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BUSINESS

DHAKA MONDAY OCTOBER 7, 2013, e-mail:business@thedailystar.net

IMF praises reform efforts

Bangladesh may get \$140.5m credit in Dec

STAR BUSINESS REPORT

Breaking with tradition, the IMF has praised various reform initiatives of the government and agreed to release the fourth instalment of a \$1 billion loan in December.

The government does not need to go for an immediate hike in energy prices to shake off its subsidy burden, the International Monetary Fund said.

The lender also backs a government move to recapitalise the cash-strapped state banks.

The fourth instalment, \$140.5 million, would be made available after an approval of the IMF's executive board by the yearend, Rodrigo Cubero, chief of a

IMF PRAISES GOVT STEPS/TRENDS:

New VAT law

Automation of TINs

Amendment to banking law

Easing inflation pressure

High forex reserves

Prudent monetary and fiscal policies

RISKS

Political uncertainty in the run-up to elections

Unrest affects supply and curbs investment appetite

Slowing GDP growth

Falling remittances

review mission of the lender, told reporters at the Bangladesh Bank headquarters in Dhaka yesterday.

After the release of the amount, the total disbursement under an Extended Credit Facility (ECF) programme would stand at \$562.3 million.

However, the IMF said political unrest and uncertainty in the run-up to the elections might affect economic activities by disrupting supply and curbing investment demand.

The lender thinks Bangladesh's GDP (gross domestic product) growth would slip below 6 percent this fiscal year.



Bruce Davis, vice president of the Asian Development Bank, meets Prime Minister Sheikh Hasina at her official Gono Bhaban residence in Dhaka yesterday.

Progress visible in every sector, Hasina says

UNB, Dhaka

Prime Minister Sheikh Hasina yesterday said her government has been able to make visible development in every sector by implementing a series of programmes over the last four years and nine months.

"I always think about bringing about qualitative changes in every sector—agriculture, health, education, infrastructure, power generation and social safety net programmes," she said. "We have achieved positive changes in those fields."

Hasina made these comments when Bruce Davis, the visiting vice president of the Asian Development Bank, met her at her official Gono Bhaban residence.

Foreign investment in stocks declines

SARWAR A CHOWDHURY

In line with the declining trend in the last three months, foreign investment in the capital market dropped 45 percent in September.

The reduction, identified by market insiders, was due to a decline in share purchases and increase in sales by the foreign investors last month compared to the previous month.

Foreign investors bought shares worth Tk 167.55 crore and sold shares worth Tk 82.9 crore to take their net investment for the month to Tk 84.65 crore, according to data from Dhaka Stock Exchange.

In August, they bought shares worth Tk 220.36 crore and sold shares worth Tk 64.95 crore, resulting in net investment worth Tk 155.41 crore for the month.

A stockbroker however did find the declining trend in foreign investment alarming, as other markets in the subcontinent and elsewhere were also experiencing a similar downward spiral.

