

China trying a policy twist to cut borrowing costs

REUTERS, Beijing

China is looking for new ways to lower stubbornly high long-term borrowing costs and stop the fruits of its looser monetary policy being pumped into speculative plays instead of supporting its slowing economy, policy insiders say.

Beijing has attempted to cushion the slowdown by twice freeing banks to lend more this year and cutting interest rates three times since November, but banks have been reluctant to make long-term loans to businesses to avoid bad debts.

"Recent monetary easing has shown little effect on stabilising growth. There are concerns that money is flowing into the stock market instead of the real economy," said a senior economist with a well-connected think-tank.

In a bid to reverse that trend, policy insiders say the People's Bank of China (PBOC) is now likely to act to push down longer bond yields and mop up excess short-term funds - a manoeuvre that runs the risk of creating a credit crunch in the money market if overdone.

"The central bank could inject more long-term liquidity in order to guide the money into the real economy, while keeping a lid on short-end cash," said an economist who advises

the government. He likened it to a stimulus measure dubbed "Operation Twist" launched by the U.S. Federal Reserve in 2011 when it sold short-term Treasury bonds and bought long-term bonds to push longer-term yields down.

The PBOC will use other means to achieve a similar result, however.

China's policy efforts so far have brought short-term interbank rates down rapidly, with the benchmark seven-day repo rate CN7DRP=CFXS dipping to around 2 percent from nearly 5 percent earlier this year, but long-dated sovereign bonds yields have actually risen in that time, on worries about plans to refinance local government's huge debt load, undermining the intention of monetary policy to spur activity.

The weighted average lending rate for companies, at 6.56 percent in March, has barely shifted since December, according to PBOC data, and real rates could be much higher, given factory price deflation.

"The yield curve is steepening after cuts in interest rates and bank reserve requirement - contrary to the goal of monetary policy," said Zhou Hao, an economist at ANZ in Shanghai.

"The central bank hopes to balance it out by pumping out more cash on the long-end and draining some on the short-end."

Already there are signs the People's Bank of China is trying to manage the yield curve.

Reuters reported last month that it had drained cash from selected banks through repurchase agreements that were not publicly revealed.

It has also provided loans of 263 billion yuan (\$42 billion) to China Development Bank to fund housing renovation projects via pledged supplementary lending (PSL) so far this year, and lowered interest rates on PSL to 3.1 percent from 4.5 percent.

Tao Wang, China economist at UBS, says the PSL operation, which was launched in 2014 to influence medium-term lending rates and boost liquidity to specific sectors, could hit 1.5 trillion yuan this year.

The central bank has also said it will expand a pilot scheme on credit asset pledged relending, a new policy tool that analysts expect to target smaller firms.

But under current circumstances, changing the gradient on the yield curve is an uphill task, said another economist who advises the government.

"As the economy slows, risk appetite tends to rise, which could push up overall borrowing costs. It's not easy to bring down the long-end interest rates and we cannot rely on the central bank alone," he said.

Nestle says India's Maggi ban cost 44.5m euros

AFP, Zurich

Nestle said Monday that India's decision to ban the Swiss food giant's hugely popular Maggi instant noodles over safety concerns had led to 3.2 billion rupees (44.5 million euros, \$50.5 million) worth of goods being withdrawn.

Nestle said its Indian unit had estimated the value of Maggi noodle stocks withdrawn from the shelves at 2.1 billion rupees.

Another 1.1 billion rupees worth of Maggi stocks were in factories and with distributors, the company said. India's food safety regulator had banned the product over tests which it said showed the noodles contained excessive levels of lead.

The total cost of the shock ban would be given later, Nestle said.

The world's biggest food company is challenging the June 5 order from the government's food safety regulator.

The company had already announced it was pulling the product from sale when the Food Safety and Standards Authority of India (FSSAI) imposed a ban following similar moves by some state governments.

Nestle, which says the noodles are safe to eat, said it would keep the product off store shelves despite the court action it has launched challenging the ban.

The safety scare is a huge blow to the company, which has been selling its Maggi products for over three decades in India, and has 80 percent of the country's instant noodle market.



Lilianne Ploumen, Dutch minister for foreign trade and development cooperation; Melanie Schultz Van Haegen, Dutch minister for infrastructure and environment; and Sheikh Mohammad Belal, Bangladeshi ambassador to The Hague, pose while visiting factories of DBL Group in Kashimpur of Gazipur on Monday. MA Rahim, vice chairman of DBL Group, and MA Jabbar, managing director, were also present.



Samuel S Chowdhury, chairman of Square Textiles, presides over the company's 20th annual general meeting at Raowa complex in Mohakhali, Dhaka yesterday. The company declared 20 percent cash and 10 percent stock dividends for 2014. Ratna Patra, vice chairman, and Tapan Chowdhury, managing director, were also present.



Standard Chartered bank's financial markets team organised two seminars on financial risk management for its corporate clientele and financial institutions, to mark the bank's 110 years of operations in Bangladesh. Md Ahsan Ullah and Md Abdul Haque, executive directors of Bangladesh Bank, and Abrar A Anwar, chief executive officer of Standard Chartered Bangladesh, attended the events.



