

Exports to drive growth in 2015: SCB

STAR BUSINESS REPORT

Bangladesh is expected to register higher growth this fiscal year than the previous one, on the back of a rebound in exports, particularly of garment products, in the first half of 2015, Standard Chartered Bank said.

"Bangladesh is in a restructuring and recovery mode after a difficult 2013-14," the British bank said in its latest roundup of the world economy.

But growth is expected to come out at 6.3 percent in fiscal 2014-15, up from last year's "respectable 6.1 percent".

The improvement is likely to be driven by an export growth recovery in the second half of fiscal 2014-15, increased consumer spending driven by higher wages and lower inflation, and higher infrastructure spending as the government seeks to boost development spending.

Major infrastructure projects are expected to gain much traction in the coming months, which could provide "significant impetus to growth".

In the outgoing year, contracts for Padma bridge construction and river navigability have been awarded, while work on the four-lane of the Dhaka-Chittagong highway -- a critical project to ease transport-related trade costs -- resumed.

Construction of an offshore liquefied natural gas terminal too is underway, while the finalisation of government contracts for construction of the Sonadia deep-sea port and an onshore LNG terminal is expected in the coming months.

While the ongoing restructuring in the apparel sector has weighed on export growth, it is highly expected to bounce back in the first half of 2015, with a pick-up already witnessed in November's data.

Garment products, which typically account for the bulk of export receipts, brought in \$1.94 billion in November, up 10.22 percent year-on-year, according to data from Export Promotion Bureau.

"Bangladesh's apparel industry is fundamentally cost competitive, and

several major international retailers remain positive on manufacturing in the country," the report said.

Exports raked in \$12.07 billion between July and November, up 0.92 percent year-on-year but short of its target by \$670 million.

Given slowing export growth and resilient imports, the trade deficit has widened since the start of fiscal 2014-14.

Remittance growth has improved since the elections, but not as strongly as expected. Further government efforts to increase manpower exports and remittance inflows are needed to ensure a sustainable outlook for the current account surplus, it said.

In light of this, the report predicts the surplus to narrow this fiscal year, which is likely to put depreciation pressure on the taka in 2015.

Inflation has moderated substantially, to 6.2 percent in November from an average of 7.5 percent between January and June this year.

The fall has been driven entirely by food inflation, which, in turn,

has been driven by better management of food supply, a good rice crop and lower food inflation in India, which affects food-price trends in Bangladesh.

So far, the fall in international crude oil prices has not yet been passed on to consumers. The government has stated that if current trends in global commodity prices persist, then it will lower domestic retail prices as well.

"This marks an important downside risk to the inflation trajectory, and could open the door to expectations of a rate cut from the Bangladesh Bank."

So far, the fuel price declines are being used to offset previous subsidy-related losses. Complete elimination of the fuel subsidy would present a substantial fiscal windfall, as it accounts for 0.8-0.9 percent of GDP.

"Together with the re-basing of GDP, this suggests that the fiscal deficit (as a percentage of GDP) is likely to positively surprise in fiscal 2014-15," the report added.



Jafar Jafarov, business development manager of Lamudi, presents a prize to Omera and her father, as winners of a photo contest held to mark Victory Day, at Lamudi office in Banani yesterday.



Md Hashem Chowdhury, chief operating officer of Mutual Trust Bank, opens the bank's 102nd branch in Bagher Bazar, Gazipur recently. Syed Rafiqul Hossain, head of MTB's Dhaka division branches, was also present.

BB vows to contain inflation

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The economic developments of 2014 conveyed mixed signals.

"The way the external sector is performing convinces us that macro stability in 2015 will be improved to a greater extent," BB said.

It grew at a respectable 6.12 percent this year against all political odds, and inflation has been on slow but steady descent, which helped expedite consumption and investment decisions.

Inflation came down to 6.21 percent in November, the lowest in 24 months.

Excess liquidity of dollars and taka in the local market began to evaporate, suggesting a revival of trade and commerce.

The last period of 2014 marked a new momentum in consumer and business confidence. Imports and exports reflected an upward trend, and so did remittances and foreign currency reserves, which registered a new record.

