

Star BUSINESS

DHAKA FRIDAY JULY 22, 2016, SHRABAN 7, 1423 BS

এসআইবিএল রিটেইল ব্যাংকিং
 জীবনের জন্য, জীবন যাপনের জন্য
এসআইবিএল ইসলামিক কনজুমার ফাইন্যান্স
এসআইবিএল হোম ফাইন্যান্স
এসআইবিএল অটো ফাইন্যান্স

* ফ্রি অনলাইন সেবা
 যে কোন প্রয়োজনে ০৯৬৯২০০৯২২

SIBL
 সিবিল সার্ভিসেস

Foreign insurers backtrack from Bangladesh entry

SAJJADUR RAHMAN

Two foreign insurance giants -- Prudential from the UK and Taiyo from Japan -- have backtracked on their plan to enter the Bangladesh market, according to the insurance regulator.

"Neither Prudential nor Taiyo has contacted us in recent months," said M Shefaqur Ahmed, chairman of the Insurance Development and Regulatory Authority.

Though the insurance market in Bangladesh is oversaturated with 74 companies -- 42 non-life and 32 life -- the market is heavily underdeveloped and poorly governed. Subsequently, the government and the regulator in March 2010 passed an insurance law to facilitate the entry of foreign insurers with a view to absorbing some of their knowledge and technical know-how.

After that, several foreign insurance companies, including Taiyo, LIC, Prudential and a Taiwanese insurer, had expressed interest in the Bangladesh market.

Taiyo got the consent letter from the IDRA in July 2013 to launch a life insurance company in partnership with Bangladesh's Summit Group, to be named Taiyo Summit Life Insurance Company.

At that time, the Japanese firm said it would hold a 57 percent stake in the proposed company, whose paid-up capital would be Tk 150 crore. Summit would have a 39 percent stake, an individual named Rashid 2 percent and Asian Future the other 2 percent.

Then in August 2014, Taiyo wrote to IDRA to express its intent to reshuffle Taiyo Summit Life Insurance Company's stakes, which is a violation of insurance regulations.

As per the revised proposal, Taiyo was to hold 19.9 percent stakes, Summit 60.1 percent, Rashid and the Asian Future 10 percent each.

Local entrepreneurs need a minimum of Tk 30 crore to form a life insurance company, whereas the amount is at least Tk 100 crore for a joint venture with a foreign company, according to IDRA rules.

IDRA wants the foreign insurance firms to own at least 50 percent of the total paid-up capital of Tk 100 crore in the joint venture company.

READ MORE ON B3

Remittance inflow from Middle East slows

REJAUL KARIM BYRON

Remittance inflow from Middle Eastern countries declined last fiscal year but receipts from the US and the UK increased.

In fiscal 2015-16, \$8.55 billion of remittance flew in from the Middle Eastern nations, down 5.17 percent year-on-year. Still, the highest amount came from Saudi Arabia followed by the UAE.

Remittance from the other regions increased 1.38 percent year-on-year in fiscal 2015-16.

