

Bangladesh to get \$1.2b IDB loan for oil imports

REUTERS, Dhaka

Bangladesh is to get \$1.2 billion in loans this year from the Islamic Development Bank to help finance its oil imports, at cheaper rates than last year when it borrowed more.

The IDB will provide the loan at 4.5 percent, lower than 4.65 percent last year, a senior official of Bangladesh Petroleum Corp said on Thursday.

Bangladesh's oil imports are likely to rise to 5.7 million tonnes in 2014 from nearly 5.5 million last year, according to the energy ministry. Last year, the IDB lent \$2.2 billion to Bangladesh for oil imports.

BPC, the country's sole oil importer and distributor, has finalised first-half term contracts for refined oil products at mostly unchanged current premiums.

Suppliers for Bangladesh's middle distillates contracts are Kuwait Petroleum Corp, Malaysia's Petronas, Emirates National Oil Co, Philippines National Oil Co, Vietnam's Petrolimex, Indonesia's Bumi Siak Pusako, Maldives National Oil Co and Unipec.

BPC is also buying 700,000 tonnes Murban crude from Abu Dhabi National Oil Co and another 600,000 tonnes of Arab Light crude from Saudi Aramco in 2014 for its sole refinery, up more than 8 percent from a year earlier.

Bangladesh's fuel demand is growing sharply as a shortfall in natural gas forces it to turn to oil-fired power plants to resolve electricity shortages.

The government heavily subsidises BPC, which sells fuel oil to the local market at rates much lower than import prices.



M Monjur Alam, mayor of Chittagong city, opens the three-day Chittagong Travel Mart-2013 organised by the Bangladesh Monitor at the Peninsula Chittagong hotel in the port city yesterday.

Three-day tourism fair starts in Ctg

STAFF CORRESPONDENT, Ctg

A three-day tourism fair began in Chittagong city yesterday, pulling in 16 local and foreign participants.

The Bangladesh Monitor, a travel publication, is organising the fair, Chittagong Travel Mart-2013, for the fifth time in the port city.

M Monjur Alam, mayor of Chittagong city, inaugurated the fair at the Peninsula Chittagong hotel.

If projected properly, Chittagong with its natural beauty, biodiversity and historical heritage could become a sought-after tourist destination, he said.

Mahbubul Alam, president of Chittagong Chamber of Commerce and

Industry, emphasised improving connectivity and hotel services in Chittagong.

Alam urged the government to build Chittagong and its neighbouring districts—Rangamati, Khagrachhari, Bandarban and Cox's Bazar—into a special tourism zone.

Kazi Wahidul Alam, editor of the Bangladesh Monitor and also chairman of the fair, also spoke.

MA Malek, editor of Dainik Azadi, underscored the need to project cultural heritage and handicrafts in Chittagong.

The fair participants are offering special discounts for airline tickets, hotel and resort services and tour packages. The fair will remain open at the Peninsula from 10:00am to 8:00pm daily until Saturday.

BMCCI elects top brass

STAR BUSINESS REPORT

Stocks yesterday gained, powered by investors' heavy buying into large-cap companies.

DSEX, the benchmark general index of the Dhaka Stock Exchange, closed the day at 4,845.09 points after gaining 33.59 points or 0.69 percent.

DSES, the shariah index of the DSE, closed the day at 996.36 points after gaining 13.84 points or 1.40 percent.

The market turned around with large-cap stocks that led the day's rally, IDLC Securities said in its regular market analysis. "Buyers dominated the trading floor."

Stocks of multinational companies performed well also, the investment banker said. Turnover rose 24 percent to Tk 770 crore amid the favourable environment, it added.

The market's mixed trading attitude indicates that it is cautiously optimistic on future gains as corporate profits are coming with less battered declaration than expected, LankaBangla Securities said in its daily market analysis.

