

# IMF gloomy on world economy as China slows

AFP, Lima

The International Monetary Fund cut its growth forecasts for the world economy Tuesday, warning of increasing risks from the slowdown in China, which is dragging other emerging markets down with it.

The global economy will expand just 3.1 percent this year and 3.6 percent next year, the IMF predicted, revising downward its previous forecasts by 0.2 percentage points in both cases.

Even though wealthy countries are showing signs of recovery, the world economy is on track for its worst year since the global recession of 2009, the IMF said.

"Six years after the world economy emerged from its broadest and deepest postwar recession, a return to robust and synchronized global expansion remains elusive," said the IMF's new chief economist, Maurice Obstfeld.

"Downside risks to the world economy appear more pronounced than they did just a few months ago," he added in the Fund's latest report, released ahead of the IMF and World Bank annual meetings in Lima, Peru, this week.

The slowdown in China -- which the IMF predicted will grow 6.3 percent next year, its lowest rate in 25 years -- is taking a toll on other emerging economies that depended on the Asian giant's ravenous appetite for raw materials.

Prices of oil, metals, minerals and other commodities have sunk as the world's second-largest economy has cooled, jolting the emerging markets whose boom drove the world economy during the 2008-2009 crisis.

Once-mighty Brazil is facing a three percent recession this year -- twice as bad as predicted in the IMF's last outlook, in July -- and Sub-Saharan Africa is set for growth of 3.8 percent, 1.2 points off the pace it registered last year.

Russia, another emerging giant, is in double trouble.

In addition to crashing prices for its oil exports, it faces Western sanctions over its role in the Ukraine crisis -- putting it on track for a contraction of 3.8 percent this year, the IMF forecast.

"While the growth slowdown in China is so far in line with forecasts, its cross-border repercussions appear greater than previously envisaged," the IMF said.

A looming decision by the recovering United States to raise interest rates is also hurting emerging economies as investors in search of higher returns stop parking cash there, the IMF said.

That reduced capital inflow is in turn taking a toll on emerging countries' currencies.

The World Bank for its part had already warned emerging economies in June to "fasten seat belts" for the potential turbulence

from the imminent tightening of US monetary policy.

The wealthy countries that were at the epicenter of the 2008-2009 crisis are meanwhile undergoing a nascent recovery that is "expected to pick up slightly," led by stronger growth in Britain and the United States, said the IMF.

It predicted the US economy will grow 2.6 percent this year -- up 0.1 point from its July outlook -- and 2.8 percent next year.

But the advanced economies' growth remains "modest," the Fund said.

And it warned of lingering risks for the eurozone, predicting growth of 1.5 percent this year and 1.6 percent in 2016.

"Contagion risks from Greece-related events to other euro area economies, while lower than earlier in the year, remain a concern, as do risks from protracted weak demand and low inflation," said the Fund, which is due to decide soon whether to take part in a third bailout program for Greece.

The IMF also warned of "geopolitical risks" from conflicts in Ukraine and the Middle East, and sounded the alarm for the first time on the refugee crisis in Europe.

"Political conflict has created a large global stock of displaced persons, both within and across borders. The economic and social costs are immense," said Obstfeld.

## Former enclave people to get SME loans

STAR BUSINESS REPORT

Bangladesh Bank yesterday directed banks and other financial institutions to include the micro, small and medium enterprises of the 111 former enclaves in their group-based lending programme.

The central bank yesterday published a notice asking the financial institutions to take the new citizens of the country into the mainstream economy. It comes two months after the historical exchange of enclaves between Bangladesh and India.

In August this year, Bangladesh got 111 enclaves with 52,000 people who had been deprived of basic amenities such as education and healthcare, for the last 68 years.

Immediately, Bangladesh Bank directed all locally operational banks to extend farm loans to the citizens of the former enclaves to boost agricultural activities in the area.

## Regulator moves to settle share, cash transactions from same place

STAR BUSINESS REPORT

Bangladesh Securities and Exchange Commission yesterday approved a draft act on setting up a clearing and settlement company to ensure smooth settlement of share and cash transactions from the same place.

Before finalisation, the draft act will be sent to other market stakeholders, including Dhaka and Chittagong stock exchanges, for their opinion.

The stockmarket regulator took the decisions at a meeting with its Chairman M Khairul Hossain in the chair according to a statement.

A clearing company is a financial institution that provides clearing and settlement services for financial, commodities derivatives and securities transactions.

Capital market-related diversified products, including derivatives, futures and options, can also be introduced in the capital market once the clearing company is in place.

Presently, the share transactions are settled through the Central Depository of Bangladesh, which operates the central depository system for electronic share transaction.

On the other hand, the cash transactions are settled through the banking channel.

Two years earlier, the Dhaka and Chittagong bourses submitted a proposal to the BSEC to set up a clearing company jointly for smooth settlement of share and cash transactions from a single place.

The Asian Development Bank, as part of its Bangladesh capital market development programme, has long been advising the government and the stockmarket regulator to set up a separate clearing corporation.

