

StanChart to honour farmers, institutions today

STAR BUSINESS REPORT

STANDARD Chartered Bank will honour two farmers and three institutions in Bangladesh today in its first ever agricultural award anywhere in the world.

The London-based multinational bank has launched the AGROW Award in association with Bangladesh Brand Forum to recognise individuals and institutions who serve as outstanding examples in the sector.

"The award is our humble attempt to recognise individuals and organisations who have played exemplary roles, through innovation and hard work," Bitopi Das Chowdhury, head of corporate affairs of StanChart, told reporters at a pre-event news conference at Ruposhi Bangla Hotel in Dhaka yesterday.

"Through these awards, we hope to spur innovation and modernisation amongst the thousands of farmers across the country toiling away to meet the nation's demand."

StanChart is present in 70 countries, but this is the first time the bank has introduced an award for the agriculture sector, said Chowdhury, adding that the bank intends to continue the award.

Winners will be given in five categories: Farmer of the Year (male), Farmer of the Year (female), Best



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Bitopi Das Chowdhury, left, head of corporate affairs of StanChart, speaks at a pre-event news conference for the AGROW Award, at Ruposhi Bangla Hotel in Dhaka yesterday. Shariful Islam, CEO of Bangladesh Brand Forum, is also seen.

Agricultural Organisation in innovation and research, Best Associated Industry and Best Agriculture Export.

Shariful Islam, chief executive officer of Bangladesh Brand Forum, said the award would bring forward a number of individuals and organisations who joined millions others to make the country self-sufficient in food production in the last four

decades.

Agriculture Minister Matia Chowdhury is expected to hand the awards to the winners at a ceremony at Sonargaon Hotel in Dhaka today.

StanChart has been operating in Bangladesh for the last 107 years and has exceeded the farm lending target set by the central bank in the last three years.

Khulna Printing shares soar on debut

STAR BUSINESS REPORT

THE share price of Khulna Printing and Packaging Ltd gained 271 percent to Tk 37.1 on its debut in the stockmarket yesterday, as investors went on a buying spree.

The company became the highest gainer of the day on the DSE floor and also featured in the most-traded

stocks chart with 1.5 crore shares worth Tk 51 crore changing hands.

KPPL is the second listed company under the "paper and printing" category on the Dhaka bourse after Hakkani Pulp and Paper Mills.

Bangladesh Securities and Exchange Commission approved the initial public offering of the company in March.

The packaging company will float four crore ordinary shares worth Tk 10 each to raise Tk 40 crore to meet the working capital needs and pay back bank loans.

KPPL's net profit rose 23.34 percent to Tk 6.5 crore in the nine months to March compared to the same period last year.