On the economic front, the financial market is showing resilience on the back of government stimulus for exchange rate stability, aimed to preserve exporters' interest, the stockbroker said. A total of 1,42 lakh trades were executed with 14.59 crore shares and mutual fund units changing hands on the Dhaka bourse. The gainers took a strong lead over the losers, as out of 294 issues traded, 148 advanced, 118 declined and 28 remained unchanged.

Among the major sectors: cement gained 0.6 percent, pharma 3.3 percent and telecoms 2.7 percent.

Square Pharma saw the highest liquidity with 16.77 lakh shares worth Tk 41 crore changing hands, followed by Bangladesh Submarine Cable Company, Jamuna Oil, Olympic and Meghna Petroleum.

Bangladesh Submarine Cable Company was the biggest gainer of the day, posting a rise of 7.41 percent, while Rahima Food was the worst loser, plunging by 5.02 percent.

The Chittagong Stock Exchange also gained yesterday with its selective categories, CSEX, rising 79.57 points, to close the day at 9,523.05 points.

Losers beat gainers 111 to 92 with 26 issues remaining unchanged on the port city bourse that traded 1.5 crore shares and mutual fund units with Tk 60 crore in turnover.



Atiur Rahman, governor of Bangladesh Bank, attends the signing of an agreement to give Tk 8.17 crore to Sigma Engineers Ltd for building a central effluent treatment plant, at Comilla Export Processing Zone, at the central bank's office in Dhaka yesterday.

Revised GDP target yet to be fixed

FROM PAGE B1

Besides, the service sector, which contributes 50 percent to the GDP, was badly affected by the political unrest, weighing down the growth prospects.

If the GDP grows by 6.1 percent in fiscal 2013-14, it would be extraordinary given the country's present context and world situation, they added.

BBS official also supported the BB estimate and said the manufacturing and poultry sectors were affected by the political turmoil. As a result, a GDP growth target of 6.5 percent GDP would be too ambitious.

The commerce ministry said banking on a 15 percent export growth would be "too risky", while proposing a target of 12 percent.

Also at the meeting, the revised budget for the fiscal year was discussed, where it was proposed slashing it by more than 5 percent to Tk 2,11,222 crore.

The finance division said the revenue budget would remain unchanged, but proposed cutting the Annual Development Programme by Tk 10,870 crore from Tk 65,872 crore on grounds that the bridge division would not be able to spend the allocation for Padma Bridge.

Some Tk 6,852 crore was allocated for Padma Bridge, but only Tk 210 crore was spent until December.

The finance division said a big share of the allocated amount would not be spent, but the planning ministry did not support the proposal for slashing the revised ADP. The total revenue target for fiscal 2013-14 is Tk 1,67,459 crore, but the National Board of Revenue called for bringing down the target to Tk 1,50,000 crore.

Bangladesh to showcase progress in labour standards on Feb 13

FROM PAGE B1

"If Bangladesh cannot show improvement, it will have an impact on the country's image."

An eight-member committee was formed, comprising three secretaries from the ministries of commerce, labour and employment and foreign affairs to oversee the progresses in safety standards and workers' rights establishment under the compact.

In addition, mission chiefs from the US, EU, the Netherlands, Britain and Germany will represent their sides at the committee. Currently, Bangladesh enjoys zero-duty benefit on the export of goods to the EU under trade privileges.

Of the country's total exports, 60 percent goes to the EU, which is nearly \$14 billion, with more than 80 percent as garment items.

Political instability biggest risk to capital market

FROM PAGE B1

Over 85 percent indicated that projection of listed company financials through equity research will improve the process of investment-related decision making in the capital market.

Around 70 percent respondents thought permitting investment advisory services at individual level under strict regulatory supervision will increase the market stability.

New DMD for AB Bank



STAR BUSINESS DESK

Sajjad Hussain has recently joined AB Bank as deputy managing director, head of operations and chief risk officer, the bank said in a statement yesterday.

Hussain had also served Dhaka Bank as deputy managing director. He has 30 years of experience in banking and started his career with American Express Bank.