At yesterday's meeting, the BSEC also fined the directors of Progressive Life Insurance Company Tk 1 each, as the listed company failed to submit its audited annual report for 2013, half yearly and third quarter's financial statements for 2014 to the commission.

## Toyota unveils self-driving car

AFP, Tokyo

Toyota Tuesday unveiled a car that can drive itself along a highway, the latest foray by a major manufacturer into the world of automated vehicles.

The car, a modified Lexus GS, uses sophisticated sensors to navigate roads, merge lanes and overtake other vehicles.

The company hopes to make other cars with similar features available within five years, in time for Tokyo's hosting of the Olympics.

"We aim to be operational by 2020, the year when Tokyo welcomes the Olympic

Games," Yoshida Moritaka, Toyota's chief safety technology officer, told reporters at the car's unveiling.

In its current incarnation, the car only switches to fully automated mode once it reaches the less frenetic confines of a highway and passes a sensor.

"The car we have here is able to drive independently from the highway entrance to the exit," Moritaka said.

But Toyota hopes the technology will help it one day build an entirely driverless car as well as reduce accidents and congestion.

Toyota has been a relative latecomer to the rush to design automated cars.



Md Hedayetullah, chairman of the executive committee of Mutual Trust Bank, opens the bank's fifth privilege banking centre in Agrabad, Chittagong. MTB also has privilege centres in Gulshan, Banani, Tejgaon, and Baridhara in Dhaka.

## Local firm to launch game for business skills development

STAR BUSINESS REPORT

Dream 71 Bangladesh, a local company, yesterday signed a deal with a British entrepreneur of Bangladeshi origin to launch a board game to develop business skills to digital platforms soon.

The game created by Sabirul Islam is currently being used as an educational tool in European schools in 20 countries. Users will be able to learn about different aspects of business through the game.

The digital version of the game will be called Teen-Trepreneur Fusion and it will be free for download and available on android and IOS platforms.

Teen-Trepreneur Fusion is an interactive business game where anyone can build a business empire, trade in the stockmarket, generate sales, make tough choices and compete to

be the ultimate business tycoon, said Rashad Kabir, managing director of Dream 71, at the event at Westin hotel in Dhaka.

The plan is to launch the app to mark the Global Money Week in March 2016, and it will take about five to six months to bring the game to the digital platform, Kabir said.

The soft launch may take place in November, he said.

Dream 71 will also build a web version and then a windows application, Kabir said.

Shameem Ahsan, president of Bangladesh Association of Software and Information Services, was also present.

"It is our failure that we could not make Sabirul and other Bangladeshi origin expatriates like him a part of the development process of Bangladesh," Ahsan said.

## Saarc nations can generate 300,000MW of hydropower

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Unrestricted electricity trade provision could save \$9 billion a year in electricity supply costs in South Asia, according to a recent WB study. It will reduce carbon dioxide emissions as well.

The move could help transform the lives of some 400 million citizens who still live without electricity, Dixon added.

Goyal underlined the enormous potential for extensive energy cooperation between the South Asian economies.

He made a mention of the strident progress achieved in India's bilateral energy cooperation with Bangladesh, Bhutan and Nepal and the ongoing efforts to build similar engagements with Sri Lanka.

He referred to the last Saarc energy ministers' conference in New Delhi, where the inter-regional agreement or trade pact on the electricity side was finalised and discussions on an integrated grid were held.

"If we look at the various facets of the economic cooperation going forward, transport can be one and energy can be another."

With Bangladesh, India is already trading 500MW, with plans for adding another 1,000MW. Besides, there is a plan to transfer 100MW power from Tripura, according to Goyal.

India is also working on a 7,000MW high tension AC-DC bi-pole line with Bangladesh in a 50-50 joint venture between NTPC and Bangladesh Power Development Board.

"The name of the company is so appropriate. It is Bangladesh-India Friendship Power Company, which reflects the true intention of the project."

Goyal said India is also planning to set up a 1,320MW coal-based power plant in Bangladesh.

## Stockmarket fair in Ctg to create awareness

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"We all know what happened in the past in the market due to lack of awareness. Creating awareness is the key so that those incidents do not happen again," he said, referring to the market crash of 2010-11.

"We are organising the fifth edition of the capital market fair to provide information and knowledge to the investors."

Some 200 market experts, including CSE officials, trading right entitlement certificate holders and listed company officials will be present at the venue to respond to queries made by investors.

The fair will remain open from 10am to 8pm.

A total of 98 stalls have been set up at the GEC Convention Centre and the event is scheduled to be inaugurated by Bangladesh Securities and Exchange Commission Chairman M Khairul Hossain.

Four seminars on exchange traded funds, personal portfolio management, initial public offerings and capital market reforms will be held on the sidelines.

The CSE will also demonstrate its online trading system at the fair.

Nasir Uddin Chowdhury, an independent director of CSE, Md Mohiuddin, a director of CSE, also spoke.

