ASIAN MARKETS

MUMBAI

\$97.13

V 0.18%

TOKYO

2.70%

V 0.47%



DHAKA THURSDAY JANUARY 30, 2014, e-mail:business@thedailystar.net

COMMODITIES

Gold A

\$1,257.11

Foreign aid spending loses steam

Political unrest stalls disbursement at 39pc of target

REJAUL KARIM BYRON

STOCKS

CSCX

0.87%

DSEX

The government spent only 39 percent of foreign aid in the first six months of the current fiscal year. It now plans to lower the disbursement target in the revised budget.

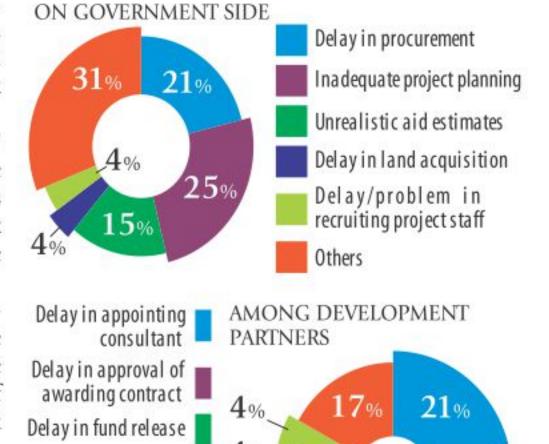
Aid commitments also decreased by 27 percent in the first half compared to the same period a year ago. Development partners pledged \$1.54 billion in aid in the first six months, down from \$2.11 billion in the same period last year. Disbursement was \$1.3 billion in July-

December this fiscal year, which was almost the same last year, according to data from the Economic Relations Division. The target of disbursement was \$3.37 billion in the current fiscal year.

As disbursement is directly related with the implementation of projects, the amount did not increase much as political unrest delayed many projects, an ERD official said.

The target will not be achieved, even if

BOTTLENECKS THAT SLOW AID



implementation speeds up in the second half of the fiscal year, the official added.

CURRENCIES

BUY TK 77.20

SHANGHAI

0.56%

STANDARD CHARTERED BANK

Foreign aid disbursement was \$2.79 billion last fiscal year, which the ERD official said was the highest in the history of Bangladesh.

As the government has doubt whether the disbursement will be more this year, the target may be brought down by \$400 million or \$500 million, he said. The disbursement in the first six months

included \$598 million from World Bank, \$332 million from Asian Development Bank, \$215 million from Japan, \$76 million from China and \$66 million from India.

The government had expected \$6 billion in aid commitments from development partners for the current fiscal year. The ERD official said there was no link

between the 10th parliamentary election and a fall in the amount of commitment.

He said they have not yet received any indication of cuts in assistance by any development partner.

Bangladesh's GDP growth may be 6.3pc, Bloomberg says

STAR BUSINESS REPORT

Bangladesh's economy may grow by 6.3 percent in the current fiscal year, Bloomberg News said yesterday giving a boost to the government's revised expectations.

The financial news outlet arrived at the median number after a survey of three economists between January 22 and January 28.

In its previous survey, the economists came with the same growth estimate for Bangladesh's economy, which grew by 6.03 percent in fiscal 2012-13.

The country's GDP (gross domestic product) may grow by 6.5 percent and 6.6 percent in the next two fiscal years, Bloomberg said in its latest survey.

READ MORE ON B3

MCCI calls for export-friendly exchange rate

STAR BUSINESS REPORT

The Metropolitan Chamber of Commerce and Industry yesterday called for an exchange rate favourable to exports and remittances to help make up for the losses to the economy due to political turmoil.

The chamber, in its reaction to the central bank's monetary policy for the second half of fiscal year, however, hailed Bangladesh Bank's "determination to support a market-based exchange rate while seeking to avoid excessive exchange rate volatility". While it termed the new monetary policy "business-friendly",

it felt a private sector credit growth target of 20-21 percent would be more appropriate in light of the imminent surge in investment following the subsidence of political turmoil. BB kept the private sector credit growth target at 16.5

percent factoring the 11.1 percent growth recorded between July and November, adding it is "more than adequate" to accommodate any significant rise in investment in the second half of fiscal 2013-14.

MCCI, however, welcomed the BB's intent to continue with the policy measures it has already taken to cushion the impact of recent disruptions on domestic businesses.

The measures include disbursement of Export Development Fund to export-oriented sectors at lower interest rate, instructing banks to offer loan rescheduling facilities to genuine borrowers on easy terms and some facilities to small and medium enterprises that have been temporarily affected by political unrest.