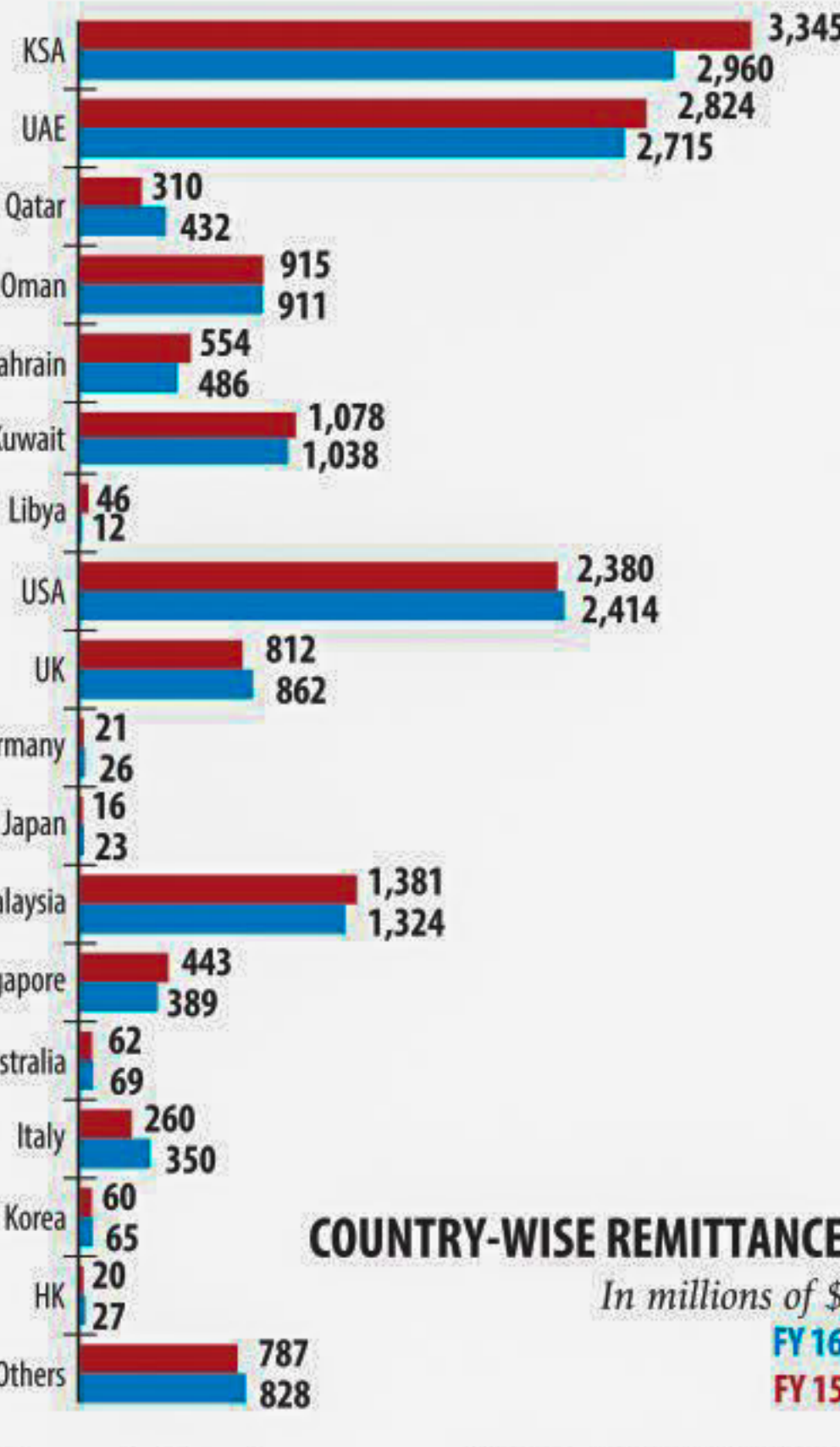
Remittance slipped 2.54 percent year-on-year to \$14.93 billion last fiscal year, as weak oil prices continue to bleed countries hosting the majority of Bangladeshi migrant workers.

This was the sixth time remittance, Bangladesh's most reliable source of foreign funding, went negative since 1975-76, according to Bangladesh Economic Review. Last year, manpower exports increased but remittance declined.

The outflow of migrant workers jumped more than 62 percent year-on-year to 6.84 lakh in fiscal 2015-16.

The decline in remittance in fiscal 2015-16 appears to be mainly a result of the prolonged decline in oil prices, said Zahid Hussain, lead economist of the World Bank's Dhaka office.

The oil price decline, which plummeted to its historic low in January this year from an all-time high in mid-2014, affected incomes in Gulf Cooperation Council economies



COUNTRY-WISE REMITTANCE

In millions of \$
FY16
FY15

and subsequently weakened the demand for migrant workers.

But Husain said the remittance from Middle East countries fell due to their currencies' depreciation against the dollar.

New manpower migration to western countries, especially the US and the UK, is very small, said bank officials. Only the existing manpower in those countries sends remittance to their relatives back home.

The economy of the US and the UK somewhat recovered last fiscal year, which may have increased the inflow of remittance from those countries, Hussain said.

"Unemployment has fallen in recent times in these countries, which also may have a positive impact on remittance."

