

Motorbike show kicks off Aug 29

STAR BUSINESS REPORT

A three-day motorbike show will kick off in Dhaka on August 29 to popularise the two-wheelers among city dwellers, who suffer badly from terrible tailbacks on city roads.

"We will introduce some new motorbikes at the fair, especially for the office-goers and students," said Sarwar NA Khan, executive secretary of Bangladesh Automobiles Assemblers and Manufacturers Association.

The use of motorbikes will help ease the near-constant traffic gridlock on the city roads, while cost efficiency of the vehicles will attract more users, Khan said.

There is no alternative to motorbikes in Dhaka city as the vehicles are still considered as timesaver and a speedy mode of transport, he said.

The fair will also create awareness among people on how to avoid unexpected accidents, he said.

Khan spoke at a press conference on "Dhaka Motorbike Show 2013" at The Daily Star Centre in the capital.

Bangladesh Event Management Services will organise the show in association with the automobiles assemblers' platform at Bangabandhu International Conference Centre.

A total of 17 companies, including international and local motorbike manufacturers and importers, will participate in the fair, said Syed Raju Ahmed, chief executive officer of the event management company.

New bike riders often get confused about which motor-cycles they should purchase, Ahmed said.

"We will organise a workshop to help them make a right decision," he said.

Raffle draws and expensive gifts will be there to attract visitors to the fair, he said.



From left, Sarwar NA Khan, executive secretary of Bangladesh Automobiles Assemblers and Manufacturers Association, and Raju Ahmed, CEO of Bangladesh Event Management Services, attend a press meet at The Daily Star Centre yesterday to announce a three-day motorbike show, while models pose with a vehicle.

"We will organise roadshows at four places in the capital and a concert at the Dhaka University campus ahead of the fair," Ahmed said.

The event management company is also going to launch

the country's first automobile magazine at the show, according to Ahmed.

"In the magazine, we will promote our partners at the fair," he said.

Unemployment set to rise further in euro zone's hardest hit

REUTERS, London

The queues of jobless people across Spain, Portugal and Greece will lengthen further but an end to recession is within sight, according to the latest Reuters poll on some of the euro zone's most vulnerable economies.

Monday's poll of more than 40 economists, conducted over the last week, followed a meeting of the Group of 20 finance ministers and central bankers on Saturday, who pledged to put growth before austerity to revive the global economy.

More than anywhere else in the world, the southern European economies of the euro zone have borne the brunt of austerity, which has brought a far higher economic and human cost than many of its proponents envisaged in 2010.

Economists expect the jobless rate in Spain and Greece will remain above the 27 percent mark, even going into 2015, according to the poll.

The euro zone unemployment rate hit 12.2 percent in May, leaving more than 19.3 million people out of work - equivalent to the combined populations of Austria and Belgium. "The endless fiscal austerity simply hasn't worked and unemployment - particularly youth unemployment - remains a serious problem for the euro zone," said Alan McQuaid, economist at Merrion Stockbrokers in Dublin.

"In the absence of pro-growth measures the jobless rates in 'peripheral' countries will remain elevated for some time."

A separate Reuters poll last week named youth unemployment the top threat to the future of the euro zone economy, alongside its sickly banking system.

At least the latest survey showed Portugal and Spain should manage a return to feeble growth next year, while Greece might escape a six-year depression in 2014, even if outright growth looks a long way off.

Overall, the economic outlook was little changed from the last poll in April.

Ireland, often grouped with the southern European countries because of its banking collapse and big budget deficit, has achieved modest economic growth for most of the last two years, although it fell back into recession at the start of this year.

Economists expect its economy will pick up in 2014, rising 1.9 percent, and unemployment there to come down gradually - bucking the trend of the other three countries in the poll.

Exports are currently the only growth engine for Spain's economy, dragged down by dire domestic consumption and the hobbled property markets, which makes recovery dependent on how the international economy performs in the next few quarters.

But it is mainly the United States that is driving the world economy forward at the moment.

"We're in for another couple of difficult years," said Nicolas Lopez, M&G Valores in Madrid.

"(Spain) won't be seeing strong growth any time soon, considering the imbalances which the country has created and must fix, so, at the moment, I can't see substantial growth in Spain until 2016 at the earliest."

Greece, ground zero for the euro zone's sovereign debt crisis, looks certain to spend its sixth straight year in an economic depression, shrinking around 4.5 percent this year.



Summit Group Director Anjuman Aziz Khan hands a cheque for Tk 50 lakh to Projash School Principal Lieutenant Colonel Md Mostagousur Rahman Khan as part of its corporate social responsibility in a programme recently. Summit Power Managing Director Abdul Wadud and Summit Group Director Azeza Aziz Khan were also present.

