

Ecneec gives nod to five projects of Tk 700cr

STAR BUSINESS REPORT

The government yesterday approved five projects involving around Tk 700 crore, which will come from internal sources. In the first meeting of the Executive Committee of the National Economic Council (Ecneec) in the new fiscal year, the biggest project approved was to build various types of water vessels for the Bangladesh Coast Guard at a cost of Tk 445 crore. Under the project, 13 water vessels will be procured, which include two inshore patrol vessels and 10 high-speed boats.

The Ecneec also approved a proposal to set up a textile engineering institute in Sirajganj at a cost of Tk 87.46 crore, aiming to produce mid-level efficient technologists for the sector. There are 120 textile institutes in the country, which will produce 22,800 textile technologists in the

current fiscal year against a demand for 36,498.

When the new textile institute will be set up, 180 fresh textile technologists would graduate from there, it added.

Besides, a Tk 52.71 crore project has been taken for expansion of infrastructure facilities at district head quarters and battalion headquarters of Ansar and VDP barracks.

The Ecneec meeting also revised two projects, which include setting up of the BSCIC industrial city at Bhairab at a revised cost of Tk 72.91 crore, which was Tk 58.4 crore in the original layout.

The project is scheduled to be completed by June 2017.

The cost of expansion and renovation of the Cloth Processing Centre at Madhabdi in Narsingdi district has been increased to Tk 41.58 crore from original estimate of Tk 32.32 crore.

Stocks continue gaining streak

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Stocks continued to gain for a second session yesterday amid improved participation of investors who were optimistic about the future outlook.

DSEX, the benchmark index of the premier bourse, rose 39.53 points or 0.87 percent, before closing the day at 4,544.7 points.

IDLC Investments in its regular analysis said the bourse gained the momentum with rising participation and soaring indices.

"Quick recovery of the market from the gloom of recent terror attack, coupled with dividends and earnings expectation on many scrips, boosted investor confidence and optimism," the merchant bank said.

LankaBangla Securities said renewed buying interest among the investors over the past few trading sessions continued to boost market activities.

Financial and consumer stocks led the gains, while other stocks

managed to hold on at their current level, the stockbroker added.

The daily turnover, another important indicator of the market, jumped up 44.5 percent to Tk 394.11 crore, with 12.8 crore shares and mutual fund units changing hands on the DSE.

Of the traded issues, 203 advanced and 71 declined with 49 securities closing unchanged on the premier bourse.

ACI Formulations dominated the turnover chart with 11.57 lakh shares worth Tk 19.19 crore changing hands, followed by Acme Laboratories, Islami Bank, Square Pharma and Aman Feed.

All the major sectors gained in market capitalisation with ceramic increasing the most -- 2.7 percent, followed by life insurance that rose 1.68 percent, mutual fund 1.22 percent, banks 1.02 percent, pharma 0.93 percent, fuel and power 0.68 percent, telecom 0.59 percent and non-bank financial institutions 0.57 percent.

Ispahani is a top beverage brand in Bangladesh: study

STAR BUSINESS DESK

Ispahani emerged as the top beverage brand in Bangladesh in a recent study by Kantar Worldpanel, a Spain-based firm that gauges shoppers' behaviour.

Kantar Worldpanel is part of Kantar, which is a leading insight, information and consultancy network. Kantar does a ranking of the world's most chosen FMCG brands under the title of "Brand Footprint".

The study shows how consumers around the world are buying FMCG brands, and highlights the opportunities that remain for brands to increase their footprint.

Ispahani is dominating the beverage category in Bangladesh, while other major brands in this category are 7-UP and Brooke Bond, according to a statement.

Brand Footprint data was collected between November 2014 and October 2015. Brand Footprint has expanded its global coverage this year, adding 5 new countries -- Turkey, Poland, South Africa, Bangladesh and Sri Lanka.

The complete ranking comprises more than 200 FMCG categories tracked around the world by Kantar Worldpanel across the beverages, food, health and beauty and home care products.

New DMD of NCC Bank



Md Habibur Rahman

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Md Habibur Rahman recently joined NCC Bank as its deputy managing director.

Prior to joining the bank, he was the DMD of Jamuna Bank, according to a press release.

He started his career with Islami Bank as a probationary officer in 1989, after completing his post-graduation in economics from the University of Chittagong.



