

ADB gives \$111m to upgrade irrigation, tackle river erosion

STAR BUSINESS DESK

The Asian Development Bank (ADB) yesterday signed two agreements with the government to give Bangladesh \$111 million in loan to support the country's efforts to improve farmland irrigation systems and also to tackle river erosion.

The Manila-based lender will give \$46 million to support the government's Irrigation Management Improvement Project designed to realise the full production potential of large-scale irrigation schemes.

The project expected to be completed in June 2019 will address the need for sustainable management, operation, and maintenance; increase water productivity and introduce innovative infrastructure modernisation, ADB said in a statement.

The project will specifically focus on modernising the Muhuri Irrigation Project in Chittagong.

It will also finance a feasibility study and detailed design for modernising the Ganges-Kobadak irrigation project in Khulna and the Teesta irrigation project in Rangpur.

The project aims to increase the average yield of irrigated winter paddy to four tonnes a hectare in 2019 from three tonnes a hectare in 2013.

Under the second deal, \$65 million will be given to Bangladesh to support state-of-the-art riverbank protection measures to prevent land erosion.

The loan is the first tranche of the ADB's \$255 million multi-tranche financing facility for the government's Flood and Riverbank Erosion Risk Management Investment Programme to reduce flood and riverbank erosion risks, and thereby improve livelihoods in the project areas.

The facility will help put in place riverbank protection structures and flood embankments along vulnerable portions of the Jamuna, Padma,

and Ganges rivers.

It will also strengthen management of flood and erosion risks, as well as community-based flood disaster management capacity.

The first tranche loan of \$65 million will target structural improvements in three high-priority areas.

The first tranche will provide infrastructure in urgent needs in three subproject areas, including riverbank protection structures at critically eroded sites.

It will also include non-structural measures in high priority sites of the selected three sub-projects, and the area coverage will be extended during the subsequent tranches.

ADB will provide the remainder of the \$255 million in subsequent loan tranches.

Low-lying Bangladesh is vulnerable to floods and erosion, with up to 6,000 hectares of land swallowed up annually. About 100,000 mostly poor rural people

lose land, crops and even homes each year as a result.

On top of ADB's funds, the government of the Netherlands will co-finance \$15.3 million, with the government of Bangladesh supplying counterpart funds of \$103.4 million for the investment programme.

The activities under the first tranche loan are expected to be completed by 2018.

Mohammad Mejbahuddin, secretary of the Economic Relations Division, and Kazuhiko Higuchi, country director for ADB's Bangladesh Resident Mission, signed the deals at a ceremony at the ERD in Dhaka.

The ADB assistance reflects the government's policies and strategies, and includes the development and implementation of holistic planning strategies for the country's main rivers as well as physical and nonphysical investments in the central part of the country," said Higuchi.

Foreign borrowing by private firms draws mixed responses

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As per his knowledge, this was the first time any indicative target for foreign borrowing has been given in the monetary policy statement.

"I am not totally against it as bank lending rate is high in the country -- it can be allowed to help entrepreneurs cut their production cost."

He said foreign borrowing could be allowed for industries whose earnings are in foreign currencies, as it will not strain the country's reserves.

"If the earning is exclusively domestic currency and the loan will have to be serviced in foreign currency, then there will be currency mismatch. There might also be maturity mismatch if borrowing is for one year while production will come after five years."

He, however, said the central bank has to be careful, as money from abroad is being borrowed at higher interest rate, with one loan from China costing as high as 6 percent.

Ahsan H Mansur, executive director of Policy Research Institute, said creditworthy entrepreneurs have the rights to borrow from anywhere, as they are not getting loans at lower interest rates from the local market.

Bangladesh Bank Governor Atiur Rahman said the central bank has opened up the scope for foreign private borrowing to make local firms competitive as their competitors abroad enjoy lost cost loans.

"We are providing money to borrow from abroad to the industries that are export-oriented and import-substitution. They are either earning foreign exchange or saving foreign exchange. All of them are rated."

"There is nothing to be concerned at this stage," Rahman said, adding that the central bank will monitor the issue along with the Board of Investment.

Rahman said most of the foreign borrowings are mid-term loans with loan repayment period ranging between four and seven years. "I see no immediate mismatch."

With \$22 billion in reserves at its disposal, the central bank does not need to worry about the risks it did when the reserves were \$10 billion, the BB governor said.

