

এসআইবিএল রিটেইল ব্যাংকিং  
জীবনের জন্য, জীবন যাপনের জন্য

এসআইবিএল ইসলামিক কনজুমার ফাইন্যান্স  
এসআইবিএল হোম ফাইন্যান্স  
এসআইবিএল অটো ফাইন্যান্স

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যে কোন প্রয়োজনে ০৯৬৯২০০৯২২

# Star BUSINESS

DHAKA FRIDAY OCTOBER 23, 2015

## IMF concludes loan scheme

It gives last two instalments under ECF

**REJAUL KARIM BYRON and SARWAR A CHOWDHURY**

The International Monetary Fund is all set to successfully complete its Extended Credit Facility loan programme in Bangladesh this month, a first for the multilateral lender since 1990, as it approved the last two instalments totalling \$258.3 million.

The approval for the loans came at a board meeting of the IMF, chaired by the donor agency's Deputy Managing Director Mitsuhiro Furusawa, yesterday in Washington.

With this consent, the ECF loan programme will now end on October 31, three months after the scheduled deadline of July due to Bangladesh's failure to fulfil three of the conditions set by the lender.

The conditions include an international audit of the Bangladesh Petroleum Corporation and implementation of the VAT law.

Prudent macroeconomic policies and structural reforms, with support from the ECF arrangement, have helped steer the Bangladesh economy through domestic and global challenges in the last three and a half years, Furusawa said in a statement after the board meeting.

Under the ECF loan programme, initiated by the IMF in April 2012, Bangladesh will get a total of \$904.2 million, of which the country has already received \$645.9 million through five instalments.

Prior to receiving the instalments, the government had to fulfil some of the condi-

tions regarding the overall improvement of the macroeconomic and financial sectors.

But the government failed to comply with some of the conditions in November last year to get the sixth instalment, which prompted the IMF to defer its release. The lender decided to release it together with the seventh instalment.

A finance ministry official said, since 1990 none of IMF programmes could be completed due to noncompliance with conditions set by the multilateral lender.

The IMF believes that Bangladesh has made significant progress in its economic field, but still there are opportunities to make progress.

Growth has been robust, inflation has eased, foreign exchange reserves have risen to a comfortable position, and public debt has remained stable as a share of GDP, Furusawa said.

Given the challenging and uncertain global landscape and an upside in inflation risks, the authorities should maintain prudent fiscal and monetary policies to underpin sustained high growth, build resilience to shocks and further reduce poverty.

Structural reforms will also play an important role in unleashing the full potential of the economy, he said, adding that many of the important reforms were adopted under the ECF arrangement.

He, however, said some key structural challenges still remain.

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State Minister for ICT Zunaed Ahmed Palak, *third from left*, attends the launch of a report -- Bangladesh: the Surging Consumer Market Nobody Saw Coming -- at Gardenia Hall in Dhaka yesterday. Shameem Ahsan, president of BASIS, and Zarif Munir and Olivier Muehlstein, co-authors of the report, were also present.

## Affluent consumers on the rise: study

**STAR BUSINESS REPORT**

Bangladesh registers faster growth in the number of middle-income and affluent consumers compared to some of its neighbours, which presents prospects for consumer product companies, according to a report released yesterday.

Two million Bangladeshis join the rank of middle and affluent class (MAC) a year, said Boston Consulting Group (BCG), a global management consulting firm, in its report -- Bangladesh: the Surging Consumer Market Nobody Saw Coming.

By the year 2015, the number of MAC is expected to triple to about 34 million from around 12 million at present.