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BOOK REVIEW

Disappointing effort

ASJADUL KIBRIA

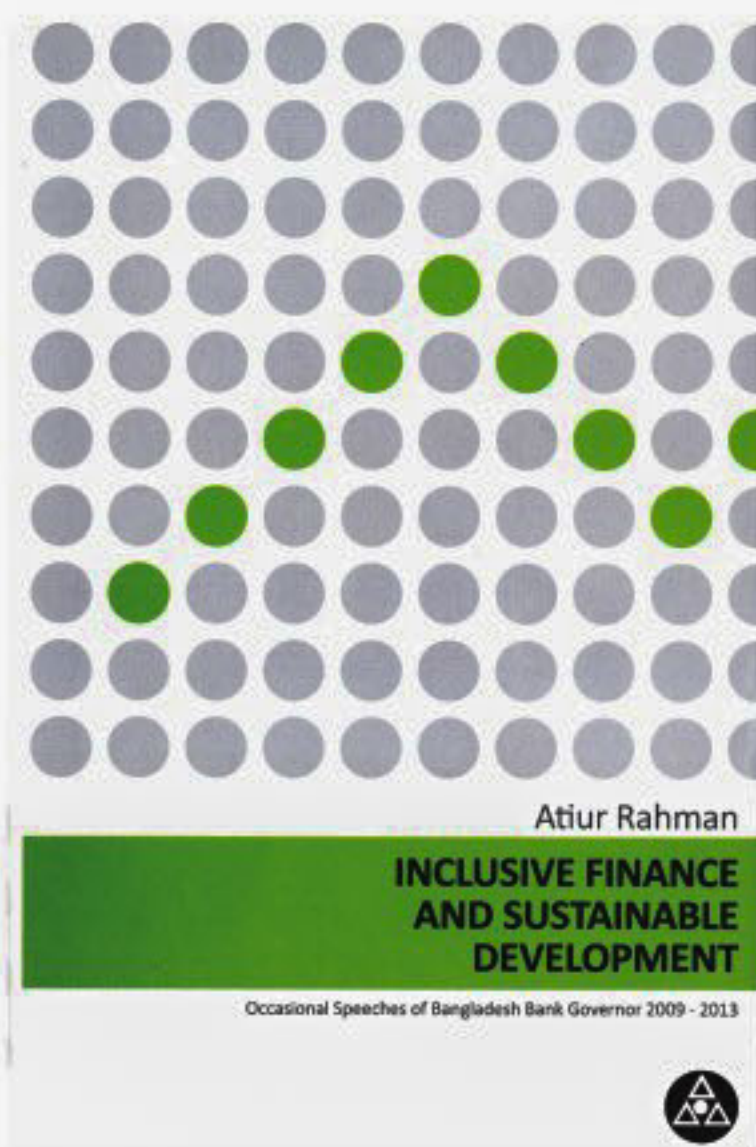
FINANCIAL inclusion is a 'mantra' actively preached by Atiur Rahman since his appointment as the governor of Bangladesh Bank. His effort to make financial inclusion a key instrument against poverty drew global attention. Prominently known as a pro-poor development economist, Rahman's maneuverings with central banking have garnered mixed outcomes over the last couple of years.

The two core functions of Bangladesh Bank—containing inflation and spurring growth with prudent operations of monetary policy, and guarding the financial sector to help maintain macroeconomic stability—are not well balanced. Nevertheless, the governor has successfully incorporated financial inclusion to other core functions of the central bank and thus challenged the traditional mode of monetary operations to some extent.

Now, spurring financial inclusion to achieve sustainable development in the long run is a hectic process. Thus everyone, especially policymakers, academics, businessmen, professionals and development partners need to understand the mantra properly. In this connection, the incumbent governor's book, 'Inclusive Finance and Sustainable Development' should have been a very good tool of gathering knowledge on financial inclusion.

Having the book in hand, one may feel some excitement primarily but is soon likely to be disappointed. It is not that the book failed to explain different dimensions of financial inclusion, but because a wide mix of topics subdued the most important theme.

The book is actually a compilation of 'occasional speeches of Bangladesh Bank governor 2009-2013' as mentioned in the subtitle. Why was it necessary to collect different speeches of the central bank



governor into a 650-page book? The book tries to answer that question in the preface. It says: "The objective of compiling the present compendium of speeches of Governor Rahman is to offer the reader a picture of the evolving nature of policies and strategies of the central bank to meet emerging needs of the economy and society." It sounds worthy. One can, however, easily find all these speeches on the website of the Bangladesh Bank.

The book is divided into nine parts, which variably cover several major issues like central banking, financial stability, financial inclusion, microfinance, Bangladesh economy, global economy. One can choose a certain topic and just flip to the pages to find out Rahman's thoughts on the matter.

However, the simple reprinting of his 213 speeches almost without any update and proper context sometimes makes these shallow. The editors of the book failed to take care of this.