The 34th annual general meeting of AB Bank was held in Dhaka yesterday. Chairman of the bank M Wahidul Haque presided over the AGM, where the directors and Managing Director Shamim Ahmed Chaudhury, among others, were present. The bank approved 12.5 percent stock dividends for 2015.

Sri Lanka raises \$1.5b despite Brexit volatility

AFP, Colombo

Sri Lanka Tuesday announced that it had raised \$1.5 billion through a bond issue which was nearly four times oversubscribed despite volatility triggered by Britain's to leave the European Union.

The Central Bank of Sri Lanka said orders totalled \$5.5 billion for the \$1.5 billion bond issue on Monday. Sri Lanka offered \$500 million in bonds with a tenure of 5.5 years and \$1 billion for a period of 10 years.

The shorter term debt was priced just below 6.125 per cent while the longer tenure was at 7.125 percent, the bank said, adding that the rate was well within its anticipated interest rate.

"Despite the high volatility in the global financial markets following the historic United Kingdom referendum in June regarding their membership of the European Union, the bonds saw strong interest from a wide range of high quality investors," the bank said.

Sri Lanka has already appointed a high-powered panel to study the effects of Brexit on its \$82 billion economy as 10 per cent of its exports to Britain are under European Union trade concessions.

Sri Lanka's new government secured a \$1.5 billion IMF bailout last month to address its balance of payments crisis after a spending spree to increase public sector salaries last year.

India inflation inches up to 5.77pc in June

AFP, New Delhi

India's consumer price inflation notched up marginally to 5.77 percent in June from a year earlier, official data showed Tuesday, with hopes dimming of a possible slash in interest rates.

The acceleration from May's 5.76 percent and 5.4 percent in April was mainly driven by higher food prices, economists said, adding the rate was uncomfortably higher than the central bank's target.

Outgoing Reserve Bank of India (RBI) governor Raghuram Rajan has set a medium-term goal of controlling inflation at five percent by March 2017.

"Indian consumer price inflation held steady in June, but... the scope for further monetary loosening still looks very limited," said Shilan Shah, an economist at London-based Capital Economics.

Rajan will be chairing his last monetary policy review meeting in Mumbai on August 9 before he steps down as governor.

The popular RBI chief shocked markets last month when he announced that he would be returning to academia after his first term wraps up in September.

Rajan, who famously predicted the 2008 global financial crisis, has been widely credited with bringing stability to India's economy since taking over the reins of the RBI in September 2013.

He has brought inflation down from double-digit levels to 5.8 percent currently, and last month urged the central bank and India's government to focus on keeping it under control.

Rajan has made controlling inflation a priority during his tenure and clashed with Prime Minister Narendra Modi's government over how quickly the RBI should cut rates -- a reason he seemed to hint factored into his decision to leave.

Rajan's successor is widely expected to be announced before July 18, with Indian media tipping Arvind Panagariya, a top government policy maker, as the next possible governor.

German inflation picks up

AFP, Frankfurt

Inflation in Germany accelerated fractionally in June, buoyed by rising food prices and shallower declines in energy prices, final data showed on Tuesday.

The federal statistics office, Destatis, calculated that Germany's national inflation yardstick, the consumer price index, rose by 0.3 percent in June, slightly faster than the 0.1 percent recorded for Europe's biggest economy in the previous month.

Using the Harmonised Index of Consumer Prices (HICP) -- the barometer used by the European Central Bank -- the inflation rate edged up to 0.2 percent in June from 0.1 percent in May, Destatis said in a statement.

The data confirm a preliminary estimate released at the end of June.

Rampal plant's wheels set in motion

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The proposed power plant will have two units of 660MW that will generate power for local consumption, as nearly 40 percent of the population does not have access to electricity. Environmentalists have been up in arms against the power plant because of its proximity to the Sundarbans, the world's largest mangrove forest and a Unesco World Heritage Site.

The project poses significant adverse social and environmental risks and impacts that are diverse and irreversible, according to Bank Track, a Netherlands-based coalition of organisations "targeting the operations and investments of private sector banks and their effect on people and the planet".

Green activists are concerned that the plant would lead to its environmental degradation from increased ship traffic, dredging, and air and water pollution.

Coal-fired thermal power plants belch toxic gases that could impact wildlife and human health and forest quality in the neighbourhood, leading the country's many environmentalists to continue their call to scrap the plant.

