ASIAN MARKETS

1.03%

\$92.72

জীবনে প্রয়োজন আরো বেশি স্বাচ্ছন্দ্য সর্বাধুনিকপ্রযুক্তি সম্বলিত ব্যাংকিং সেবায় মাসিক আয়ের সাথে বাড়তি আয় যোগ করুন আর জীবন করুন সুসমৃদ্ধ। যে কোন প্রয়োজনে ০৯৬১২০০১১২২ লামী শরীআহ'র মুদারাবা নীতির ডিঙিতে পরিচালিত

DHAKA FRIDAY SEPTEMBER 26, 2014, e-mail:business@thedailystar.net

COMMODITIES

\$1,210.85

ADB lifts economic growth forecast for Bangladesh

STAR BUSINESS REPORT

STOCKS

The Asian Development Bank has revised upwards its economic growth forecast for Bangladesh -- to 6.4 percent from 6.2 percent -- for the current fiscal year.

The latest projection is still much lower than the government's 7.3 percent target. All major economic indicators of

Bangladesh have been showing a sign of improvement for the past several months, according to ADB's update report launched yesterday at its Dhaka office. The report has also projected a current

account surplus and said inflation will remain within the target of the govern-"We are very positive on Bangladesh's

growth prospect this year," Mohammad Zahid Hossain, principal economist of ADB for Bangladesh, said at a press conference at their office. Hossain presented the findings on the Asian Development Outlook Update 2014

at the briefing where ADB Country Director Kazuhiko Higuchi was present. "Imports of capital machinery and raw

materials are improving. After restructuring, export is also increasing," Hossain said.

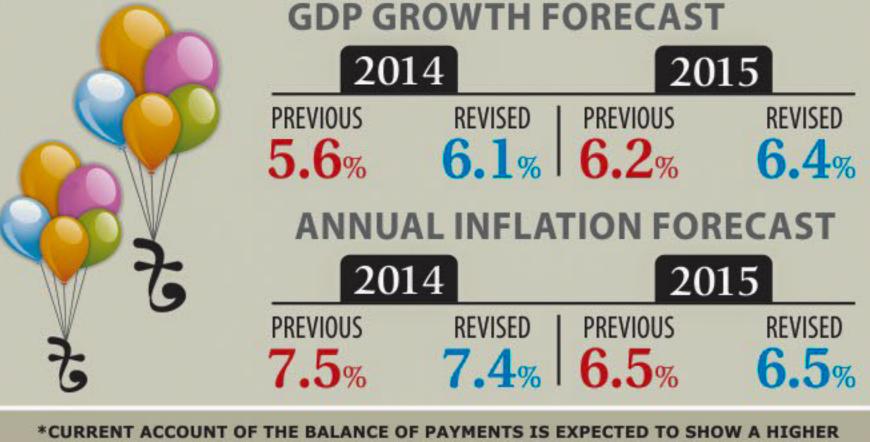
Yet, there are binding limitations in the economy, the report said. Infrastructure constraints, such as inade-

quate supply of power and inability to mobilse resources, and political unrest could dampen investor confidence and economic activities, it said.

Bangladesh witnessed a slowdown in economic activities for more than a year centring the national elections held in January this year. Even after the elections,

BRIGHT OUTLOOK

Despite political disruptions prior to national elections, growth and exports beat projections. The economy is expected to grow by 6.4% in the current fiscal year, ADB says.



SURPLUS AT 1.5% OF GDP IN FY2015, UP FROM 0.9% IN FY2014.

*PRIVATE INVESTMENT IS HELD DOWN BY INFRASTRUCTURE AND SKILLS DEFICITS. TO SHIFT THE ECONOMY TO A HIGHER GROWTH TRAJECTORY, PRIVATE INVESTMENT WILL NEED TO RISE, POWER DEFICIT ELIMINATED AND REVENUES BOOSTED TO SUPPORT HIGHER PUBLIC SPENDING.

businesses were not getting their confidence back. Private sector credit growth went down to a 13-year low at 10.4 percent in February. But things started to turn around in the past several months and private credit growth rose to 12.3 percent in June.

"As economic reforms took hold, and despite political disruption prior to national elections, growth and exports beat projections," the ADB report said.

The Manila-based development bank 3.5 percent from 3.3 percent a year ago.

said industrial growth will improve to 9.2 percent this fiscal year from the previous year's 8.4 percent, due to higher exports and stronger domestic demand, supported by a rise in remittances.