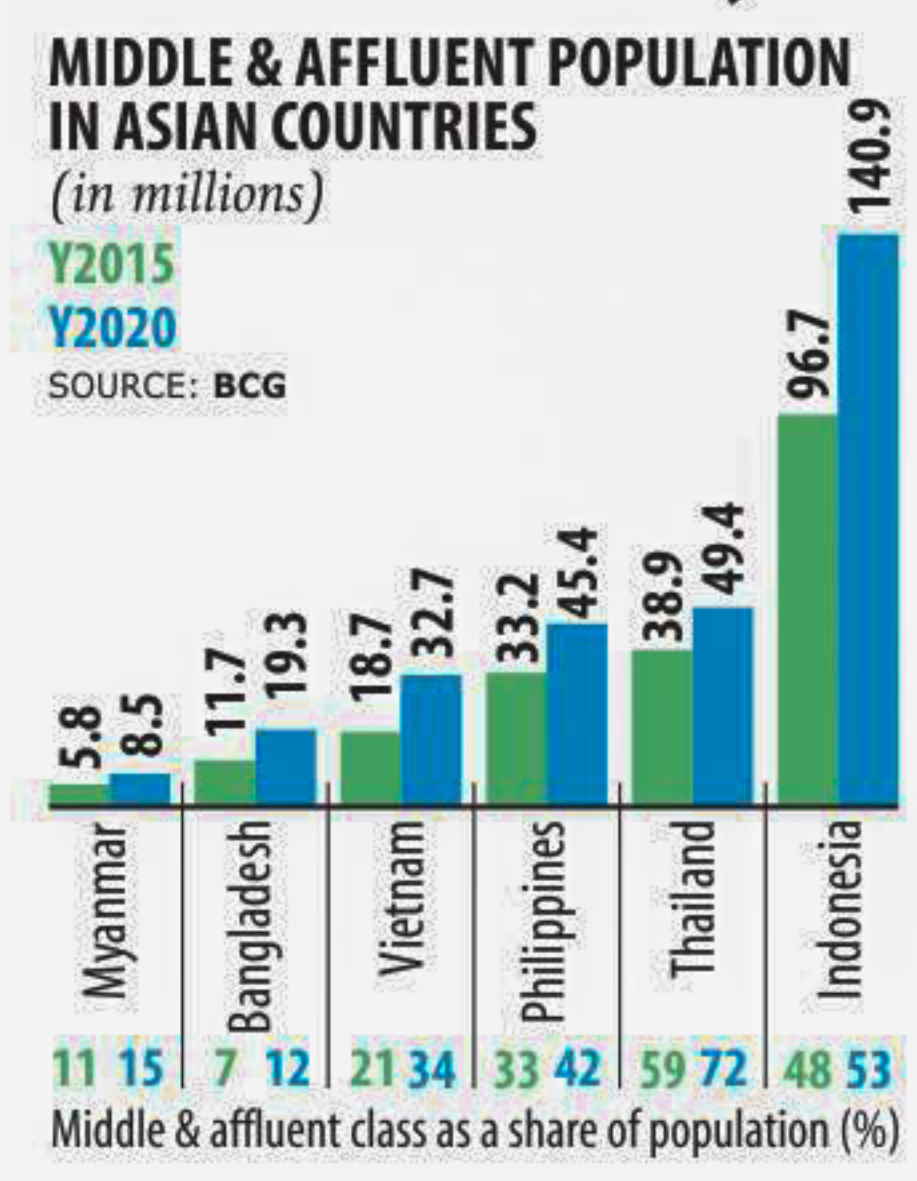
What is even more important for consumer product companies is that Bangladesh's MAC population is expanding rapidly -- by an average of 10.5 percent annually. That compares with 7.8 percent in Indonesia, 7.9 percent in Myanmar and 4.9

percent in Thailand, according to the report unveiled at Gardenia Hall in Dhaka.

"Bangladesh is one of the greatest untapped growth markets in Asia, yet it has been off the radar of most major consumer-product companies," said Zarif Munir, a BCG partner and co-author of the report. SD Asia hosted and conducted the launch.

The findings are based on research by BCG's Centre for Customer Insight that included a survey of more than 2,000 Bangladeshi consumers and an analysis of their consumption patterns, said the BCG.

The report focuses on Bangladesh's MAC, which the firm defines as individuals with annual household income of around \$5,000 or more. The report said this income group has attained the purchasing power to buy a broad variety of consumer goods and services and acquired middle-class traits, such as buying goods that offer convenience and luxury in addition to basic necessities.



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## Bangladesh's GDP to grow 6.55pc, says Bloomberg

**STAR BUSINESS REPORT**

Bangladesh's economy will grow 6.55 percent in the current fiscal year, according to a survey by Bloomberg News.

The growth forecast of the US-based media outlet is the same its previous prediction in February.

The estimate is the median of forecasts from four economists for Bangladesh's economic indicators. They were surveyed from October 16 to 20.

The economists, however, cut their GDP (gross domestic product) growth forecast for the next fiscal year of 2016-17 to 6.6 percent from 6.65 percent earlier.

On Tuesday, the World Bank predicted that Bangladesh's economic growth will be 6.5 percent this fiscal year.

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## State banks pass hard times as loan growth stalls

**SAJJADUR RAHMAN**

State-owned commercial banks are struggling to get new business in a market that is becoming increasingly competitive, data from Bangladesh Bank shows.

The advance-to-deposit ratio (ADR), which compares all loans to all deposits, of Agrani, BASIC, BDBL, Janata, Rupali and Sonali banks, has gone down below 52 percent indicating that these banks will not be able to earn as much as they could.