There is a knowledge gap in inclusive banking or inclusive finance in the country as well as across the world. As Rahman has been rigorously working on the issue on both

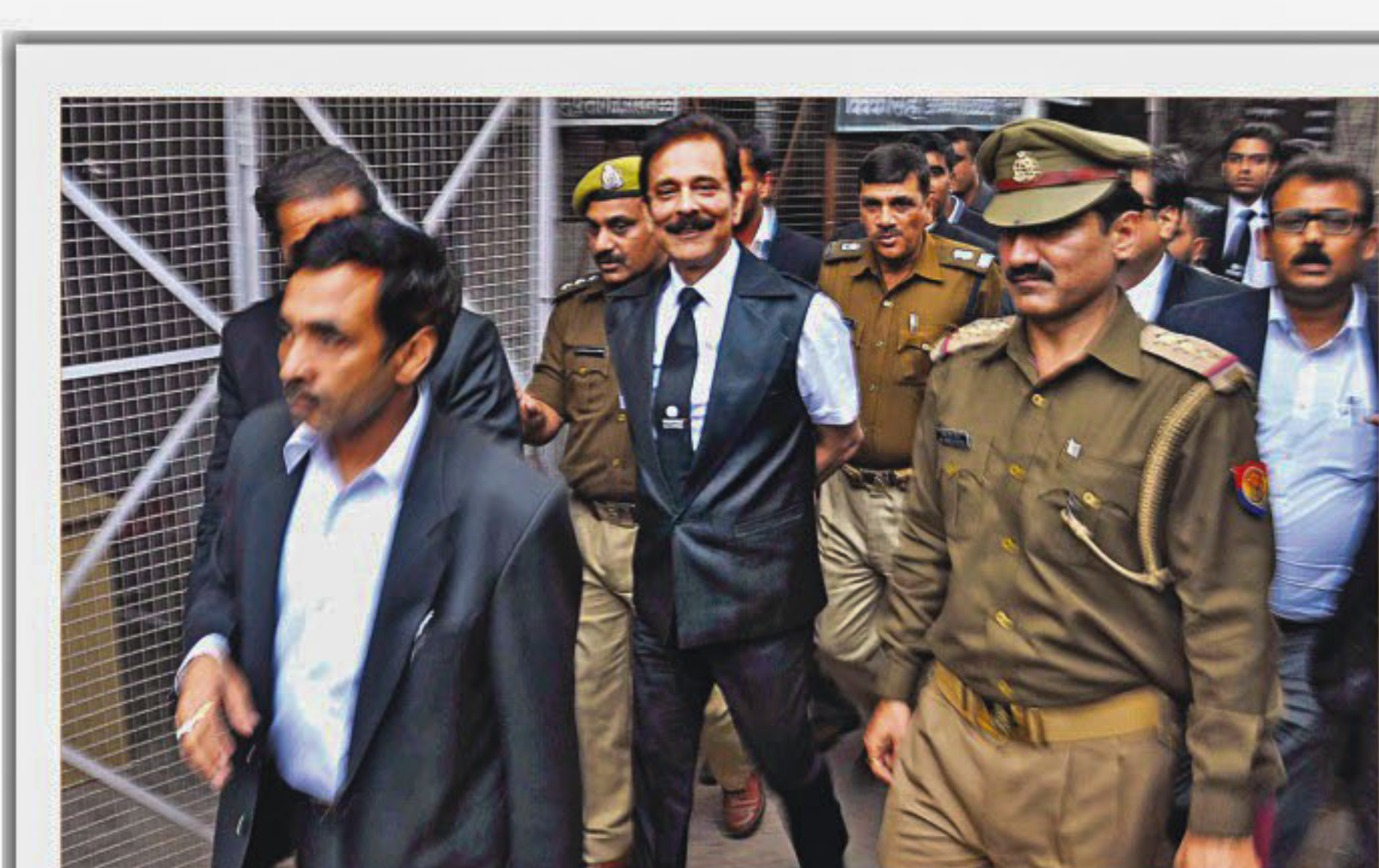
policy and field levels, it is highly expected that he would provide an in-depth academic paper along with the real world scenario. But Part III of the book with a focus on financial inclusion falls below expectations. The compilation of 27 speeches on subjects as varied as financial inclusion, mobile banking, sharecropping, agriculture and SME lending leads to loss of direction.