Regulator sticks to 3G auction date

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The 3G auction was originally set for June 24 but was pushed back to July 31, for it to be rescheduled again to September 2.

The reason for the deferrals was a host of disputes between the telecom operators and the government, many of which have already been resolved.

"You cannot expect everything to come to your hand," Bose said, citing the 50 percent slashes in SIM tax and VAT on spectrum fees as examples of the concessions the government has made.

The SIM tax currently stands at Tk 300, while the VAT on 3G spectrum fees have been brought down to 7.5 percent.

On the National Board of Revenue's claim of Tk 3,000 crore from the operators in tax on replacement SIM cards, Bose said: "If they have sold the SIMs in an improper way, they will have to cough up the amount. But, if they have not, there will be no charges for them."

The issue is currently sitting with the Appellate Division of the Supreme Court, and "may not even be resolved in the next six months".

"The country is in need of 3G services, particularly of high-speed internet service, so we cannot postpone it any further," Bose said, adding that the BTRC has made all the preparations for the full-scale roll-out of 3G.

The operators, however, have the liberty to choose whether they want to participate in the auction or not. "If they decide not to, we will think of an alternative."

However, all the private operators are ready to participate in the auction, but the regulator had to differ the auction date twice due to some tax disputes. The operators, the finance ministry and the NBR are in talks to resolve the disputes, he said.

The current telecom environment is "very much positive" for the operators as the government has already implemented some of its commitments.

Indian diaspora seen demanding big risk premium to support rupee

REUTERS, Mumbai/Hong Kong

India's multi-million-strong diaspora is patriotic up to a point. In fact their patriotism may amount to 5 or 6 percentage points of annual investment returns when it comes to providing the hard currency needed to revive the rupee.

After announcing short-term measures this month to put a floor under the falling rupee, Indian authorities are contemplating longer-term steps to plug a deep current account deficit to help prop up the currency.

New Delhi is considering the time-tested recipe of raising money from non-resident Indians (NRIs) via debt or deposits, senior government sources said on Monday. The government said all options to support the rupee are on the table, although the sources said tapping NRIs was considered a better option at this time than issuing a sovereign bond.

"The government may not get terms as favourable as they might like but the cost of borrowing would be lower than onshore, and that's an incentive," said Philip McNicholas, BNP Paribas economist in Hong Kong.

"An NRI bond issue could be a quick and easy way to raise dollars as it may face less political push-back and you are tugging at the heartstrings of the diaspora," he said.

Bankers and analysts estimate the government will have to pay between 5 percent and 6 percent on domestic dollar



A man counts dollar bills at a foreign exchange counter at a bank in New Delhi.

deposits for a 5-year period if it wants to lure overseas Indian money.

"The sweetest of the sweet spot will be five years and 5 percent," said a private banker with a Swiss Bank in Hong Kong, whose clients include NRIs.

At 5 percent, that would be at least 370 basis points over benchmark U.S. treasuries, higher than the returns on bonds and deposits in 1998 and 2000 - the last time

India tapped its diaspora to support a weakening currency - of about 250 basis points over U.S. treasuries.

"The economy had better prospects in the 1990s," said a non-resident Indian banker in Singapore. "The services sector was opening up too then."

Now, weak foreign direct investment and a record current account deficit suggested investors would demand a pre-

mium to part with their money.

"How will India fund its dollar bill?" he said.

Those risks and the uncertainty of a general election due by 2014 also suggested NRIs will be reluctant to commit funds beyond five years, the bankers and analysts said.

It may be tougher to entice the estimated 25 million NRIs globally to invest in rupee-denominated bonds or deposits because they will carry the currency risk.

The rupee has fallen close to 8 percent against the dollar so far this year, second only to the Japanese yen in rankings of the weakest currencies in Asia monitored daily by Reuters. It hit a record low of 61.21 on July 8 and was trading on Tuesday around 59.75.

While some investors may be attracted by the prospect of capital appreciation in the record-low rupee, coming on top of an attractive coupon yield, some are not convinced the currency will not weaken further.

"Even at a 12 percent interest rate, they won't find anyone willing to buy rupee bonds," said the Indian banker based in Singapore.

That would be at least 300 basis points over the rate banks currently offer on non-resident rupee deposits and compares with an 8.5 percent yield on five-year government bonds.

With the world's second-biggest diaspora, according to the Ministry of Overseas Indian Affairs, it is no surprise India turns to its citizens for help.

IIDFC reappoints managing director

STAR BUSINESS DESK

Md Asaduzzaman Khan has recently been reappointed as managing director of IIDFC, the non-bank financial institution said in a statement yesterday.

