CURRENCIES

DHAKA TUESDAY FEBRUARY 24, 2015, e-mail:business@thedailystar.net

COMMODITIES

Bangladesh a top choice for Japanese investors: survey survey -- A survey of Japanese

SUMAN SAHA

STOCKS

Most Japanese firms operating in China choose Bangladesh as the second best investment destination after India due to lower production costs here, according to a survey by Japan External Trade Organisation (Jetro).

Due to sluggish operations and struggle for expansion of business in China, firms are expanding their operations mainly in Bangladesh, India, Vietnam and Thailand.

Some 71.7 percent Japanese-affiliated firms in China want to expand their operations in Bangladesh, with 78.2 percent favouring India, 66 percent Vietnam and 60.9 percent Thailand, according to the official trade and investment promotion agency of Japan.

Jetro that has been conducting such surveys since 1987 took opinions of 10,078 firms from 20 countries. It also directly interviewed the chief executives of the firms between October and November last year to conduct the

ASIAN MARKETS



Affiliated Firms in Asia and Oceania for the Year 2014.

Bangladesh is offering the lowest worker wage levels among its competing countries. Workers' wages in the manufacturing sector in Bangladesh is \$100 a month, while Cambodia has the second lowest wages at \$113, according to the

Japanese investors also think that Bangladesh has the widest room for cost cutting, according to some 84 percent of the CEOs in the survey.

In comparison to Japan, the cost of production in

Bangladesh is less than half (48.7 percent), while it is 77 percent in China and 71 percent in Vietnam. Japanese corporate heads feel that there are better trade

opportunities in Bangladesh in 2015, as some 71 percent of the CEOs surveyed are expecting profits to rise in the

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Govt sends reform proposals to WB to get budget support

REJAUL KARIM BYRON and MD FAZLUR RAHMAN

The government will set up an apex body to help complete large projects as part of a raft of policy reforms for getting budgetary support from the World Bank.

A finance ministry official said the ministry has sent a set of policy reforms to the WB recently, covering nine areas such as public fund management, banking, energy, transport, ICT, public private partnership and migrant workers.

Budgetary support and other issues will be discussed at a meeting between AMA Muhith, finance minister, and Annette Dixon, vice president of the World Bank for its South Asia region, in Dhaka today, said the official.

The WB is currently reviewing the reform proposals; it will be finalised once the anti-poverty lender gives its opinions.

If the WB is happy with the set of proposals, it will be forwarded to the bank's headquarters for approval, said the finance ministry official.

The WB's budget support is the aid that is channelled directly to a country's budget on condition that the government would implement a number of reforms.

The reforms will be implemented in

REFORMS TO BE UNDERTAKEN

সোস্যাল ইসলামী ব্যাংক

Preparing a diagnostic report of low-performing private banks

Starting work on a dual-track rail line between Dhaka and Chittagong

Taking initiatives to implement market-based energy pricing

Devising a revenue sharing formula with local government institutions

Setting up an inland container depot in Tongi

Improving efficiency of common border posts with India and Myanmar

three years, starting in fiscal 2015-16.

In the transport sector, the government will form an apex body to coordinate activities of various government agencies in Dhaka to successfully complete the large ongoing projects in the first year of the three-year reform period. It will also prepare an urban transport policy.

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UCB profits rise 20pc

STAR BUSINESS REPORT

Net profit of United Commercial Bank grew 19.66 percent year-on-year in 2014, led by fourth quarter's healthy earnings thanks to the simplification of loan provisioning rules by the central bank.

The first generation bank's net profit stood at Tk 367.27 crore at the end of 2014, up from Tk 306.93 crore in the previous year. In a meeting on Sunday, the

listed bank also announced higher dividends-10 percent cash and 20 percent bonus in 2014, up from 20 percent dividend in 2013. The bank's earnings per

share in the last quarter were significantly higher than expectations, said BRAC-EPL, a securities analyst firm. UCB announced EPS of Tk 4.39 for last year. But the bank's first nine months' EPS was Tk 2.83, which implies that the fourth quarter's EPS was Tk 1.56.

"The even bigger difference came with our projections where we had anticipated heavy provisioning in the final quarter and an annual EPS of Tk 1.92," said BRAC-EPL.

Stocks end flat

Stocks ended flat yesterday

as investors offloaded

shares and mutual fund

units to bag profits amid the

political turbulence that has

gripped the country since

January 6.

STAR BUSINESS REPORT

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Pharma sales go up

GAZI TOWHID AHMED

Pharmaceutical sales in the domestic market rose 11.37 percent year-on-year to Tk 11,307.25 crore last year on the back of increased medical coverage of the population and easy access to health care services.