Although many speeches widely touched upon important aspects of these issues, keeping track is difficult due to the scattered nature of the compilation. Instead of compiling all these speeches, there should have been some analytical articles on inclusive financing supported by some case studies. Occasional speeches could be used as significant inputs to enrich the articles. In that case, the articles would have become a valuable addition to the literature on financial inclusion.

Another drawback is in the microfinance and non-bank financial institutions section. Rahman's work on microfinance is not new. Thus this chapter could have been easily turned into an elaborate paper covering different dimensions and debates on microfinance.

There are a lot of topics covered, and as a book it serves as a physical record of Rahman's diversified attempts to making the central bank's contribution to sustainable development effective. Bangladesh Institute of Bank Management (BIBM) published the book on glossy paper inside a nice binding last year. The soft copy of the book is also available on the central bank and BIBM websites. BIBM Director General Toufic Ahmad Choudhury, an economist with rich financial sector experience, took the responsibility of editing the book. He was supported by Ziaul Karim, a former journalist and now a banker.

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REUTERS/FILE

Sahara Group Chairman Subrata Roy is escorted by police to a court in the northern Indian city of Lucknow on February 28.

Sultan of Brunei bids for Sahara's New York and London luxury hotels

REUTERS, New York

THE Sultan of Brunei has made a bid for New York's Plaza Hotel, Dream Hotel and London's Grosvenor House hotel, the Wall Street Journal's website edition reported on Saturday, citing people familiar with the situation.

An investment firm affiliated with Brunei has offered to pay \$2 billion for the three hotels, which are currently owned by the Sahara conglomerate, WSJ.com said.

Sahara's chairman Subrata Roy has been negotiating a sale of the company's luxury hotels from a makeshift office in prison, having been held for more than five months after failing to appear at a

contempt hearing in a long-running dispute over his group's failure to repay billions of dollars to investors who were sold outlawed bonds.

Roy's lawyer S Ganesh last week told India's Supreme Court that the businessman was holding "very effective" negotiations with potential buyers and that the group had signed a preliminary accord for the hotels.

Brunei officials have reportedly been in discussions throughout the summer with representatives of Sahara, WSJ.com said, citing its sources, adding that an agreement could be reached as early as next month. The Sultan, along with his luxury hotel operator, the Dorchester Collection, has been criticised for harsh new laws in Brunei.

Promise of more keeps investors hooked on Asia's frothy markets

REUTERS, Singapore

CALLING the top in financial markets is never easy. Asian stock and bond markets may appear frothy at their near-record levels after a multi-year rally, but global investors are still betting on a mix of healthy returns and history to juice up their profits.

Six years since the global financial crisis spurred a relentless pursuit of yields, Asian stock markets are at record highs, bond yields have tumbled to pre-crisis lows and companies are raising huge amounts of cheap equity and debt.

Brisk corporate earnings growth, fed by a global thirst for the region's exports of cars and electronics goods and robust domestic consumption, has further burnished Asia's appeal and kept funds focused on ripe pickings.

"I would not at all subscribe to the idea that markets are expensive and now's the time to get out," said Julie Dickson, a portfolio manager at Ashmore Investment Management in London, a fund with \$75 billion in assets worldwide.

"And if you do that, you are going to be potentially losing out on some very compelling opportunities for growth in the next 3 to 5 years and possibly longer, particularly in China and Korea."

Indeed, triggers for a correction, which seems overdue, have come and gone - ranging from geopolitics such as the Ukraine-Russia tensions or economic ones such as an Argentine debt default or periodic threats of a rise in US yields.