Foreign reserves stand at \$22.32 billion at present, which is enough to cover seven

months' imports.

Per capita income rose from \$1,044 dollars in fiscal 2012-13 to \$1,190 in fiscal 2013-14.

The inflow and outflow of foreign currencies at the bank level are more frequent nowadays than before, suggesting a vibrant import demand for 2015, the BB said.

Imports in fiscal 2013-14 rose to \$37 billion, which is expected to grow at around 12 percent in fiscal 2014-15.

Exports waited until the very last months of the year to show that trend, it said.

Remittances, which amounted to \$14.2 billion in fiscal 2013-14, are likely to grow at 10 percent in fiscal 2014-15.

The political turbulence that spanned throughout 2013 took a heavy toll on the economy. It created some degree of uncertainty for investment.

As a result, investment stagnancy was a highly discussed topic throughout 2014.

Nevertheless, investment began to accelerate around the end of 2014.

REHAB fair logs better sales

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Last year's Winter Fair did not happen in December, but it was held in March this year due to political unrest.

An increased number of customers placed new bookings this time mainly due to a stable political environment, Liakat Ali Bhuiyan, vice-president of REHAB, told The Daily Star.

Improvement in the gas and power situation is another reason for the increase in apartment sales, he added.

Of the total sales of Tk 447.6 crore, apartments accounted for 54.28 percent, plots 28.28 percent for plots and rest for commercial spaces.

The fair also registered a more than 50 percent higher footfall than in the previous edition in March.

More than 18,000 people visited the fair at the Bangabandhu International Conference Centre in Dhaka in contrast to

12,000 in March. A total of 152 companies including 22 building material suppliers took part in the fair.

The sector's sales fell as much as 60 percent in 2013 and the situation is not satisfactory this year as a significant number of completed flats remain unsold despite a stable political environment.

REHAB recently surveyed 209 companies and found that they were sitting on 12,185 units of unsold flats worth Tk 8,811.19 crore. Since the association has around 1,200 member companies, the actual number is far higher, officials said.

The companies surveyed sold 1,749 flats so far this year, in contrast to 1,965 units in 2013 and 2,370 units in 2012.

Real estate now contributes around 7 percent to the country's GDP, employing around one lakh skilled people and another 35 lakh in its backward linkage industries, according to industry people.

Prime Insurance elects chairman

STAR BUSINESS DESK

Md Zakiullah Shahid has been elected chairman of Prime Insurance, the company said in a statement yesterday.

Shahid is a sponsor director of the company and the chairman of Federal Securities and Investment and managing director of Electra International, according to the statement.



National Bank appoints MD

STAR BUSINESS DESK

Shamsul Huda Khan has been appointed managing director of National Bank for three years, it said in a statement yesterday.

Khan was additional managing director of the bank prior to the new role. He was also in-charge of international division, general banking division, credit risk management division, credit cards division and anti money laundering division.

Khan has been with National Bank since 1985, according to the statement.



Proposed pay hike highest in 29 years

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The total salary in the highest grade would be Tk 142,833, a 104 percent increase.

The government had implemented the pay commission recommendations in full only in 1973 and 1977.

In 2008, the government had finally implemented 102.5 percent of the proposed salary in the lowest grade and 88.9 percent in the highest grade.

Of the other five commissions, the implementation rates were 75-85 percent in the lowest grade and 75-83 percent in the highest grade. However, the report said the salary hike does not help the employees much, as the government usually does not implement the recommendations fully.



Taher Ahmed Chowdhury, head of information and communication technology division of First Security Islami Bank; Shahadat Khan, chief executive of Progoti Systems; and Didar Islam, managing director of Solar Intercontinental, exchange documents of a deal to launch the bank's mobile banking services, at a programme on Monday.



Md Sohrab Uddin, lawmaker from Kishoreganj 2, attends the opening of Janata Bank's 904th branch at Pakundia, Kishoreganj on Sunday. Md Abdus Salam, managing director of the bank, was also present.



Rokeya Quader, chairman of Desh Garments, attends the company's 37th annual general meeting at the Institution of Diploma Engineers, Bangladesh, in Dhaka on Sunday. Omar Quader Khan, managing director, and Vidiya Amrit Khan, director, were also present. Desh Garments announced 10 percent dividends for 2013-14.