Bank-wise, remittance data shows that the highest amount came through Islami Bank, followed by three state banks: Agrani, Sonali and Janata.

Some \$3.64 billion came through Islami Bank, the majority of which were from the Middle Eastern countries. Agrani received \$1.64 billion, Sonali \$1.39 billion and Janata Bank \$1.26 billion.

The remittance inflow through each of the banks dropped last fiscal year.

There are about 70 lakh Bangladeshis currently working abroad, according to the budget document. Of them, 31 percent are skilled, 14 percent semi-skilled, 2 percent professionals and 52 percent lowly skilled.

OPINION GDP growth, monetary policy and inflation: reality check

MOHAMMED FARASHUDDIN



Mohammed Farashuddin

Bangladesh Bank is going to announce the July-December monetary policy statement next week. This is the first policy stance under Governor Fazle Kabir. During the stakeholders' consultation organised on July 11, inklings have been provided for a refreshing departure from the growth slowing contractionary monetary policy to a moderately expansionary one. This is expected to further encourage private sector investment for growth and employment generation. Among the recent positive developments, a healthy increase in the private sector bank credit is quite remarkable.

In discussing the monetary policy with reference to Bangladesh, additionally special care will be needed to minimise the effect of escalating terrorist activities. The law enforcers are doing an excellent job of tracking and apprehending the sponsors of the terrorists, sealing the terror dens and busting the training camps of the killers. Bangladesh's growth performance and social transformation have received increasingly louder applause of the global community, culminating in the invitation of Prime Minister Sheikh Hasina to the latest G-7 Summit. The escalation of terror should not be allowed to slow the growth momentum. The issues that need attention for the monetary policy are money supply, inflation, interest rate, exchange rate, reserves, bank loan defaults and the regulatory framework.

Bangladesh Bank has to, by definition and mandate, ensure price stability towards preservation of the value of the taka. The Equation of Exchange, $MV=PQ$ i.e. $P=MV/Q$ where P is general price level, M is the base money supply, V is the velocity of money circulation and Q is the real GDP, is very often misunderstood in the sense that a contractionary monetary policy is regarded by many as the end all and be all for ensuring price stability.

READ MORE ON B2

GE-led consortium wins \$117m power plant contract

STAR BUSINESS REPORT

Bangladesh Power Development Board has awarded a \$117 million order to a consortium led by General Electric for repowering of the Unit 3 of Ghorashal power plant, the largest power station in the country.