The services sector is also estimated to grow 5.9 percent, slightly more than 5.8 percent in fiscal 2013-14.

The ADB report said continued policy support will boost agricultural growth to

The external current account is projected to show a larger surplus of 1.5 percent of gross domestic product in fiscal 2014-15, with higher growth in exports and remittances.

CURRENCIES

BUY TK 76.90

SHANGHAI

0.07%

V 0.06%

Export growth is expected to rise to 13 percent, up from 12 percent in the previous

"Improvements in wages, working conditions, labour rights and building and safety standards will enhance buyers' confidence in the Bangladesh garment industry and boost exports," the report said.

Import is also projected to be higher at 15 percent in fiscal 2014-15, compared to 8.9 percent a year ago.

The inflow of remittances, which declined 1.6 percent last fiscal year, is projected to increase 7 percent in the current year. The ADB also said average inflation will

slow down to 6.5 percent from 7.4 percent a year ago, mainly due to easing supply constraints, a better crop outlook, large stock of food grains and a supportive monetary policy.

It said lower food prices on the international market and stable oil prices will contribute to a fall in the inflation rate.

The ADB report, however, detected some potential risks to these projections on the Bangladesh economy.

It said inability to mobilise domestic and foreign resources could affect the government's development spending. Costlier bank borrowing could fuel inflation and renewed political unrest could dampen investor confidence and economic activities, the report said. **READ MORE ON B3**

Uncertainty grips retail shareholders of United Airways

SARWAR A CHOWDHURY and SHARIFUL ISLAM

Tens of thousands of investors who bet on United Airways are now under a mountain of uncertainty after the lone listed private carrier ground to a halt for cash crisis. The airline, which disclosed the news of its operational

suspension at a press briefing on Wednesday night, did not give any posting on bourses website and trading server, deepening worries of loss of investment among general shareholders. Subsequently, many of them released their stakes even

with losses, creating a sell pressure on the trading board of Dhaka Stock Exchange. This pulled down the prices of United Airways stocks by 7.63 percent.

One of them was Anayat Ullah, who, fearing a further fall in prices in the coming days, sold 1.7 lakh of his shares of the private carrier.

"I don't know whether the company can come back in operation, so I sold the shares at a loss of Tk 0.50 per share." Each United Airways share closed at Tk 10.90 on the

premier bourse yesterday. During the opening hours of trade, the price dropped to Tk 10.70, the lowest for the day. The 'circuit breaker' did not allow the stock to decline below that figure. The price of a stock cannot increase or decrease by certain

percentage on a trading day as per the circuit breaker rules of the DSE. In the case of United Airways, the share could decline by 9.23 percent at most. Shawkat Hossain, another investor, said the news of the

airline's operational suspension made him worried about his investment. "I came to know about the suspension through media

reports -- nothing was posted either on the trading server or the exchange's website."

If the airline cannot resume operations immediately, the investors will lose their confidence in it, he said. "It will be a disaster for investors like me."

Despite the slump in price, the huge transaction of United Airways shares showed that there were optimistic investors too, who took positions expecting resumption in operations.

READ MORE ON B3

Enthusiasm over e-commerce fair

Trust key to e-commerce growth: sector leaders



Visitors gather at Aarong's stall at the three-day e-commerce fair that began at Begum Sufia Kamal National Public Library in Dhaka yesterday.

STAR BUSINESS REPORT

Marketers should focus on building trust and place robust security measures to accelerate growth of e-commerce ventures in Bangladesh, industry insiders said yesterday.

"The time has come to focus on creating a positive impression about e-commerce platforms among customers to benefit from inherent growth potential," said Mohammad Abdur Rouf, chief operating officer of Aarong, a leading fashion and

lifestyle brand in the country.

Consumer confidence on virtual stores will increase significantly if online marketers can deliver as per promises, he said at the inauguration of an e-commerce fair in Dhaka yesterday.

"We should only put up the exact items we want to sell online. It is vital to win consumer credibility," he said. Aarong launched its e-commerce platform during Eid-ul-Fitr a couple of months ago.

READ MORE ON B3

'Make in India' vision linked with neighbours

India wants to deepen ties with Bangladesh: Saran

STAR BUSINESS REPORT

India wants to strengthen its partnership with Bangladesh to develop both economies, as it believes that its growth and prosperity are interlinked with its neighbours, particularity in South Asia, Indian High Commissioner in Dhaka Pankaj Saran said yesterday.