A career central banker, Khan joined IIDFC after taking voluntary retirement as executive director of Bangladesh Bank in 2008, according to the statement.

He is an MA in economics from Dhaka University and an MA in banking and finance from the University of Wales, UK.

He was appointed as administrator of the then Oriental Bank Ltd (now ICB Islamic Bank Ltd) in July 2008. He was also the managing director of the security printing press of the central bank at Gazipur.

He is also a director of ICB Capital Management Ltd, a member-cum-director of IIDFC Securities Ltd and a former director of the Dhaka Stock Exchange.



Southeast Asia tops global consumer confidence survey

AFP, Singapore

Dynamic growth and an expanding middle class are making Southeast Asian consumers among the most confident in the world when it comes to their economic prospects, a survey showed Tuesday.

Indonesian consumers were the most confident globally, according to the research by polling group Nielsen, while Southeast Asian countries figured prominently in the top-10 rankings during the second quarter.

Southeast Asia's biggest country had an index of 124 to top the rankings, Nielsen's Global Survey of Consumer Confidence showed, well above the world average of 94.

Indonesia was followed by the Philippines with an index of 121.

Elsewhere India came in third, then Thailand, Brazil, China, United Arab Emirates, Hong Kong, Malaysia and Saudi Arabia as the economies where consumers are the most confident about the economic outlook.

Stocks in freefall

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The recent developments in the political arena have also been taking a big toll in the market, the investment bank said.

"Last five consecutive sessions' total plunge was well enough to shed off the recent rally," it said, adding that investors were searching for a meticulous comfort zone throughout the session.

LankaBangla Securities, however, said the steep decline of some of the companies is making their valuation attractive.

"But the investors grappling with losses are afraid to take any exposure," the stockbroker said in its analysis.

Of the 287 issues that traded on the premier bourse, 31 advanced, 241 declined and 15 remained unchanged.

A total of 0.95 lakh trades were executed, with 8.17 crore shares and mutual fund units changing hands at a value of Tk 438 crore on the Dhaka bourse.

Among the major sectors, non-banking financial institutions lost 4.96 percent, fuel and power 4.7 percent and engineering 6.12 percent.

Meghna Petroleum topped the trading chart, with its transaction of 14.22 lakh shares worth Tk 35.61 crore.

The biggest gainer of the day was 6th ICB that posted an 8.74 percent gain, while Green Delta Insurance was the worst loser, plunging by 9.88 percent.

BB raises farm loan targets

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To bring more transparency in disbursing farm loans, the banks will have to put focus on disbursing such loans openly at the union parishad level, the BB said.

If necessary, the banks will set up camps at village haats to spread loan-related information and disburse loans directly to the rural people, according to the BB policy.

In the new policy, Burmese grape (lotkon), lemon, hog-plum, sapota and malta have been included as new crops and farmers will get loans for producing these.

The meeting also discussed the overall scenario of agricultural loan disbursement last fiscal year.

A total of 4.46 lakh sharecroppers got Tk 1,106 crore in agricultural credit from banks last fiscal year and about 4.45 lakh female farmers received Tk 1,245 crore in agriculture and rural credit. Also, more than Tk 60 crore was disbursed at 5 percent interest among 21,904 tribal farmers in three Chittagong Hill Tracts districts through Bangladesh Krishi Bank.

The number of farmers' accounts opened with an initial deposit of Tk 10 now stands at more than 97 lakh.

These accounts witnessed transaction of about Tk 294.12 crore, Tk 105.63 crore, Tk 47.81 crore and Tk 19.49 crore for credit disbursement, savings, and inward and outward remittances respectively.

USAID partners with Yunus on social business

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"I am excited to be joined by USAID in our effort to advance the concept of social business."

"USAID partners with organisations like YSB that are taking innovative approaches to supporting social entrepreneurship that improve the impact of our own development interventions," Shah said.

YSB, headquartered in Frankfurt, has been spearheading the advancement of social business around the world, Yunus Centre said in a statement yesterday.

Recognising the power of entrepreneurial approaches to addressing development challenges, USAID has joined YSB to collaborate on the development of Social Business Incubator Funds in a targeted set of developing countries, it said.

"These incubator funds will provide financing as well as advisory support to selected social businesses that are poised to grow and scale up their impact," the centre said.

In addition to signing the deal, Prof Yunus addressed the staff of USAID on "Microfinance, social business and eradicating extreme poverty".

All senior officials and employees of USAID, including Shah and Nisha Biswal, currently assistant administrator of USAID, who has recently been nominated by US President Barack Obama to head the Bureau of South and Central Asian Affairs at the US Department of State, and senior staff of other agencies, attended the lecture.

Prof Yunus also participated in a separate event on "Conversation with USAID Administrator".