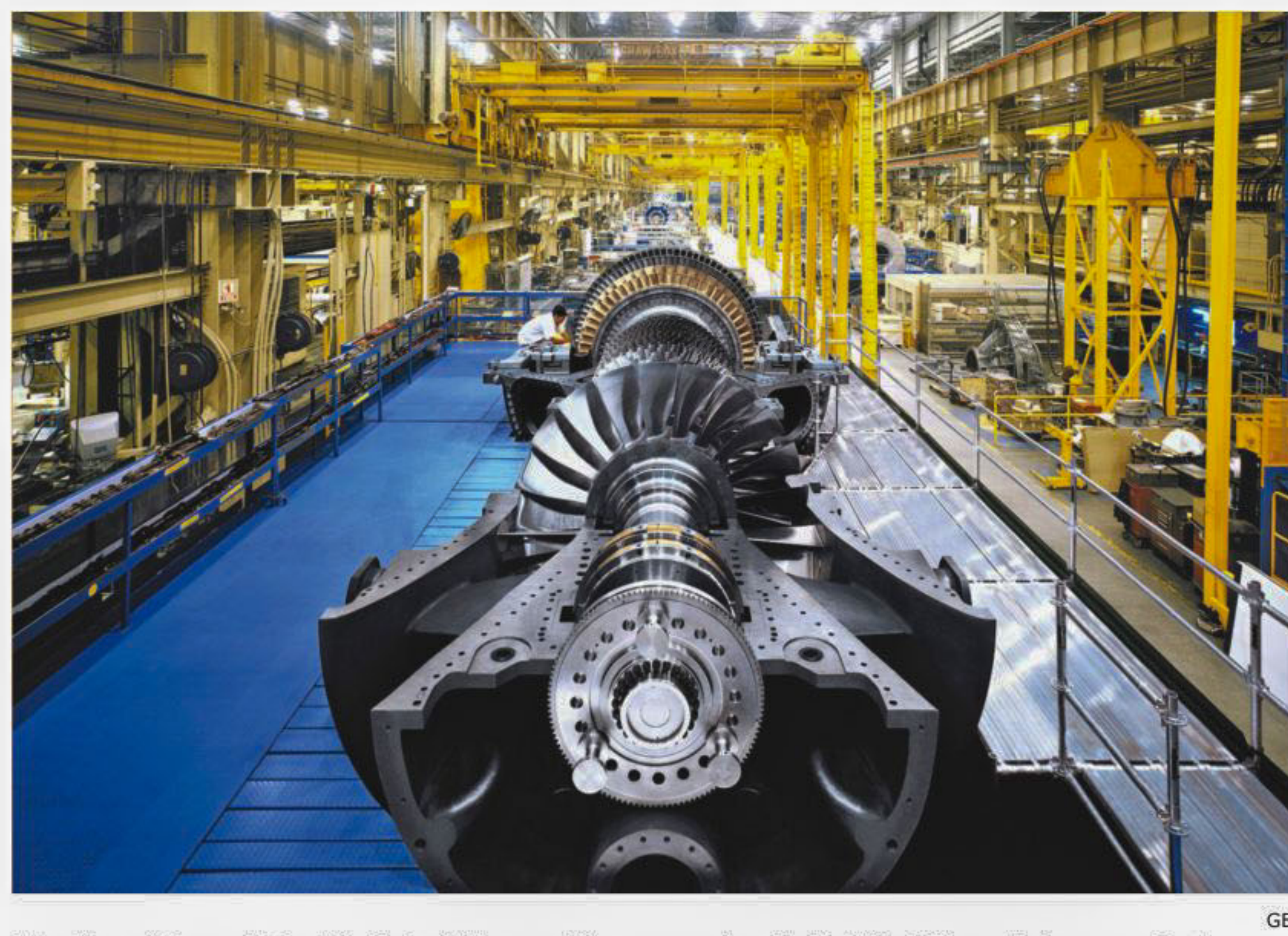
GE said this would be the country's first repowering project, which will increase the power generation capacity by adding over 200 megawatts of clean power to the national grid.

The US-based company has formed the consortium with China National Machinery and Equipment Import and Export Corporation.

The project calls for repowering the existing steam turbine—which is run by a gas-fired boiler—by transforming it into a combined cycle power plant.

The repowering will be achieved by installing a gas turbine and a heat recovery steam generator to generate an efficient 416.3MW in combined cycle mode.

Repowering is the process of replacing older power stations with newer ones that either have a greater capacity or more efficiency which results in a net increase of power generated.



A turbine of General Electric that will be used for repowering the Unit 3 of Ghorashal power plant.

READ MORE ON B3

BB closer to retrieving part of stolen money

Probe report will be made public in a few days: Muhith

STAR BUSINESS REPORT

Bangladesh Bank is a step closer to recovering a portion of the \$81 million fund stolen by hackers from its account with the Federal Reserve Bank of New York.

Julia Bacay-Abad, executive director of the Anti Money Laundering Council of the Philippines, said a lower court in Manila already granted its petition for civil forfeiture filed last May, reported the Philippine Star.

She said the forfeiture order covers the funds amounting to about \$15 million turned over by casino junkie operator Kim Wong to the AMLC in April and May.

Abad said the Bangladesh government should now file a third party claim so the funds currently kept at the vault of the BSP, the Filipino central bank, would finally be released.

In April, the Regional Trial Court in the National Capital Region Executive Judge Reynaldo Alhambra issued a provisional asset preservation order forbidding the respondents from transacting,

withdrawing, transferring, removing, converting, concealing or disposing the assets covered by the order for a period of 20 days.

The AMLC filed the civil forfeiture case against Wong and his Eastern Hawaii Leisure Co Ltd, Centurytex Trading owned by businessman William Go, Rizal Commercial Banking Corporation and Philippine National Bank.