Qiblal Ahmed, chairman of NRB Bank, presides over the second annual general meeting of the bank in Dhaka on Sunday. Muklesur Rahman, managing director, was also present.

Greece uncertainty sours German investor sentiment: ZEW

AFP, Frankfurt

Investor sentiment in Germany fell to its lowest level in seven months in June as the uncertainty over Greece and subdued global growth weighed on confidence, a leading survey found on Tuesday.

The widely watched investor confidence index calculated by the ZEW economic institute fell by a steeper-than-expected 10.4 points to 31.5 points in June, its lowest level since November

2014, ZEW said in a statement. Analysts had been expecting a less marked decline this month to 37.3 points.

"External factors are reducing the scope for further improvement of Germany's good economic situation. These include, in particular, the ongoing uncertainty over Greece's future and the restrained dynamic of the global economy," said ZEW president Clemens Fuest.

Greece and its creditors are locked in a stalemate after loan talks col-

lapsed, bringing Athens just two weeks away from a catastrophic default on its debt.

The talks concerning the release of the 7.2 billion euros (\$8.1 billion) in rescue funds remaining in Greece's bailout have dragged on for five months.

For the survey, ZEW questions analysts and institutional investors about their current assessment of the economic situation in Germany, as well as their expectations for the coming months.

BANGLADESH ORDNANCE FACTORIES (BOF)
GAZIPUR CANTONMENT, GAZIPUR-1703
Phone: 9204613/4800 FAX: 880-2-9204633
web: www.bof.gov.bd, e-mail: procure.bof@gmail.com

Tender Notice

1. Sealed tenders in prescribed form are invited from bona-fide manufacturers/local agents/importers/ suppliers for supply of the following items:

Sl. No	Nomenclature & Quantity	Last date of selling tender form	Date of dropping & opening tender	Currency	Price of tender form	Tender No. & date
(a)	(b)	(c)	(d)	(e)	(f)	(g)
1.	19 Items Raw Material for manufacturing Fuze of Mortar & Artillery	13 July 2015 1300 hrs	14 July 2015 Dropping-1200 hrs Opening-1205 hrs	Local	Tk.5,000/- (Non refundable)	23.04.0000.167.375.4856.14.15 dt- 28-05-2015
2.	Furnace Heater Qty-250 Pcs	13 July 2015 1300 hrs	14 July 2015 Dropping-1200 hrs Opening-1205 hrs	Local	Tk.750/- (Non refundable)	23.04.0000.166.389.4856.14.15 dt- 9-06-2015
3.	Gravograph Engraving Tool & Grinding wheel	13 July 2015 1300 hrs	14 July 2015 Dropping-1200 hrs Opening-1205 hrs	Local	Tk.750/- (Non refundable)	23.04.0000.166.380.4856.14.15 dt- 1-06-2015
4.	Silicon for Mould Release & Silica sand	13 July 2015 1300 hrs	14 July 2015 Dropping-1200 hrs Opening-1205 hrs	Local	Tk.500/- (Non refundable)	23.04.0000.166.379.4856.14.15 dt- 1-06-2015
5.	M S Rod, M S Angle with 06 Items	13 July 2015 1300 hrs	14 July 2015 Dropping-1200 hrs Opening-1205 hrs	Local	Tk.750/- (Non refundable)	23.04.0000.166.348(k).4856.14.15 dt- 06-06-2015
6.	Carbon Structural Steel, High Speed Steel with 04 item	13 July 2015 1300 hrs	14 July 2015 Dropping-1200 hrs Opening-1205 hrs	Local	Tk.750/- (Non refundable)	23.04.0000.166.395.4856.14.15 dt- 09-06-2015

- Supplier enlisted at BOF will only be eligible to participate in the above tenders.
- Tender forms with detail specifications and terms & conditions will be available in the auditorium of BOF on all working days between 9 AM to 1 PM.
- Commandant, BOF reserves the right to reject any or all the tenders without any reason thereof.

Deputy Director Material
For Acting Commandant

Dhaka Power Distribution Company Ltd.
(An Enterprise of the Government of the People's Republic of Bangladesh)
House # 47 (1st floor), Road # 135, Gulshan-1, Dhaka-1212