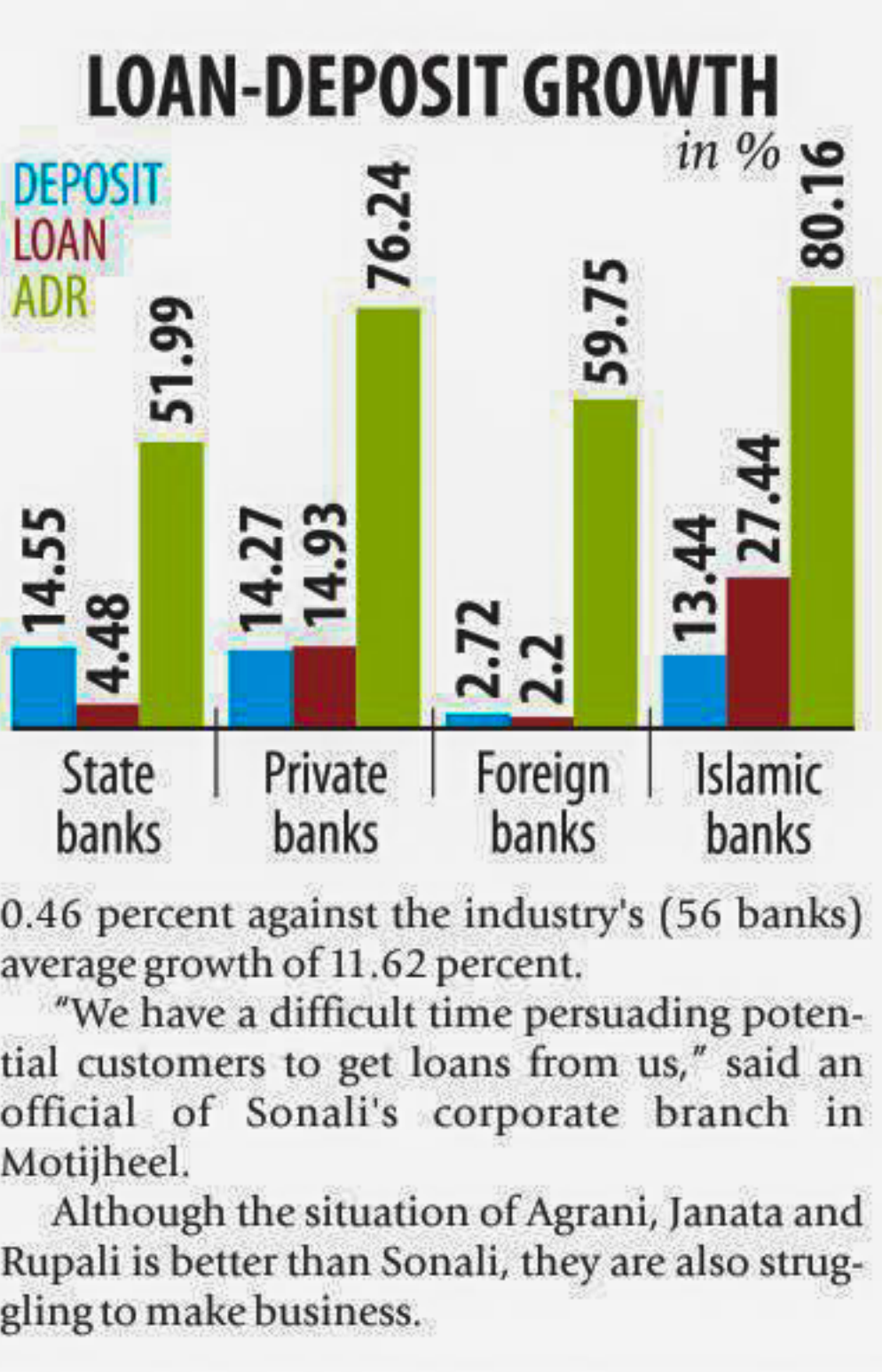
By contrast, the average ADR of 39 private commercial banks stood at over 76 percent on August 27, while it is nearly 60 percent for nine foreign banks and over 80 percent for Islamic banks, data shows.

The gap between deposit and credit growth of these six banks has also widened and crossed over 10 percentage points on August 27.

Deposit grew by 14.55 percent and credit by only 4.48 percent year-on-year in August.

"We are not getting good clients who prefer quality services provided by the private and foreign banks," said a senior official of Sonali.

Sonali's loan growth has almost stalled at



Agrani's credit grew by 7.73 percent and deposit by 20.63 percent. Janata's credit growth was 9.41 percent against deposit growth of over 14 percent.

Rupali looks different among these six banks as its credit growth -- 20 percent -- was higher than deposit growth -- 13 percent.

On the other hand, troubled BASIC Bank has witnessed over 18 percent negative credit growth.

Also, the bank's deposits grew by less than 1 percent.

"Overall investment is yet to pick up. When the implementation of mega projects will get momentum, demand for credit will go up," said Zaid Bakht, chairman of Agrani Bank.

State banks have some disadvantages compared to private banks that can grab customers from state banks by offering low rates, he said.

