

Forex reserves surge past \$19b

Rising remittances and exports give the boost

STAR BUSINESS REPORT

Foreign currency reserves continued its unprecedented growth to reach \$19.04 billion yesterday on the back of a rise in remittances and exports and a fall in imports.

This was the first time in the history that the reserves have surged past the \$19 billion mark, which placed Bangladesh second only to India in the subcontinent, the central bank said.

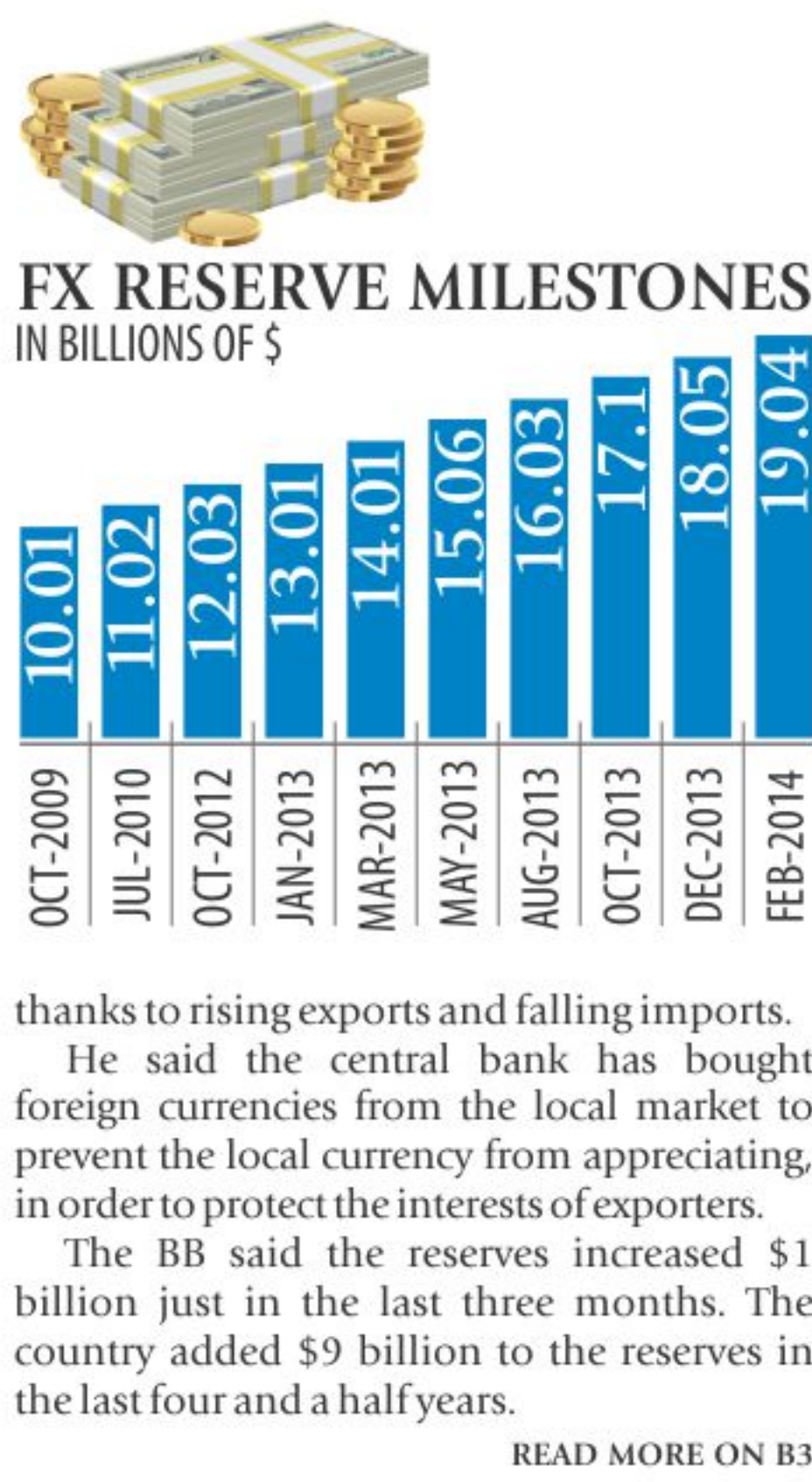
"The record rise in reserves shows that the economy is strongly rebounding," Bangladesh Bank Governor Atiur Rahman said.

He said exports have continued to grow and remittance flow is also on the rise despite the slowdown in the initial period of the current fiscal year.

"The reserves might cross \$20 billion by June if the current trend continues," he told The Daily Star.

He attributed the strong reserves to a stable exchange rate. "At present, there is no difference between official and unofficial exchange rates. So, more remittances are flowing to the country through official channels."

Zahid Hussain, lead economist at the World Bank's Dhaka office, said there is a huge surplus in the balance of payments,



Regulator directs GP, Airtel to discontinue BlackBerry services

ABDULLAH MAMUN

The telecom regulator has directed Grameenphone and Airtel to provide alternative solutions to 6,300 users of their BlackBerry services, as law enforcers are unable to monitor their current data and messages.