2015: brighter days beckoning

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The introduction of low-cost foreign funds for importing capital machinery will certainly attract more investment in 2015, Ibrahim said.

"If political stability can be ensured, 2015 can see increased investment in the manufacturing sector, which is essential for creating new employment opportunities."

Khaled Hossain, president of Dhaka Chamber of Commerce and Industry, termed the economic growth of the country stagnant and blamed it on a lack of investment.

"I know many businessmen who have plans to open new projects or expand the existing ones. But they can't do so due to power and energy crises."

He said businesspeople and industrialists have enough confidence. "We always look for opportunities to invest, and we still have the appetite, regardless of the political situation and other problems," said Hossain, also a director of Anwar Group of Industries that has business in textiles, jute, ICT, automobile, finance, real estate and furniture.

He said there was scope to grow in 2014. "Unfortunately, we are losing the opportunities due to some bottlenecks."

Bangladesh offers plenty of benefits to attract foreign investors but a lack of power and energy is failing the country, he added.

"We are not being able to assure foreign investors of uninterrupted supply of power and energy. As a result, they are going to other countries."

He said the absence of new gas connections for a long time has dented investment prospects in the productive sector. "As a result, the private sector has failed to create new jobs."

Hossain does not worry much about political uncertainty. "We saw political turmoil many times in the past. We fought back every time and showed resilience. But we can't survive if we are not given electricity and gas."

Hossain said the failure to run factories at

full capacity is also hitting the financial sector hard, as industrial borrowers are failing to repay loans. "As a result, bad loans are piling up. As we are becoming bad borrowers, we are not getting new loans to make investment."

"This will have a long-term negative impact on the economy if we don't address the issue now."

He said 2015 could be the year of a turnaround. "Opportunities are there. It will all depend on the government's attitude towards businesses."

Hossain said the country will have to find answers to nagging traffic jam and red tape, as they are eating away 4 percent of gross domestic product every year.

"Procedures have to be simplified, the cost of doing business needs to be brought down and processes in doing business should be reduced," he said.

Abdul Quader, chief executive officer of Bay Emporium, a fast growing footwear brand, said sales throughout 2014 were reasonable although they could not meet the company's expectation.

"However, we introduced new products and opened new stores in the year," he said.

Quader said his company is upbeat about 2015. Bay Emporium, which started its journey in 2006, has now 50 stores and will open another 20 in 2015 as part of its plan to open 100 outlets in next three years.

Exports, however, lost momentum because of a limping global economy and the transition in the garment sector.

Ibrahim of Newage Group said it is encouraging to note that the leather and footwear sector has crossed the \$1-billion mark in exports in 2014. "We expect that the pharmaceuticals sector will follow suit."

Hossain of the Dhaka chamber said peace in the society has to prevail for the economy to flourish.

"If a local investor does not have the courage to invest, then how can we expect the foreign investors to come in? We have to shun the path of violence."

ELECTRICITY GENERATION COMPANY OF BANGLADESH LIMITED

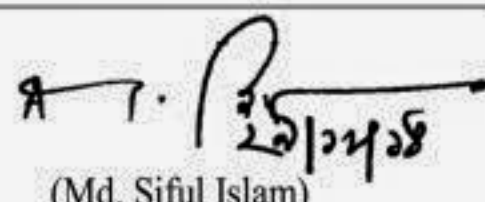
(An Enterprise of Bangladesh Power Development Board)

Siddhirganj 2x120 MW Peaking Power Plant, EGCB Ltd, Narayanganj
Phone: 880-2-7692013 Fax: 880-2-7691280, E-mail: p2x120@egcb.com.bd