"State banks cannot cut lending rates to the level of private banks as their nonperforming loans are higher," said Bakht, also an economist.

On Agrani's higher deposit growth than credit, Bakht said they are trying to get low-cost deposit instead of high-cost fixed deposits.

## Robi-Airtel merger may be delayed

**BTRC now seeks assurances of payments of dues from operators before it recommends merger**

**MUHAMMAD ZAHIDUL ISLAM**

The telecom regulator has sought certain assurances from Robi and Airtel before it makes its recommendation to the government about their merger, a move that is likely to delay the closing of the deal further.

Bangladesh Telecommunication Regulatory Commission sent a joint letter to the two mobile operators on October 13 where it outlined its concerns about the impending merger, which will make the combined entity the country's second largest carrier.

"We will spend some time on the merger application before we send our recommendation to the government. We need some assurances and documents," said a senior official of the BTRC.

The BTRC asked for a guarantee from Robi that it would pay all the dues including value-added tax, corporate tax and other charges payable by Airtel to the regulator and the government.

It also wanted assurance that none of the employees of the two companies will be forcefully retired or have their contracts terminated after the merger.

Recently, some senior executives of Airtel wrote to the government and the regulator expressing their concern about their job security.

The regulator also wants assurance from both the operators that customer service will not be disrupted.

Robi and Airtel have until the end of this month to provide the written assurances to the regulator.

The two operators will soon be sent another letter asking for the new entity's roadmap, said a senior official of the BTRC's legal and licensing division.

Earlier on September 17, the two operators jointly sought permission from the telecom regulator to merge their operations in Bangladesh.

In a letter, the chief executive officers of Robi and Airtel said they want to match the dominance of Grameenphone in the country's telecommunications landscape.

"We firmly believe that integration of our mobile operations will invigorate and transform the communication market in Bangladesh currently dominated by a single strong service provider."

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## South Asia's procurement officials to gather in Nov

**STAR BUSINESS REPORT**

Senior public procurement officials from South Asia will assemble in Dhaka early next month to find ways to make their purchase performances sustainable and get better value out of taxpayers' money.

They will convene for the Third South Asia Regional Conference 2015, an annual learning and networking event for the heads of public procurement of South Asian countries.

The planning ministry's Central Procurement Technical Unit will organise the conference at the Westin on November 1-3. More than 120 participants from eight South Asian countries will attend the conference, which will deal with innovation for sustainable procurement performance.

Participants will discuss topics such as sound public procurement, workforce and professionalism, essential performance elements, electronic government procurement (e-GP), reforms in procurement environment and methods for performance enhancement.

Framework agreements, public-private partnership, open data, strategic procurement for improved performance and performance measurement are also on the three-day conference's agenda.



**INNOVATION FOR SUSTAINABLE PROCUREMENT PERFORMANCE**

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## Bangladesh: a rising star in denim sector

**REFAJET ULLAH MIRDHA**

Bangladesh has become a major sourcing hub for trendy denim products for international retailers for its competitive pricing.

"The response from international retailers has been so amazing that we are facing difficulties in getting hotel rooms for them during the denim fair next month," said Mostafiz Uddin, managing director of Chittagong-based Denim Expert Ltd.

Hundreds of retailers, fashion designers, denim fabric makers will convene in Bangladesh to participate in the third edition of the Denim Expo, due to be held at Bashundhara International Convention City in Dhaka on November 11-12.

A total of 41 companies will showcase their products at the exposition, up from the previous edition's 25, according to Mostafiz Uddin, the founder of the Denim Expo.

Of the participants, 27 are from

abroad, from countries such as China, India, Pakistan, the US, Turkey, Singapore, Thailand, South Korea, Japan and Germany.

He said even five to six years ago, the retailers did not know of Bangladesh's potential in denim.

"But now they know. The amazing response from the international retailers is testimony to the progress the country has made in the denim sector."

One of the reasons for Bangladesh's rising popularity as a source for denim products is that China, the world's largest denim supplier, has become dearer for its higher costs of production, he said.

Bangladesh exports nearly \$2 billion worth of denim products and fabrics a year, with the figure touted to hit the \$5 billion-mark soon given the positive response from retailers, industry insiders said.

Apart from the international markets, the domestic market for the

denim products is also growing fast with the changes in fashion, said Showkat Aziz Russell, managing director of Amber Denim, a leading denim producer.

The growing middle-class consumers are the main customers of denim products in Bangladesh, he said.

Usually, when people think of denim, they think of trousers and shirts, but now a lot of other items like bed sheets, pillow covers, home textiles, apron and table cloths are also made from denim fabrics, Russell said.

Given the higher demand, the mill owners have also increased the production capacity of denim, either through expanding their existing capacity or by establishing new mills, according to Russell.

A total of 30 mills produce 21 million yards of denim fabrics a month, he said.

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