As a solution, the operators may have to swap all the BlackBerry handsets purchased from them—for other devices, which will be a hassle for the users.

Both mobile operators have sought time to come up with alternative solutions for their BlackBerry users, said Sunil Kanti Bose, chairman of Bangladesh Telecommunication Regulatory Commission.

BTRC asked the operators to submit detailed plans in seven days to enable the BlackBerry users to migrate to secured alternative solutions.

As per licensing terms and conditions, the government reserves the right to gain access to telecom service providers' networks—when deemed necessary.

But "lawful interception" to monitor emails or instant messages is of little use in the cases of BlackBerry subscribers, as the messages sent from the devices are highly encrypted to protect privacy.

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ADP spending in slow lane

REJAUL KARIM BYRON

The government's spending on its annual development programme dropped 5 percentage points year-on-year during July-January of the current fiscal year mainly due to political unrest.

Low utilisation of the fund earmarked for the Padma bridge project also caused a decline in such expenditure.

In this backdrop, the Finance Division has advised the planning ministry to bring down the size of the ADP by 18 percent.

Various ministries and divisions spent Tk 21,857 crore during the seven months, the amount being 33 percent of the total allocation at Tk 65,872 crore, according to the Implementation Monitoring and Evaluation Division (IMED).

However, during the same period in the previous fiscal year, 38 percent of the total allocation was spent.

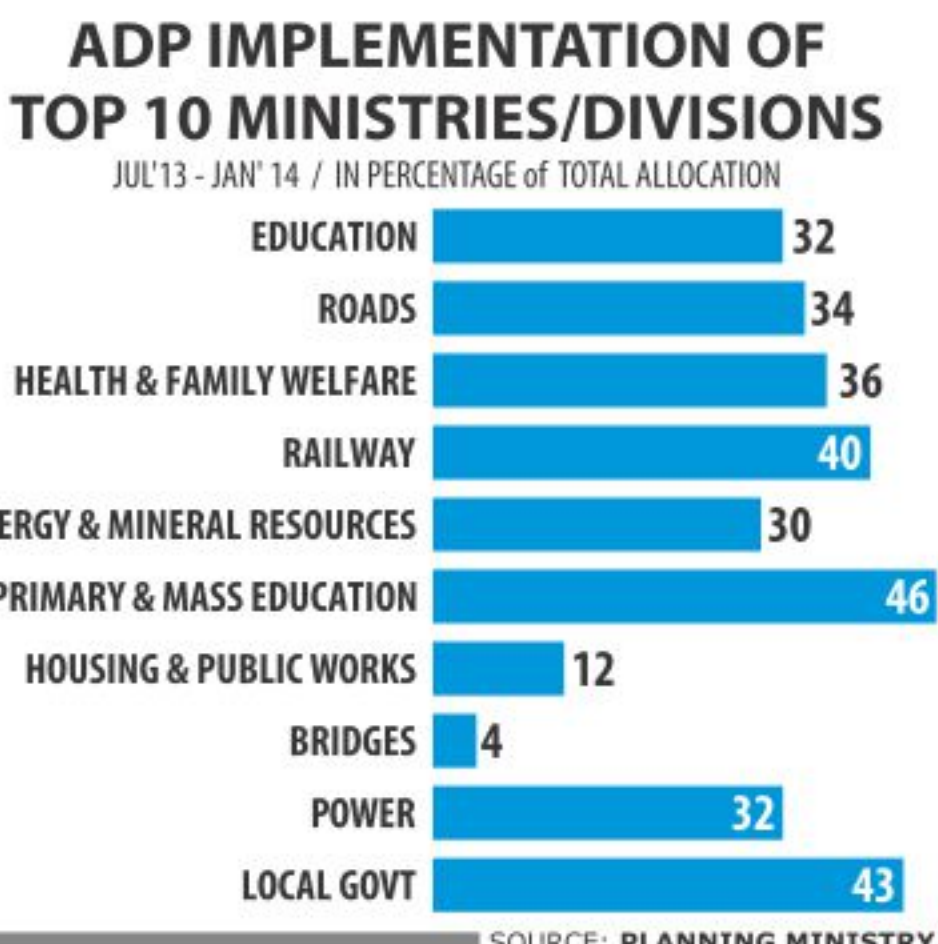
Though ministries and divisions often blame their poor ADP performance on a slow disbursement of donors' funds, this time they are lagging much behind in using the government's money.

During the period, they spent only 35 percent of the government's resources though the amount was 42 percent in the same period a year ago. On the other hand, utilisation of foreign funds was 31 percent, against 32 percent in the same period last year.

The worst performer this year was the Bridges Division, which got the third highest or 9 percent of the total allocation among 10 big ministries and divisions.

But in the first seven months, the Bridges Division spent only 4 percent or Tk 260 crore against a total allocation of Tk 6,888 crore.