48pc mobile money users live in urban areas: study

FROM PAGE B1

He highlighted the importance of mobile financial services towards achieving financial inclusion by offering appropriate services to vast majority of the unbanked in Bangladesh.

"This is the most comprehensive study on mobile financial service customers' insights that has ever been conducted in Bangladesh."

"The interviews that were ultimately accepted were thus of the highest quality while allowing the findings from the research to be statistically significant with a confidence level of 95 percent," Islam of pi Strategy

IMF's new debt policy unlikely to impact Bangladesh

FROM PAGE B1

Zahid Hussain, lead economist for the World Bank in Dhaka, said Bangladesh's risk of external debt sustainability is low even after considering the non-concessional financing-based projects that are in the pipeline.

In Bangladesh, the 'economic rationality' of all foreign-funded projects is assessed rigorously by the donors in particular and also by the implementing agencies, he said.

The debt management capacity of the finance division and the Bangladesh Bank are in the process of being strengthened.

"I therefore don't expect any difference to Bangladesh's medium-term borrowing policy after the new debt limit policy of the fund for low-income countries comes into effect," Hussain added.

He said ensuring debt sustainability and sound borrowing policy over the medium-term is a good idea, as the Latin American debt crisis of the early 80s and the more recent debt crisis have re-established the importance of stronger due diligence and surveillance of debts.

"Bangladesh has done very well on this front with an almost flawless record on prudent debt accumulation and timely debt servicing," he told The Daily Star yesterday.

The IMF recently assessed Bangladesh's debt situation and the results indicated that the country remained at a low risk of debt distress.

The report, which was released in December last year, took into account the probable issuance of \$1 billion sovereign bonds with 10-year maturity in 2014-15 and non-concessional borrowing of \$6 billion to construct two 1,000 megawatt nuclear reactors between 2017 and 2021.

"The present value of total public debt rises very slightly as a share of GDP over the first two years, and then declines over the medium-term. The risk of external debt distress remains low in this scenario."

In low-income countries, the debt limits policy currently focuses more on the terms of the borrowing rather than on the volume of borrowing, Laurence Allain of the IMF's Strategy, Policy, and Review Department, said on its website.

"We would like to strengthen the focus of the policy on safeguarding debt sustainability, which implies paying more attention to the amount of borrowing—a country's overall debt. After all, regardless of the terms, if you borrow too much, you will eventually run into debt problems."

The first objective of the proposed debt limits policy is to balance the need to ensure that low-income countries are still able to secure adequate financing for their long-term development, Allain said.

"So we need to ensure that there is enough flexibility in the debt limits policy to give countries sufficient leeway to manage the financing that they need. Within a sustainable borrowing envelope, they should be able—when appropriate—to tap the new sources of financing that are available to them, including non-concessional financing for projects with high rates of return."

Meanwhile, a finance ministry official said the new policy would not be applicable to the current Extended Credit Facility loans as its tenure would end before the new limits take effect. The policy will be applicable to any future loan to be disbursed by the lender.

Optimism powers stocks

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Mudassir Murtaza Moin, managing director of Rahimafrooz Distribution Ltd, launches the company's Lucas Durbar brand rickshaw battery at the Dhaka regional dealers' meet, at Hotel Purbani in the capital recently.



Humayun Rashid, managing director of Energypac Power Generation Ltd, attends a Perkins OEM Dealers' Meet organised by the company, at its office in Dhaka on Tuesday. Rajir Rahman, chief operating officer, was also present.

Foodpanda receives \$20m for global roll-out

STAR BUSINESS DESK

Foodpanda and its affiliate hellofood, the fastest growing online food delivery marketplace worldwide, received another \$20 million fund from a group of investors, including Phenomen Ventures, to aid in the initiative's global roll-out.

With the new investment, foodpanda aims to continue its global ambitions and launch its services in over 40 markets by the end of the first quarter of 2014, the company said in a statement.

Last year, foodpanda expanded into 20 new countries and launched a mobile app for

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