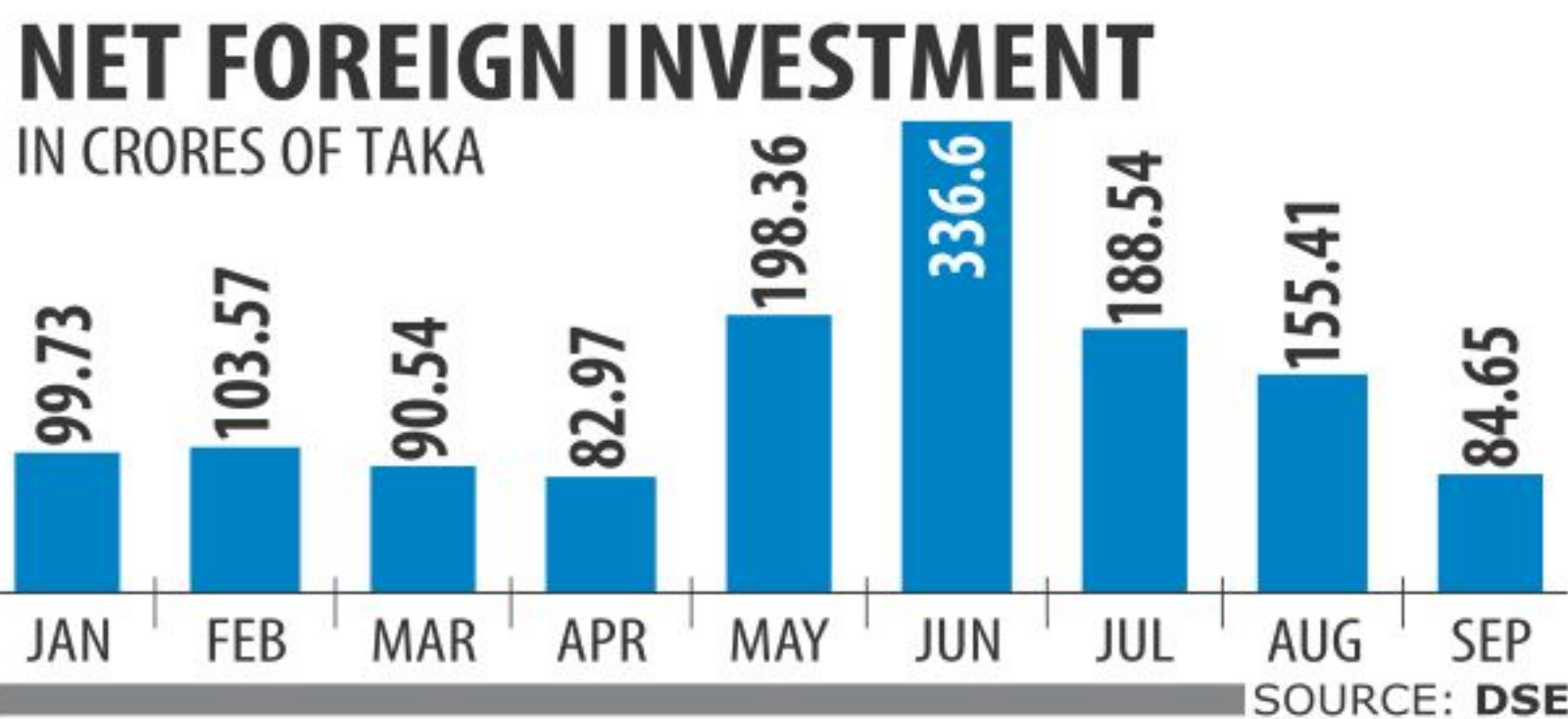
Besides, the stockbroker said, the Bangladesh capital market's reliance on foreign investors has always been limited.

"Our capital market has very few products and instruments available for foreign investors. This lack of diversified instruments makes our market unattractive, which places a limit on foreign portfolios," said Kh Asadul Islam, managing director and chief executive of City Brokerage.

"It also prevents large investors form hedging their funds. In short, our capital market is seen as a bleak destination for foreign investors as they have limited products to invest in; resulting in limited activities, which translate into limited profit margins," he said.

He said the Bangladesh capital market is also unknown or a less lucrative destination for foreign investors than neighbouring Pakistan and Sri Lanka. "To overcome this hurdle, it is important to focus on building a credible brand value for our country and more specifically our economy," he said.

In order to become a competitive and attractive destination, it is important to increase the volume of the stockmarket, he added. "Less than 10 percent of our companies are listed in the stockmarket. Multinational companies and state owned corporations ought to be listed to spearhead



growth."

The future prospect of the Bangladesh capital market is promising. There remains tremendous scope for improvement not just by introducing new products like future options, but also by making the market infrastructure technologically more integrated and equipped, he said.

Also known as portfolio investment, foreign investment accounts for around 1 percent of DSE's total market capitalisation.

Banks were initially the foreign investors' preferred sector, but non-bank financial institutions, power and energy, pharmaceuticals, multinationals, telecoms and IT also caught their attention.

Between January and September, foreign investors bought shares worth Tk 1,885.97 crore and sold shares worth Tk 546.60 crore, showing a net investment of Tk 1,340.37 crore, according to DSE data.

Batexpo kicks off Thursday

Exporters shrug off factory disaster impacts on the show

STAR BUSINESS REPORT

After two worst-ever factory disasters that eroded buyers' confidence, garment makers plan to hold their annual apparel exposition in a grand manner this year, mainly to restore the image of the sector.