Almost the entire allocation, Tk 6,852 crore,



was for the Padma bridge project.

A planning ministry official said the Finance Division has now proposed allocating Tk 1,500 crore for the project in the revised budget.

But the Bridges Division did not agree with the proposal, saying some payments would have to be made in advance to the contractor if the contract for the main bridge is finalised by June, according to the official.

Other poor performers are the Power Division, housing and public works ministry, Energy and Mineral Resources Division and the education ministry.

The IMED has identified seven reasons behind the low utilisation of the ADP funds. These include political unrest, delay in land acquisition, absence of procurement plans, delay in bid invitation, and a lack of training of project officials on procurement guidelines of the donors.

Biman runs the last flight of DC-10 today

STAR BUSINESS REPORT

Biman Bangladesh Airlines will operate today the last flight of the world's last passenger McDonnell Douglas DC-10, to Birmingham via Kuwait.

With only 22 passengers, the 314-seat three-engine jet will depart Hazrat Shahjalal International Airport at 8:30am.

Biman has made special arrangements to bid farewell to the legendary workhorse. DC-10s have been the backbone of the Biman fleet since August 1983.

"With a mix of pride and relief, we'll bid farewell to our last DC-10," Biman CEO Kevin Steele said recently.

DC-10 logged its maiden voyage for passengers 43 years back on August 5, 1971 with an American Airlines round trip between Los Angeles and Chicago.

Biman will operate three scenic tours a day for three days from February 22 in and around Birmingham after the last scheduled flight.

Each flight will make room for 144 flyers.

Kevin told The Daily Star on February 9 that tickets for the scenic flights are nearly sold out, with about an 80 percent load factor, which will be very profitable for the company.



BDCOM ONLINE

SM Golam Faruk Alamgir, MD of BDCOM Online, and Paolo Montessori, CEO of French IT company eServGlobal, shake hands after signing an agreement to establish a mobile banking services hub in Bangladesh.

French firm plans to set up mobile banking hub

eServGlobal signs deal with local IT company BDCOM Online

STAR BUSINESS REPORT

France's IT company—eServGlobal—is set to establish a hub in Bangladesh to offer innovative and low-cost mobile banking services.

The hub, known as interoperability platform, will enable banks to provide mobile financial services without investing money in network development.

The company yesterday signed a deal at Sonargaon Hotel in Dhaka with BDCOM Online Ltd, a local IT company, to set up the platform in six months.

"Bangladesh is an ideal market to build an end-to-end mobile payment

ecosystem as the country has already registered an excessive growth in mobile financial services," said Paolo Montessori, chief executive of eServGlobal.

The joint venture initiative will further enhance the growth of mobile financial services in rural and urban areas, he said.

"We are pleased to partner with eServGlobal to take advantage of their global expertise and experience in the technology world, particularly in the field of mobile commerce," said SM Golam Faruk Alamgir, managing director of BDCOM Online Ltd.

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ADB sees subdued economic growth

STAR BUSINESS REPORT

The economy will remain subdued this fiscal year due to falling remittance and weak domestic demand in the run-up to the national election, the Asian Development Bank said yesterday.

Subsequently, economic growth in fiscal 2013-14 will mostly depend upon exports and domestic absorption, said the Manila-based anti-poverty institution in its quarterly economic update on Bangladesh.

The regional development bank had earlier forecast the growth this fiscal year to be 5.7 percent, lower than the previous year.

The bank said Bangladesh's short and medium-term growth prospects hinge on how the country addresses short and medium-term risks and challenges.

Reviving economic activities and restoring consumer and investor confidence after the national election is the major economic challenge, it said.

The bank also warned that any re-emergence of unrest would directly affect investment, growth and poverty reduction.

The bank said earnings from remittance inflows declined 8.5 percent year-on-year to \$6.8 billion during the July–December period last year.

The decline was due mainly to the large fall in Bangladeshi workers getting employed abroad, which dropped 13.8 percent in the same period.

The immediate challenge for the country comes from the garment sector as it desperately strives to meet demands for internationally accepted safety and labour standards.

The successful transition of the garment industry will require investment in enterprises, complementary public investment in infrastructure, and capacity building related to compliance and safety standards, it said.

The ADB said the transition would increase operating costs, which may reduce the industry's traditional price competitiveness.

The anti-poverty institution also praised the government's macroeconomic policies, terming it "broadly prudent", while calling the fiscal policy stance pragmatic.

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BB launches low-cost loans for publishers

STAR BUSINESS REPORT

Bangladesh Bank yesterday launched a low-cost loan refinancing scheme for book publishers of original and creative content to revive the publication sector.

Publishers of creative books will get loans at 10 percent interest from those banks and financial institutions that borrow from the Tk 600 crore fund, the central bank's small enterprise refinance scheme.

"It is not an SME loan. It is finance that originates from social and cultural responsibility," said BB Governor Atiur Rahman, after handing over cheques of Tk 84 lakh to six publishers at a ceremony at Ruposhi Bangla Hotel.

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