Other regions have cooled off in the past two months. There were outflows from US high-yielding bonds and equity funds, European equities have fallen sharply, and foreign cash has moved away from Latin American and European equity markets.

Asia has remained the exception, almost caught in a virtuous cycle where company earnings are surpassing expectations and bond yields offer a decent cushion for risk.

Asian stocks are up 137 percent in just under six years. Equity markets in India, Indonesia,



REUTERS/FILE

A man rides an escalator near Shanghai Tower, Jin Mao Tower and the Shanghai World Financial Center at the Pudong financial district in Shanghai.

Korea, the Philippines and most other countries are well above their 2008 peaks, with some at record levels.

Earnings have spurred much of these heady gains, underwritten by an economic recovery led by domestic consumption and, more recently, exports. Second quarter earnings have so far on average been growing at 25-to-30 percent over the previous year.

And despite a slowing in China's frenetic growth rates, economists on average expect Asia to grow at 3 times the pace of the developed world this year - a big lure for investors grappling with uneven global growth.

The skyrocketing markets have understandably raised the risk of a sudden and sharp reversal, but those putting more money in the game make a persuasive case for staying on.

"You have to look at what earnings growth companies have delivered. And earnings in Asia over the past year or so have been broadly supportive of the move up in the market," said Andrew Gillan, Asia ex-Japan equities head at Henderson Global Investors. Henderson has \$4.5 billion in

Asia-Pacific equities.

No one's sure what will touch off a correction or even which part of the market will sell off first.

"We know that at some point the party is over but as a portfolio manager you are paid to look for opportunities for your clients," Hans Goetti, head of Asian investments at Banque Internationale a Luxembourg (BIL) in Singapore, told Reuters TV.

One likely trigger would be a spike in US yields, possibly in early 2015 in anticipation of a rate rise by the Federal Reserve, which would cause high-yield Asian bonds to be sold. Even there, the high-yield market in Asia has been holding up well, barring some discrimination among investors on primary issues. For instance, Indonesian firm Berau Coal postponed a dollar bond offering citing adverse market conditions.

JPMorgan's JACI high yield index for Asia is now around 7 percent, and that compares with a 5.71 percent yield on the US high yield benchmark. Yields on such risky Asian debt were below that for the US counterparts in 2008, which means Asian bonds aren't as overvalued now.

According to Citi's Asian strategist Markus Rosgen, emerging Asia market valuations are below historic peaks, with prices on average 16 percent below the October 2007 peak and yet earnings per share now 29 percent higher than the previous peak in mid-2008.

Prices in Latin America and emerging Europe are also significantly below peaks, but the earnings growth is absent there. In the United States, earnings are above the peak but so are prices.

This higher risk premium in Asian equity prices gives investors more wiggle room, should markets turn when interest rates rise, Rosgen wrote recently.

That doesn't stop policymakers from worrying.

In a recent interview with the Central Banking Journal, India's central bank Governor Raghuram Rajan, who had also previously warned of a crisis ahead of the 2008 crash in markets, said investors were living on hope and prayer that markets wouldn't unwind messily.

"They put the trades on even though they know what will happen as everyone attempts to exit positions at the same time."

Thailand skirts recession with 0.9 percent growth

AFP, Bangkok

THAILAND'S economy grew 0.9 percent in the second quarter, dodging recession after the military ended months of political deadlock with a coup and promised to unshackle spending.

The junta, under coup-leading Army Chief Prayut Chan-O-cha, has pegged its legitimacy to improving the economy after months of political protests froze government spending, scared off tourists and battered consumer spending.

Between April and June the economy crept back to life with 0.9 percent growth after shrinking a revised 1.9 percent in the preceding three months, the National Economic and Social Development Board reported.

On a year-on-year basis, the economy grew 0.4 percent, NESDB said.

Since seizing power on May 22, Prayut has opened the coffers -- pledging to kick-start stalled investment projects, including major train and road links, and paying state debts to rice farmers to help spur agriculture.