He said time will come when the rate of interest in taka will go down and that of the international market will go up as the recovery is gathering steam. "At that time, we will be able to take the foreign borrowing to a stable position."

The debate over allowing local firms to borrow from international sources came at a seminar on the central bank's latest monetary policy statement at the Bangladesh Institute of Development Studies (BIDS) in the capital.

Hassan Zaman, chief economist of the central bank, said the advantages of private sector foreign borrowing outweigh related

risks.

Foreign borrowing with its lower interest rates makes Bangladeshi firms more competitive in export markets and encourages local output and employment growth, he said, adding that the exchange rate risks can be managed through hedging products.

"BB is also encouraging quarterly repayments to smooth outflows," Zaman said.

Meanwhile, the BB governor said the central bank is seriously thinking about the issue of asset quality and asset liability mismatch.

"This is bit of a rigid market. We are trying to take to flexible exchange and interest rates so that Tom, Dick and Harry can't come and take money using a paper and go away," Rahman said.

There is no bad news over inland bills purchase (IBP) following a major scam, as supervision has improved, he added.

About some banks dispute with Sonali Bank over unpaid IBP, he said the banks will have to resolve their liabilities by September.

"It is their business how they will do it. We will simply deduct the money if we find any unresolved IBP after September. That is as simple as that. The major liability lies with banks as they have signed the documents without checking their authenticity."

His comments came after Zaid Bakht, a director of Sonali Bank, said banks were refusing to purchase the state-run bank's IBP worth Tk 1,760 crore.

The governor also said the market is incomplete in some areas and the central bank is working with the securities regulator in areas such as trade in receivables, issuance of corporate debts and hybrid financing like private equity and venture capital.

He said the corporate bond market is not vibrant in Bangladesh as the tax incentives which existed in the past are not given anymore.

"We will have to work with the National Board of Revenue so that we can revive the fiscal incentives such that the local corporate bond market develops."

Mustafizur Rahman, executive director of the Centre for Policy Dialogue, said the central bank should provide incentives to entrepreneurs who want to set up industries outside of Dhaka and Chittagong.

Mirza Azizul Islam said on one hand, the excess liquidity in the banking system has gone up and on the other hand, the demand for credit has gone down. But, the interest rate has not fallen proportionately yet, as the banks are fixing the price.

Zahid Hussain, lead economist of the World Bank's Dhaka office, said the rate of interest has not gone down as there is competition between banks.

Mustafa K Mujeri, director general of BIDS, moderated the discussion, while Monzur Hossain, senior research fellow of BIDS, made a presentation on the monetary policy.



CITY BANK
City Bank Managing Director Sohail RK Hussain poses with the Best Bank in Bangladesh award from Euromoney's Awards for Excellence in Hong Kong recently.

Carmudi comes up with stylish cars

STAR BUSINESS DESK

Carmudi Bangladesh is all set to change the shopping experience of car enthusiasts in Bangladesh with its top five picks for the season.

The vehicles are: Mercedes-Benz E250, Audi A8 2014, BMW X3 2012, Range Rover Sport 2014 and the Mini Cooper, the online marketplace for vehicles said in a statement yesterday.

"On www.carmudi.com.bd, our customers will find some stylish vehicles like Mercedes, Audi, BMW and Jaguar," said Ashiqur Rahman, country manager of Carmudi Bangladesh.

"It is quite interesting to see how vehicles worth more than Tk 2 crore are also of interest for both buyers and sellers to see online."

"This only indicates vehicle buyers and sellers are increasingly acknowledging the importance of online marketplace."

UCB profit rises 82pc

GAZI TOWHID AHMED

United Commercial Bank's profit rose 82.05 percent to Tk 192.74 crore in the first six months to June compared to the same period last year.

Comparatively higher recovery of loans and rise in non-interest income boosted the bank's earnings this time, said Muhammed Ali, managing director of the bank. "We are strictly monitoring the loan disbursement process to reduce bad loans."

UCB's earnings per share stood at Tk 2.30 for the period.

"Operating income of the bank surged 26.9 percent in the period due to robust investment income growth and improved interest margin," stated BRAC EPL, a stockbroker.

Loans and advances grew 15.17 percent to Tk 16,392 crore in the six months period, while deposit grew 9.27 percent to Tk 18,870 crore.