READ MORE ON B3

FDI drops 6pc in first half of 2013

Transfer of fund to

Coordination among

another project

Co-financiers

Others

MD FAZLUR RAHMAN

The actual flow of foreign direct investment to Bangladesh dropped 6.22 percent to \$933.09 million in the first half of 2013 from the same period a year ago, due to a gloomy global economic climate and volatile domestic politics, according to official figures.

Bangladesh received \$995.02 million in foreign investment in January-June of 2012, according to data from the Board of Investment.

Despite the fall, the state-run agency said Bangladesh might well be on course for the highest level of foreign investment in 2013.

"If the flow of investment continues in the second half of 2013, it will be the highest recorded figure for \$1.5 billion in 2013. Bangladesh," the government agency said in a statement on Tuesday.

Zahid Hussain, lead economist at the World Bank in Dhaka, said over \$900 million in FDI is more than "one could expect given the ground situation."

Bangladesh received \$1.292 billion in FDI in 2012, which is the highest the country has received to date, surpassing \$1.136 billion in

.....

The stockmarket regulator sought

documents from Dhaka Stock

Exchange on Tuesday on the purchase

of new trading software to replace the

In response, the premier bourse

In another letter, the regulator

asked DSE to submit an explanation

by Sunday on allegations by a

Swedish company that sent an email

to the regulator, claiming an opaque

When asked, DSE President

Ahsanul Islam said: "There is nothing

to hide. We have already sent all the

documents on the purchase of soft-

He may also make a detailed

ware to the regulator."

process in purchasing the software.

sent the documents to Bangladesh Securities and Exchange Commission

SARWAR A CHOWDHURY

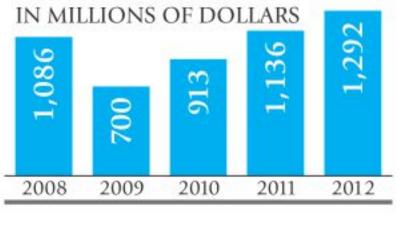
existing one.

yesterday.

BoI has not yet disclosed the amount of real FDI in the second half of 2013 as the central bank is yet to total the amount received through extensive survey, said Nabhash Chandra Mandal, executive member of BoI. The additional secretary however

hoped that FDI flow could surpass

FDI INFLOW



Official figures showed that investors made commitments to invest Tk 13,826 crore in 269 projects in October-December, 2013.

Investment proposals from foreign investors or joint ventures dropped in the last quarter of 2013; only six wholly foreign-owned investment proposals and 15 joint venture proposals were registered at an investment value of Tk 787.20 crore. It was Tk 16,070 crore in July-

Regulator seeks clarity on DSE

presentation on the new software

system MSA Plus in June 2013.

Xchanging, a UK-based software

were facing problems whenever a new

company made a trade debut on the

launched an investigation and found

that the glitches were a result of

negligence on the part of the software

Since then, DSE took the initiative

However, DSE did not float any

tender for the purchase; it officially

contacted the software providers and

invited them to make technical

presentations and price quotations.

vendor as well as DSE.

to replace its trading system.

Following the incidents, BSEC

vendor, had provided the software.

DSE introduced an online trading

However, the brokerage houses

before the media next week.

market.

September.

The number of projects registered with BoI however fell by more than a third or 34.61 percent last year compared to 2012. Local entrepreneurs proposed to

invest Tk 42,488 crore in 2013 in 1,197 projects, which is 15.15 percent lower in monetary value than in 2012, when they had proposed to invest Tk 50,078 crore in 1,655 projects. On the other hand, foreign inves-

tors and joint ventures registered to set up 181 projects worth \$2.621 billion in 2013, up 0.40 percent from 2012, when they had committed to invest \$2.611 billion.

The declining number of projects also hit job creation.

Industrial projects, from local entrepreneurs, joint ventures and foreign investments, were supposed to generate jobs for 211,695 people last year, which was 368,930 in 2012.

A number of economists point out that the violence in the last quarter of 2013 could disrupt the FDI flow to the

"The investment flow might slow down, as the preconditions to woo foreign investors have not improved much. The fundamental problems that are holding investment back

but is yet to give any work order.

A BSEC official said the regulator

"Earlier, the commission found

sought an explanation as there are

allegations against the purchase process.

several irregularities while the online-

based trading software MSA Plus was

installed. So, the commission would

not allow them to do the same in the

It is also necessary that DSE com-

plies with a regulatory directive on

buying, selling or transferring any

fixed asset before completion of the

directive putting a bar on the stock

exchanges from trading any fixed assets

until the completion of

approval of the commission will be

In case of any emergency, prior

In July last year, BSEC issued a

future," the official added.

demutualisation process.

demutualisation.



মিউচুয়াল ট্রাস্ট ব্যাংক লিমিটেড MTB CONTACT CENTRE Mutual Trust Bank Ltd. 16219 or 09604016219





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software purchase



The DSE selected four companies, needed for such activities, the direc-



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