Invitation for Tenders

1	Ministry / Division	Power Division, Ministry of Power, Energy & Mineral Resources.		
2	Agency	Electricity Generation Company of Bangladesh Ltd.		
3	Procuring Entity name	Siddhirganj 2x120 MW Peaking Power Plant		
4	Procuring Entity Code	N/A		
5	Procuring Entity District	Narayanganj		
6	Invitation for	Pkg-1 Supply of Electrical and lighting spares for Siddhirganj 2x120 MW PPP Pkg-2 Supply fitting & Fixing of various furniture for Siddhirganj 2x120 MW PPP Pkg-3 Supply of Computer with UPS for Siddhirganj 2x120 MW PPP		
7	Tender Ref. No.	544/CE(O&M)/2x120 MW/EGCB/2014		
8	Date	29-12-2014		
9	Procurement Method	Open Tendering Method.		
10	Budget and Source of Funds	Own fund of EGCB Ltd.		
11	Development Partners	N/A		
12	Project/ Programme Code	N/A		
13	Project/ Programme Name	Pkg-1 Supply of Electrical and lighting spares for Siddhirganj 2x120 MW PPP Pkg-2 Supply fitting & Fixing of various furniture for Siddhirganj 2x120 MW PPP Pkg-3 Supply of Computer with UPS for Siddhirganj 2x120 MW PPP		
14	Tender Package No	N/A		
15	Tender Package Name	Pkg-1 Supply of Electrical and lighting spares for Siddhirganj 2x120 MW PPP Pkg-2 Supply fitting & Fixing of various furniture for Siddhirganj 2x120 MW PPP Pkg-3 Supply of Computer with UPS for Siddhirganj 2x120 MW PPP		
16	Tender Publication Date	31-12-2014		
17	Tender Last Selling Date	20-01-2015 up to 15-00 Hr (BST)		
18	Tender Submission Date & Time	21-01-2015 up to 12-00 Hr (BST)		
19	Tender Closing Date & Time	21-01-2015 at 12-00 Hr (BST)		
20	Tender Opening Date & Time	21-01-2015 at 12:30 Hrs (BST) (Tenderers or their authorized representatives, if any, are allowed to attend).		
21	Place of selling Tender Document	1) Company Secretary, Electricity Generation Company of Bangladesh Ltd. BTMC Bhaban (Level - 8), 7-9, Kawan Bazar C/A, Dhaka-1215, Bangladesh. 2) Chief Engineer, Siddhirganj 2x120 Mw PPP, Siddhirganj, Narayanganj		
22	Receiving & Opening Tender Document	Company Secretary, Electricity Generation Company of Bangladesh Ltd. BTMC Bhaban (Level - 8), 7-9, Kawan Bazar C/A, Dhaka-1215, Bangladesh.		
23	Place/Date/Time of Pre Tender Meeting	N/A		
24	Eligibility of Tenderer	The Tenderer Shall have a minimum 1(one) Supply record of similar goods within last 2(two) years		
25	Brief Description of Related services	N/A		
26	Price of Tender Document	TK 1000/= (One Thousand) to be paid for each PKG in the form of Bank Draft / Pay order in favor of Chief Engineer Siddhirganj 2x120 MW PPP, EGCB Ltd, Siddhirganj, Narayanganj.		
27	Other Details (If applicable)	N/A		
28	Association with foreign firms is	N/A		
29	Lot No.	Identification of Lot	Location	Tender Security Amount
N/A		Pkg-1 Supply of Electrical and lighting spares for Siddhirganj 2x120 MW PPP Pkg-2 Supply fitting & Fixing of various furniture for Siddhirganj 2x120 MW PPP Pkg-3 Supply of Computer with UPS for Siddhirganj 2x120 MW PPP	Siddhirganj 2X120 MW Peaking Power Plant, EGCB, Narayanganj, Bangladesh.	PGK-1 BDT.9,000/= PGK-2 BDT. 5,000/= PGK-3 BDT. 5,000/=
30	Name of Official Inviting the Tender	Md. Siful Islam		
31	Address of Official Inviting the Tender	CE, Siddhirganj 2x120 Mw Peaking Power Plant, Siddhirganj, Narayanganj		
32	Contact details of Official Inviting the Tender:	Tel: 880-2-7692013, Fax: 880-2-7691280		

The Procuring entity reserves the right to accept or reject all tenders.


(Md. Siful Islam)

Executive Engineer (Electrical)
Siddhirganj 2x120 MW PPP

(Md. Siful Islam)
Executive Engineer (Electrical)
Siddhirganj 2x120 MW PPP