## Yunus joins Dubai ruler to help shape UAE's welfare project

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The Gulf News quoted the Dubai ruler as saying: "The Arab region is undergoing massive challenges. We will not turn our backs on our region. We will provide our support and bring hope for our youth."

Yunus, the microcredit pioneer, joined Maktoum to inaugurate the Global Islamic Economy Summit at Madinat Jumeirah on Monday. The event was attended by 4,000 policymakers and business leaders and finance professionals from 30 countries.

Prof Yunus, who gave the opening keynote speech, said businesses have to be redefined in order to make the world sustainable.

"Instead of keeping the businesses to aim at one P, the profit, it should aim at three Ps with equal priority-- People, Planet and Profit. Only then business can reflect the condition of people."

"Unless we reformulate the purpose of business we would end up with a world where almost all the wealth of the planet will be concentrated in hands of a few people."

Yunus also attended the Abu Dhabi Islamic Bank Ethical Finance Innovation Challenge Awards ceremony where he highlighted how the global financial crisis had uncovered serious shortcomings in the global banking system.

"But there are opportunities to correct mistakes and redesign the global financial system fundamentally," Yunus said.

He said the answer largely lies with social business whose sole purpose is to solve a social problem in a financially self-sustaining way, rather than pursuing profits.

Yunus said the Islamic banking sector is well-placed to embrace social business because of its ethical roots.



Joao Pedro Principe, country manager of Carmudi Bangladesh, and Mosleh Saad Mahmud, head of customer experience and retail products and collection, attend a press conference to release the online car classified's research report on car financing in Bangladesh, at Lakeshore hotel in Gulshan, Dhaka yesterday.

## Soaring jute prices worry exporters

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Similarly, Bangladesh Jute Association (BJA), a body of raw jute exporters, called upon the government to take action to ensure an increased supply of raw jute in the market.

The concern from jute yarn makers and exporters comes amid fears that the crop has not been good this season for unfavourable weather.

The Department of Agricultural Extension estimates that the crop was sown on 7.26 lakh hectares, which is higher than last year's acreage of 6.72 lakh hectares.

Total jute production this year might be 60 lakh bales (1 bale=182 kilograms), which is lower than the 64 lakh bales required by mills and raw jute exporters, according to jute spinners who are the biggest consumer of raw jute.

Last year, jute output stood at 75.01 lakh bales, according to Bangladesh Bureau of Statistics.

Ensuring the supply of raw jute is essential to keep the industry running, said the association of jute spinners.

The association, citing a previous decision taken by the textiles and jute ministry, demanded the authorities prevent unauthorised traders from buying and stocking raw jute.

"It seems that a section of traders, who do not have trade licences and taxpayer's identification numbers, are hoarding raw jute," said BJA in a separate statement.

The raw jute exporters have fallen in trouble for a sudden spike in prices, as many of them had signed contracts with foreign buyers at lower prices earlier, it added.

When asked, Mohammed Kefayet Ullah, director of the Department of Jute, said they monitor the market to check stocking and hoarding. The higher prices benefit farmers, he said.

The BJA said the hike in jute prices will push production costs up for millers, although they cannot hike the price of jute goods for sluggish demand abroad owing to the Middle East crisis and depreciation of currencies of various importing countries.

In July-September of fiscal 2015-16, raw jute exports rose but earnings from jute yarn and twine fell 13 percent to \$11.2 million year-on-year.

Exports of jute sacks and bags dropped 11 percent year-on-year to \$26.59 million in the same period, according to Export Promotion Bureau.

Bangladesh earned \$868 million from exports of raw jute and jute goods in fiscal 2014-15.

## GP faces fresh audit

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Grameenphone later took the matter to court to challenge the audit process, which has not been settled yet.

Officials said Toha Khan Zaman & Co Chartered Accountants will audit reports of the company since its inception in 1997 up to June this year, and they will get Tk 8.79 crore from BTRC for the job.

The audit company will have to start the process within 14 days of signing the deal and needs to complete it within 180 days.

The BTRC may sign another deal with Masih Muhith Haque & Co Chartered Accountants to run an audit into Robi by next week at a cost of Tk 7.82 crore.

Officials from both the operators said they have no problems with the audit, but are curious as to why only these two operators were chosen.

The regulator informed the government that it allocated Tk 40.88 crore for audits into different mobile operators for the current fiscal year. Once the audits into Grameenphone and Robi are done, the regulator will initiate similar initiatives for other operators.

An attempt in 2011 to inspect Banglalink failed as the appointed auditor could not finish the job.

## Exports show a slight rise

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The recent untoward incidents -- the killing of two foreign nationals within a gap of one week -- are unlikely to have any negative impact on the country's garment exports, he said.

Among other products, jute and jute goods performed well in the first quarter (July-September) of the current fiscal year.

The country exported jute and jute goods worth \$206.56 million, registering a 4.63 percent year-on-year growth.

Leather and leather goods export fell 11.47 percent to \$273.42 million in the first quarter of the fiscal year.