The 24th Bangladesh Apparel and Textile Exposition (Batexpo) will begin on October 10 to showcase local apparel products to the international community at Sonargaon Hotel in Dhaka, organisers said yesterday.

Though the apparel extravaganza usually takes place in November or December, the organisers plan to open it early fearing possible political unrest.

Buyers have responded positively about attending the show, said Atiqul Islam, president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA), at a press conference at their office in Dhaka.

"I hope the accidents [Tazreen Fashions fire and Rana Plaza building collapse] will not have any impact on the show."

Sacrificial cattle now a click away

A local portal plans big this Eid after last year's success

SUMAN SAHA

A local e-commerce company is once again selling sacrificial animals for the upcoming Eid-ul-Azha through its website, targeting the busy city dwellers and non-resident Bangladeshis.

Amardesheshop.com, a component of the Amar Desh Amar Gram e-commerce initiative of Future Solution for Business (FSB), has so far posted details -- such as height, weight, picture and prices -- of around 52 cows. It will post details on another 76 cows soon.

The prices, which are inclusive of service and bank charges, range from Tk 35,000-Tk 150,000 each, and can be remunerated by bank card, direct bank transfer or bank draft.

"We are planning big for this year as online shopping is getting popular in the country," Sadequa Hassan Sejuti, managing director of FSB, told The Daily Star.

The e-commerce site plans to sell around 300 cows this Eid in contrast to 25 it sold last year.

The company will also take care of the entire process, starting from purchase to the distribution of meat on the buyers' behalf.

"We are currently taking bookings. We will deliver the cows at the given address two days ahead of the Eid-ul-Azha," Sejuti said, adding that around 500 cows are scheduled to be put up soon.

Farmers who are interested in selling cattle can upload pictures, along with prices and transport costs, of their cows and goats on the company's website.

The e-commerce site has targeted those who want to distribute the meat of their sacrificial animals among the poor of their villages but live abroad or in the cities.

"It will save people from having to physically go to the cattle markets and transport the animals back to their homes," Sejuti added.

The e-portal site will take photos and videos of the entire process (the Qurbani) and forward them to the buyers, especially those living abroad.

The company, which is currently serving its customers through its seven e-centres in Mongla, Narsingdi, Tangail, Sirajganj, Jamalpur, Rangpur and Sylhet, has so far received five orders, with many in the negotiation stages.

FSB, a youth group that introduced e-commerce in the country in October 2009, has already clinched United Nations World Summit Youth Award 2011 for creating outstanding digital content for rural people.

The company has direct links with around 6,500 rural people, including farmers, weavers and fishermen, who post their produce at the portal for sale.

It also has a database of around 25,000 registered customers and sells Tk 4 lakh worth of goods weekly on average.

KALIAKOIR HI-TECH PARK

Cabinet panel directs ICT ministry to re-launch tender

STAR BUSINESS REPORT

The cabinet committee on economic affairs yesterday directed the ICT ministry to relaunch a tender to select a bidder for development of the Kaliakoir hi-tech park.

The directive came from a meeting of the committee, chaired by Finance Minister AMA Muhith.

The ministry of Information Communication and Technology was in a dilemma about appointing a bidder as a partner of the winning firm was found to be a loan defaulter.

The ministry at yesterday's meeting placed some alternative proposals.

The law ministry also turned down a proposal to award the job to the winning bidder, a consortium of Malaysia-based Kulim Technology Park Corporation (KTPC) and its local partners: SPL-IOE-KHL.

The moves came as the central bank informed the ministry that a member of KTPC Consortium—Khansons Holdings Ltd—was not a loan defaulter as an institu-

tion. But Khansons Textiles, where two directors of Khansons Holdings have interests, was a defaulter, according to the ICT ministry.

Among the alternative proposals of the ICT ministry were to sign an agreement with the successful bidder, or cancel the entire bidding and start the process afresh.

The government can also build the hi-tech park under its own supervision, according to another option put up by the ministry.

The winning bidder was supposed to spend Tk 1,000 crore in the next eight years to construct infrastructure in the hi-tech park, the first of its kind in the country.

The completion of the project will be further delayed as work needs to start afresh, an ICT ministry official said.

Another official said the ministry should have first settled the matter of loan default by the successful bidder, and then proceeded with the bidding process.

The decision to build the park on 232 acres was taken in 1999.

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