percent, non-bank financial institutions 1.14 percent, banks 0.70 percent and telecommunications 0.41 percent.

Of the total 263 issues traded on the DSE, 231 advanced, 16 declined and 16 remained unchanged.



United Airways topped the most traded stocks' chart, thanks to its transaction of 1.47 crore shares worth Tk 35.21 crore.

Saiham Cotton Mills was the biggest gainer of the day, and registered a 9.43 percent gain; while Monno Ceramic was the worst loser, plunging by 12 percent.

Chittagong Stock Exchange, too, had a good day yesterday, with the CSCX, the main gauge of the port city bourse, rising by 138 points or 1.68 percent to finish the day at 8,358.39 points.