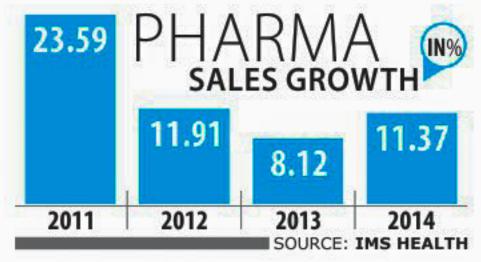
The sector raked in Tk 10,168.55 crore in sales turnover in 2013, up 8.12 percent from a year ago, according to IMS Health, a leading global information and technology service provider to healthcare and life sciences industries.

"The demand for medicines is on the rise due to easy access to health care services," said Aminur Rahman, IMS Health's managing director for Bangladesh and Sri Lanka.

The medical coverage of people is increasing in both urban and rural areas, thanks to a rise in the number of hospitals and clinics, mostly in the private sector, across the country, Rahman added.

Momenul Haq, senior vice-president of Bangladesh Association of Pharmaceutical Industries, the industry lobby group, said medicine makers have developed strong distribution network to reach remote areas that helped increase sales.

Medicine sales are equally split among urban and rural areas, said Haq, who is also the manag-



ing director of General Pharmaceuticals.

Haq said the growth in sales would be affected badly in the first quarter of 2015 due to the ongoing political crisis, as the blockade and strikes have crippled the supply chain since January 6.

"Many vehicles carrying medicines were burnt in the last seven weeks. Of them, seven were carrying medicines from my company," he said, adding that most drug makers have cut production as finished products have piled up in their factories due to the broken supply chain.

"We will count losses if the situation

lingers," he said.

Annual pharma sales in the local market are likely to hit Tk 16,000 crore by 2018, riding on increased demand for goodquality medicine, according to IMS Health.

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Banks asked to withdraw cases against defaulter farmers

STAR BUSINESS REPORT

Bangladesh Bank yesterday instructed state-run commercial and specialised banks to take steps to withdraw or settle cases filed against farmers for defaulted agriculture loans.

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The progress on the settlement of the certificate cases has to be reported to the Agricultural Credit and Financial Inclusion Department of the central bank on a monthly basis, it said in a notice yesterday.

It said steps have to be taken, upon consent from banks and clients, to recover unrealised loans within the provision of the defaulted loans, so the number of certificate cases filed against defaulted farmers does not go up in future.

The central bank ordered the state banks to beef up monitoring and set up separate units, if necessary, to recoup all agriculture loans, including the classified ones.

It suggested banks organise meetings at field level to raise awareness among farmers about the imporSonali, Janata, Agrani, Rupali, Bangladesh Krishi Bank and Rajshahi Krishi Unnayan Bank filed certificate cases against more than two lakh farmers. Of them, arrest warrants were issued against 10,000

tance of using and paying back farm loans and also the consequence of certificate cases.

The banks were also asked to identify classified loans before they become defaulted, and regularise them and realise the loans by setting easy instalment.

realisation, providing new loans and granting rescheduling facilities have to be taken in favour of farmers if they are affected by natural disasters," said the central bank notice. The notice came a week after the

"Steps aimed at postponing loan

central bank held a meeting with senior officials of state banks on the issue. The finance ministry recently

issued a letter to the central bank, asking it to take initiatives to release the farmers from certificate cases. Six state banks -- Sonali, Janata,

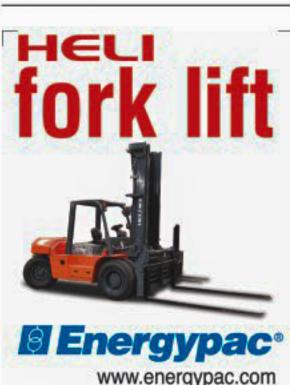
Agrani, Rupali, Bangladesh Krishi Bank and Rajshahi Krishi Unnayan Bank -- filed certificate cases against more than two lakh farmers, according to data from Bangladesh Bank. Of them, arrest warrants were issued against 10,000.

Default loans involving the certificate cases stood at Tk 570 crore as of November last year.

A certificate case is filed by local magistrate courts against defaulter farmers.

DSEX, the benchmark general index of the Dhaka Stock Exchange, gained 6.46 points or 0.13 percent, to close at 4,808.64. DSES, the shariah index of

DSE, rose 7.14 points or 0.63 percent, to finish at 1,143.17. READ MORE ON B3



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