India wants to march ahead and develop synergies, integration, and inter-connectivity, so that the vision for prosperity can be realised together, said Saran.

He spoke at a programme organised by the High Commission of India, along with India-Bangladesh Chamber of Commerce and Industry, at Indira Gandhi Cultural Centre in Dhaka to mark the launch of the 'Make in India' campaign by Prime Minister Narendra Modi in New Delhi yesterday.

Participants saw the live telecast of the launch of the programme, where Modi unveiled his ambitious plan to turn India into a global manufacturing hub.

"What we have heard was a call for transformation of the manufacturing sector in India, which is also part of the vision of the Indian government that the prosperity of India and South Asia are commonly linked," Saran said.

India is ready to develop, progress, and walk in a new direction, on a new path, Saran said.

READ MORE ON B3

The puzzle of rise and fall in capital machinery imports

62.45

REJAUL KARIM BYRON

Normal reasoning suggests capital machinery imports would plummet when a country is in the thick of political turmoil and shoot up when normalcy returns. That logic is found flapping when it comes to Bangladesh.

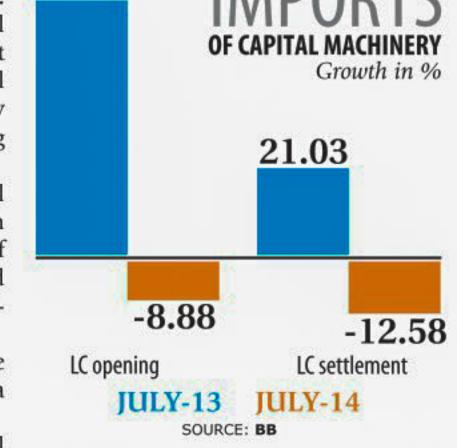
In the first month of the current fiscal year, letters of credit settlement, which give an indication of the amount of imports, for capital machinery and industrial raw materials fell in comparison to a year ago.

LC openings, which signify the import orders being placed, too saw a decline.

In July, LC settlement for capital machinery slid 12.58 percent year-onyear and LC opening 8.88 percent. LC settlement for industrial raw materials also dropped 11.42 percent.

The picture was totally the opposite in July last year, when LC openings soared 62.45 percent year-on-year and settlements 21.03 percent. It was the same story for industrial raw material imports.

Political instability marked the whole of 2013, with the situation aggravating in May, when Hefajat-e-Islam activists defaced Motijheel, the country's business hub. Subsequently, the



investment climate took a gloomier turn for the rest of the year.

Huge excess liquidity also piled up in banks.

Economists expressed apprehension over the sudden spike in LC openings and settlements for capital machinery imports. In other words, they said money was being laundered abroad via

Furthermore, the difference in dollar rate between the official and unofficial markets was more than Tk 4 at the time, which, right now, is only Tk 1.6.

formal and informal channels.

READ MORE ON B3

Frozen fish exporters to get 5pc cash incentive

STAR BUSINESS REPORT

The government has decided to grant 5 percent cash incentive to the exporters of frozen fish other than shrimp.

The export subsidy will be applicable for the current fiscal year, the central bank said in a notice yesterday.

Earlier in July this year, the government provided 10 percent cash incentive to the exporters of frozen shrimp.

Uniform minimum wage can protect workers from discrimination: Inu

STAR BUSINESS REPORT

...... Uniform minimum wages can protect workers across all sectors from discrimination, Information Minister Hasanul Haq Inu said yesterday.

The minister spoke at the launch of a national campaign demanding declaration of minimum wage for agricultural labourers, at Cirdap auditorium in the capital.

Setting a minimum wage especially for the informal sector would at least put social pressure on the employers to act accordingly, Inu said at the event organised by Steps Towards Development and

World Vision Bangladesh. The issue of wage discrimination between men and women in the agriculture sector also came up in the discussion.

Md Ishrafil Alam, member of the parlia-

mentary standing committee on the labour and employment ministry, said he would place a private member bill on registration and welfare of workers of the informal sector.

The bill would propose creation of a database for workers of the informal sector by registering them at union level and providing them with registration cards, which would carry certain privileges.

Work of 40.9 percent of the women involved in agriculture is recognised neither by the state nor by the society, said Ranjan Karmaker, executive director of Steps towards Development, referring to the findings of the 2014 study on eco-

nomic justice for women. The study was conducted by Steps

Towards Development and World Vision Bangladesh.

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