The order covered Wong's account with balance of 4.46 million pesos (\$95,252), Eastern Hawaii's account with balance amounting to 5.74 million pesos, and the RCBC account of Go's Centurytex Trading with a balance of 19,983 pesos.

During one of the hearings at the Senate, Abad said the AMLC is still looking for around \$21 million as it already accounted for about \$60 million.

These included the \$15 million turned over by Wong, the \$28 million with Solaire Casino and the \$17 million allegedly with Philrem Services Corp.

READ MORE ON B3

First IT training centre to open in three months

STAR BUSINESS REPORT

The country's first IT training and incubation centre is set to start its operation in three months as part of the government's effort to train 480 youths in graphic and web designing and search engine optimisation.

ICT State Minister Zunaid Ahmed Palak will lay the foundation stone of Sheikh Kamal IT Incubation and Training Centre at the abandoned building of the old central jail in Natore today.

"This is a ready building and no big development work will be needed to establish the training centre here," said Hosne Ara Begum, managing director of Bangladesh Hi-Tech Park Authority, which will develop the centre.

The government has allocated Tk 9.13 crore for the project that will run up to June 2018.

The park authority will select secondary and higher secondary students for training and each batch will contain 30 students, she said.

"We have already developed the curriculum for the training centres with the help of experts, and trainers will also be hired to run the course."

The training provided by the centre will also help the students qualify for jobs abroad, she said.

The BHTPA also plans to develop another six centres in Chittagong, Comilla, Sylhet, Barisal, Netrokona and Magura.

A software incubation centre will also be developed inside the training centre, where 10 companies will be able to setup their firms.

The incubation centre will start its operation in July next year.

READ MORE ON B3

Scottish museum showcases Grameen Bank's village phone initiative

STAR BUSINESS REPORT

Grameen Bank's Village Phone programme, which had given rural people the access to mobile phone service two decades ago, has earned a spot at a prestigious museum in Scotland.

The National Museum of Scotland located in the city of Edinburgh opened 10 new galleries in 2016 and one of them is on "Telephone Lady" of Bangladesh, Yunus Centre said in a statement.

The exhibition was officially launched on July 8. The museum reached out to Grameen Telecom in February, 2015 with their interest in Village Phone, according to the statement.

READ MORE ON B3

DCCI opposes planned gas price hike

STAR BUSINESS REPORT

The Dhaka Chamber of Commerce and Industry (DCCI) yesterday expressed deep concern over a proposed gas price hike, saying the planned rise will increase the cost of doing business manifold.

"We should look for alternative primary energy sources for future energy security," the chamber said in a statement.

It said the proposed hike would adversely affect the cost of doing business and inflation, export competitiveness and industrial production cost.

State-run distributors have proposed to Bangladesh Energy Regulatory Commission to increase the tariff of gas as high as 140 percent.

It came at a time when the country has been experiencing stagnation of adequate supply of natural gas, said the chamber.

"If the gas price is hiked the price of

fertiliser will go up in the local markets which will ultimately hamper the production of agricultural goods and might increase the overall inflation in the country."

The chamber suggested the government import low-cost fuel from the international market to supply gas to households as an alternative to gas price hike.

The BERC will hold a public hearing on the gas price hike proposals on August 7.

The government's proposal includes a 140 percent hike for domestic use, 130 percent for captive power plants and 62 percent for industries.

The DCCI said if the price hike of gas comes into effect, the country's garment and other export-oriented industries may lose global market share.

In addition, the gas price hike may affect transport cost, the cost of electricity production, and the cost of

living, the chamber said.

Besides, it may create an excuse for manipulating the price of essential commodities, hitting the purchasing power of common people.

"For the greater interest of our accelerating economic growth, the DCCI requests the government to re-consider the decision and not to raise gas price at this moment."

The BERC last raised the gas tariff in September last year, with average tariff hike standing at 26.29 percent.

Tariff for households using a single burner went up 50 percent to Tk 600 a month. The rate for double burner users rose to Tk 650 from Tk 450 a month, while industries that turn gas into electricity through generators saw tariff hikes to Tk 8.36 from Tk 4.18 per cubic metre.

Unlike in many countries, gas price is too low in Bangladesh, and the price is one-third of what it should be, said the BERC while announcing the last hike.