The Rampal plant is located just 14 kilometres upstream of the Sundarbans and is estimated to burn 4.72 million tonnes of imported coal a year.

However, senior officials from both Bangladesh and India yesterday contended that the coal plants will have little or no impact on the forest, saying they will use the latest technology to mitigate pollution and are following stringent environmental guidelines, Bangladeshi laws and international standards.

"I will not make a tall comment. Time

will tell. This will be the most efficient power plant in Bangladesh as we are following international standards properly," said Ujjwal Kanti Bhattacharya, managing director of BIFPCL.

The company is taking the most stringent environmental protection measures, and the plant would not harm cultural heritage and biodiversity and living natural resources, he said. Singh of NTPC added: "We are providing the best technology and meeting the best standards."

The project was originally expected to be awarded by early 2014 with the target to begin commercial power generation from 2017. But in the face of environmental concerns, the authorities took extra time to refine tender guidelines and requirements.

BIFPCL will fund 30 percent of the project cost and the rest will come from the contractor in the form of loans.

The plant will run on imported coal, said Md Shamsul Hasan Miah, chairman of BPDB. Currently, the country gets the bulk of its energy from natural gas, which accounts for about 70 percent of electricity production.

As the demand for power is fast rising, Bangladesh is seeking to diversify the country's energy mix amid dwindling domestic gas reserves and volatile global oil markets.

Despite sitting on high quality coal reserves, only 3 percent of the electricity generated in the country now comes from coal, with the government planning to produce 20 percent of power from coal by 2041.

Bhattacharya of BIFPCL and Prem Pal Yadav, general manager of BHEL, signed the agreement.

IMF says sees 'negligible' Brexit impact on US growth

REUTERS

Britain's referendum on leaving the European Union has caused uncertainty and increased risks to the US economy, but thus far it looks likely to have a pretty "negligible" impact on US growth, the International Monetary Fund said on Tuesday.

The IMF said in its formal annual review of the US economy and policies that the Brexit vote has prompted a rise in the dollar that has been less than feared, up about 1 percent in nominal effective terms, while stock markets have recovered losses incurred in the immediate aftermath of the vote. Meanwhile, the safe-haven rush into US Treasuries has lowered yields, and home and business financing costs, considerably.

"The net effect on growth is pretty negligible," Nigel Chalk, the IMF's mission chief for the United States, told reporters on a conference call.

US, EU resume trade talks despite doubts

AFP, Brussels

The United States and the European Union on Monday resumed talks to clinch a trade deal this year, despite rising opposition and Britain's shock vote to exit the bloc.

Negotiators met in Brussels for the 14th round of negotiations on the proposed trade pact that would create the world's largest free trade area.

But it is facing increasing headwinds from major EU powers Germany and France, where negative attitudes to globalisation and free trade are on the rise.

Officials are publicly pushing to finalise negotiations on Transatlantic Trade and Investment Partnership (TTIP) before the end of the Obama administration at the end of the year.

But behind the scenes top diplomats are increasingly wary this will be achieved, believing that a suspension of talks until after major elections in France and Germany in 2017 will be required.



Syed Asaduzzaman, managing director of Best Electronics, and Mohammad Imdadul Islam, senior executive vice-president and head of retail, SME and other finance division of Meghna Bank, exchange documents after signing a deal at a programme in Dhaka recently. Under the deal, Meghna Bank cardholders will enjoy 5 percent discounts on all types of products at Best Electronics.

Jute goods exporters get tax benefits

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The prices of jute goods have fallen amid slow demand for the crisis in the Middle East, said Shahidul Karim, secretary general of BJS.

On the other hand, the production cost has risen for high prices of raw jute because of lower production but increased demand, particularly due to the enforcement of compulsory use of jute sacks for packaging various commodities.

Moazzem urged the government to put more focus on the domestic market for jute goods to ensure a vibrant manufacturing sector.

"In this context, the strict implementation of mandatory packaging law for the use of jute goods for agricultural products and further expansion of list of products by adding other agricultural products are immensely important."

The competitive pricing of jute goods manufactured by public and private jute mills needs to be ensured as well.

Besides, private and public jute mills, which are not in a position to reopen due to huge losses or debt, need to be considered for alternate investment opportunities in other potential manufacturing industries, he added.