The efficiency in managing balance sheet and rise in fee-based incomes helped UCB to generate good profit, said M Habibur Rahman Chowdhury, senior

executive vice president and chief financial officer of UCB.

"We are focusing on export and import to boost profit."

The asset quality did not deteriorate in the period thanks to monitoring, tracking and higher recovery, he said.

"We bought a core banking system from technology giant Oracle. The installation process of the system will end by June next year."

With the system, UCB could improve product service with better risk management, he said.

A core banking system is the backend data processing application for processing all transactions that have occurred during the day and posting updated data on account balances to the mainframe.

The share price of the bank stood at Tk 26.40 yesterday.

UCB began operations in 1983 and now has 139 branches with plans to open eight new branches in 2014, he said. The bank also plans to double the number of ATM booths to 200 this year.

DSE official suspended on charges of illicit share trade

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Jibon Chandra Das, general manager of finance and accounts, and Md Samiul Islam, general manager of market development of the DSE, have been assigned to do the internal investigation, Bala said.

Earlier on Tuesday, the Bangladesh

Securities and Exchange Commission instructed the DSE to temporarily suspend Asad Ullah for the offence. It also directed the premier bourse to inform the commission after taking administrative action against Asad Ullah.

When contacted, Asad Ullah refused to make any comments on the issue.

New honorary consul of Gambia in Bangladesh



STAR BUSINESS DESK

Kazi Khurram Ahmed, managing director of EMX Ltd (Bangladesh) and Ostrin Pte Ltd (Singapore), has recently been appointed as the honorary consul of Gambia in Bangladesh.

Ahmed holds a bachelor in science degree in computer engineering and business management from Purdue University, USA, according to a statement.

শাহজালাল বিজ্ঞান ও প্রযুক্তি বিশ্ববিদ্যালয়, সিলেট

স্মারক নং-রেজিঃ/৫৬ তারিখঃ ১২ আগস্ট, ২০১৪

নিয়োগ বিজ্ঞপ্তি

শাহজালাল বিজ্ঞান ও প্রযুক্তি বিশ্ববিদ্যালয়, সিলেট-এর মেডিকেল সেন্টারের জন্য অফিস সহকারী কাম কমিউনিটা অপারেটর এর ০১ (একটি) হাস্তী পদে গোক নিয়োগের লক্ষ্যে বাংলাদেশের প্রকৃত নামগ্রন্থের কাছ থেকে নির্ধারিত ফরমে দাখিল করা যাচ্ছে।

বেতন ক্ষেত্রটা টা. ৮৭০০-২৬৫-০৭-৬৫৫৫৫৫৫-২৯০০-১১-৯৪৫-

যেখানে প্রার্থীকে উচ্চ মাধ্যমিক/সমমান পরীক্ষার ঘরে কমিউনিটা প্রতিষ্ঠানে প্রতি মিনিটে যথাক্রমে ৩০ ও ২০ টি শব্দ গতিশীল এমএস অফিসের বিভিন্ন প্রোগ্রামে জানসম্পর্ক হচ্ছে হচ্ছে।

ব্যবসায় সর্বোচ্চ ৩০ (ত্রিশ) বৎসরে।

অবিদেশ অভিযন্তা সিলেট শহরের যে কোন তকশিলী ব্যাকের শাখার উপর উচ্চ পদের জন্য ২০০- (দুইহাত) টাকার এমআইসিআর ব্যাকে ড্রাফ্ট অধ্যাদীন প্রে-অর্ডার (পে-অর্ডার) প্রেসেট নয়, পেসেট সাইজের ৮ (চার) কপি সত্যাগ্রহ ছবি, সকল সম্পত্তি/প্রক্ষেপণের সত্যাগ্রহ কপি আবেদন সাথে সংযুক্ত করতে হবে। প্রার্থীকে মেট ০৮ (আট) মেট দরখাস্ত আগামী ০২ মেস্টের ঘরে। ২০১৪ তারিখের মধ্যে রেজিস্ট্রেশন অফিসে পোছাতে হচ্ছে।

আবেদন ফরম অফিস চলাকীলীন রেজিস্ট্রেশন দর্শন হচ্ছে। আবেদন করার পর কোন অবস্থা প্রয়োজন নাই।

অবিদেশ অভিযন্তা সিলেট শহরে করার পথে বিশ্ববিদ্যালয়ের কর্তৃপক্ষ দানী ধারেন না।

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