Invitation for International Tender

1	Ministry/Division	Ministry of Power, Energy & Mineral Resource / Power Division.		
2	Agency	Dhaka Power Distribution Company Limited (DPDC)		
3	Procuring Entity Name	Project Director, Prepayment Metering Project for 5 NOCS Division under DPDC		
4	Procuring Entity District	Dhaka		
5	Invitation for	Design, Manufacture, Supply, Installation, Interfacing with Existing Prepayment System Software, Testing & Commissioning of Pre-payment Meters at NOCS Khilgaon, Kazla, Razarbag, Tejgaon & Swamibag with 3 years Maintenance Support Service on Turnkey Basis.		
6	Invitation Ref. no. & Date	DPDC/PD/PPMP-5 NOCS/2015/01, date 14.06.2015		
Key Information:				
7	Procuring Method	ICB Single Stage : Two Envelope Method.		
Funding Information				
8	Budget & source of Funds	GOB Fund.		
Particular Information:				
9	Pre-Bid Meeting	A pre-bid meeting will be held on 07/07/2015, 11.00 AM in the office of the Chief Engineer (Development), House # 47 (1st floor), Road # 135, Gulshan-1, Dhaka-1212		
10	Tender Name	Design, Manufacture, Supply, Installation, Interfacing With Existing Prepayment System Software, Testing & Commissioning of Pre-payment Meters at NOCS Khilgaon, Kazla, Razarbag, Tejgaon & Swamibag with 3 years Maintenance Support Service on Turnkey Basis.		
11	Last Selling Date of Tender, with Bid Submission and Bid Opening Date & Time	Last Selling Date	Bid Submission Deadline with Date & Time	Bid Opening Date & Time
		11/08/2015	12/08/2015 12:00 noon	12/08/2015 03:00 PM
12	Name & Address of the office for selling, receiving and opening of Tender Document	Selling	Receiving	Opening
		a) Chief Engineer (Development), : House # 47 (1st floor), Road # 135, Gulshan-1, Dhaka-1212 b) Chief Engineer (North), House no-73/1, Rd 5/A, Dhanmondi, Dhaka c) Chief Engineer (Central), 12/1/B, Motijheel C/A, Dhaka-1000 d) Superintending Engineer, Contract & Procurement, Bidyut Bhaban (Level 4), 1 Abdul Gani Road, Dhaka-1000.	i. Office of the Chief Engineer (Development), House # 47 (1st floor), Road # 135, Gulshan-1, Dhaka-1212 ii. Chief Engineer (North), House no-73/1, Rd 5/A, Dhanmondi, Dhaka	Office of the Chief Engineer (Development), House # 47 (1st floor), Road # 135, Gulshan-1, Dhaka-1212
Information for Tenderer:				
13	Eligibility of Tenderer	General Experience: The Tenderer must have project management experience as prime contractor (experience of partner in charge in case of joint venture) to demonstrate their management capability in at least 1 (one) turnkey contract (contract amount should not be less than USD 5 million), within the last 7 (seven) years as on the date of opening of technical proposal. Specific Experience: The Tenderer/meter manufacturer must have experience for completion of contracts as prime contractor in at least two (2) turnkey contracts within the last seven (7) years for Design, Manufacture, Supply, Installation, Testing & Commissioning of Prepayment Metering system along with installation of minimum 50,000 nos. prepayment meters on turnkey basis, having aggregated value of at least USD 10 Million. Out of the two contracts, one contract shall be from outside the country of the meter manufacturer. The prepayment system/meters in above two contracts shall be in successful operation for minimum 1 (one) year as on the date of opening of technical bid. All end user certificates shall be from electricity utility and shall be in English in the letter head pad of the end users where detailed e-mail address, Telephone no., Fax no., contract value, no. of prepayment meter installed, commissioning date etc. shall be furnished. c) Other qualification is also required as stated in tender documents.		
14	Price of Tender Document (Taka)	As stated in Serial No. 15. The amount for purchasing tender document shall be payable in the form of Pay Order/Bank Draft/Bank Guarantee whose validity shall remain valid for at least twenty eight (28) days beyond the expiry date of the Tender Validity from the date of bid submission which is issued from any schedule Bank in Bangladesh in favor of Project Director, Prepayment Metering Project for 5 NOCS Division under DPDC.		
15	Particulars of Tender:	Description of Work	Price of Tender Document	Tender Security Money
		Design, Manufacture, Supply, Installation, Interfacing With Existing Prepayment System Software, Testing & Commissioning of Pre-payment Meters at NOCS Khilgaon, Kazla, Razarbag, Tejgaon & Swamibag with 3 years Maintenance Support Service on Turnkey Basis.	US\$ 100.00 or BDT 8,000.00	US\$ 5,00,000 (United States Dollar Five Lac Only) or BDT 4,00,00,000.00 (Tk. Four Crore Only).
				Project implementation time: 18 months from date of contract signing. Maintenance support period: Shall be for three years and shall commence after issuance of Provisional Acceptance Certificate (PAC) for installation and successful operation of all meters, UVS and UCC.
Procuring Entity Details:				
16	Name of official Inviting Tender	Engr. Md. Geas Uddin Joarder		
17	Designation of official Inviting Tender	Project Director, Pre-payment Metering Project for 5 NOCS Division under DPDC		
18	Address of official Inviting Tender	Office of Project Director, Pre-payment Metering Project for 5 NOCS Division under DPDC, Level 3, Bidyut Bhaban, 1 Abdul Gani Road, Dhaka-1000.		
19	Contact Details of official Inviting Tender	Telephone: 9586702	Fax: 9566699	E-mail: cco@dpdc.org.bd
20	The Procuring Entity reserves the right to accept or reject any/all tender(s) without assigning any reason whatsoever.			

(Engr. Md. Geas Uddin Joarder)
Superintending Engineer
&
Project Director, Prepayment Metering Project for 5 NOCS Division under DPDC