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Footwear sector awaits a boom

Exports may exceed a billion dollars by 2013 if power is ensured

Bangladesh could have a billion dollar footwear export sector by 2013 claim local shoe manufacturers on the basis of both the current growth in shipments and the increased production capacity in factories under construction. If the assessment is correct, in a three-year period the level of exports can increase five-fold from the \$205 million worth of shoes that were exported in the last fiscal year that ended in June 2010. In the first four months of the current fiscal year there has been \$98 million worth of exports, a 65 per cent increase from the same period last year. Taking this rate of growth into account, it is estimated that the current fiscal year's footwear export is likely to cross \$300 million. Japan and Germany are now the biggest markets for Bangladeshi footwear but US buyers are increasingly showing interest in sourcing from Bangladesh. The Export Processing Zones at present have 18 shoe and leather goods factories but there are at least seven large factories under construction, mostly owned by big manufacturers in the shoe world. The factories under construction include Korean company Youngone's footwear complex which is said to be the largest in Asia. This year Youngone — which produces sportswear for Nike and other leading brands — estimates that it will export \$56 million worth of footwear. However, when the new factory is completed next year the company expects to increase exports to at least \$250 million by the end of 2013. Taiwanese shoe manufacturer Pau Chen, which employs about 4,00,000 workers in its factories in China and 50,000 in Vietnam, is also building a large manufacturing facility in Chittagong. Australian manufacturer Bonbon Shoe, a supplier to Hugo Boss, and Xen Chen and Genford of Taiwan, are also building footwear factories in Bangladesh. Apex-Adelchi also has a new factory that will soon start production. With an annual turnover of about \$100 million, the Bangladesh-Italy joint venture is now the largest exporter of footwear. However, with a new joint venture factory, Blue Ocean Footwear, due to go into production by February 2011, Apex will get involved with a turnover of nearly \$200 million of footwear export by 2013.

New Age: 01.12.2010

Banks get more time to separate merchant banking wings

Bangladesh Bank on 01.12.2010 extended the deadline for commercial banks to convert their merchant banking wings and brokerage houses into subsidiary companies to December 30. Earlier, the central bank directed the commercial banks to separate their merchant banking wings from parent companies and convert these into subsidiaries by November 30. But many of the banks could not complete the process for turning their wings into companies and sought additional time from the BB, central bank officials said. The banks informed the BB they could not complete processes despite their efforts because of dilly-dally of regulatory authorities.

New Age: 02.12.2010

Central bank relaxes farm loan inquiry rules

Bangladesh Bank on 02.12.2010 relaxed its credit inquiry and reporting rules for short-term farm loans. A central bank circular said that the BB decided to relax the obligation of Credit Information Bureau enquiry and report for short-term crop production loan up to Tk 0.15 million. The circular said that the decision was taken to speed up the process for timely disbursement of loans to farmers. According to the circular, the BB also decided to keep the 'no-objection letter' provision unchanged for banks, which are operating under any union council where another bank is selected as 'lead-bank' to prevent loan defaulters from taking advantage of the new directive. The latest BB directive would encourage banks to provide farmers with loans as the central bank had given emphasis on loan disbursement to farmers. Thousands of farmers opened accounts with different banks with only Tk 10 after the central bank directed the bank to allow such low-cost account for the farmers.

New Age: 03.12.2010

GDP growth to fall to 5.83 per cent: BBS estimate

Belying the government optimism, the country's GDP growth in the last fiscal year is likely to fall below 6 per cent, as the revised estimate of Bangladesh Bureau of Statistics shows the growth at 5.83 per cent. As a result, the country's GDP growth is likely to maintain its downward trend for the 3rd consecutive year since 2006-07 fiscal. Besides, the growth is also likely to fall below 6 per cent for two successive years. According to the latest revised estimate of BBS, the GDP for 2009-10 fiscal stood at Tk 3,60,046 crore at constant market prices. The sectoral growth of GDP at constant prices showed that agriculture and forestry achieved a growth of 4.87 per cent; fishing 3.98 per cent; mining and quarrying 10.05 per cent; manufacturing 5.73 per cent; electricity, gas and water supply 6.87 per cent; construction 5.85 per cent; wholesale and retail trade 6.10 per cent; and hotel and restaurants 7.62 per cent. Besides, transport, storage and communication achieved a growth of 7.20 per cent; financial intermediations 8.35 per cent; real estate, renting and business activity 3.84 per cent; public administration and defence 9.64 per cent; education 9.29 per cent; health and social works 8.10 per cent; and community, social and personal services 4.75 per cent. Earlier, the BBS in its provisional estimate showed the GDP growth in fiscal 2009-10 at 5.54 per cent. The government, however, earlier projected a 6 per cent growth in the last fiscal. According to the BBS, the GDP growth in 2000-01 was 5.30 per cent but came down to 4.40 per cent in the 2001-02 fiscal. The growth, however, increased to 5.30 per cent in the 2002-03 fiscal and reached 6.30 per cent in 2003-04. The GDP growth was 6 per cent in the 2004-05 fiscal; 6.63 per cent in 2005-06; 6.43 per cent in 2006-07; 6.19 per cent in 2007-08; and 5.74 per cent in the 2008-09 fiscal.

New Age: 04.12.2010

Pragati Industries starts assembling Japanese Pajero jeeps

Pragati Industries Limited of Bangladesh has started assembling modern Pajero jeeps of Japanese Mitsubishi Company in the country. Two cars have already been assembled on an experimental basis at the workshop of state-run Pragati Industries in Chittagong. The commercial production will begin soon. The cars are being assembled under a five-year agreement signed between the Pragati Industries and the Mitsubishi. This will make available for Bangladeshis the globally popular Pajero sports jeep at Tk 60 lakh in place of Tk 1.20 crore. Besides, the Mitsubishi Company has shown interest in setting up a spare parts manufacturing factory in Bangladesh. A four-member expert team of Mitsubishi trained the Bangladeshi workers from October 18 to November 5 on car assembling. The workers have successfully assembled the two pajero jeeps in the meantime. Parts would be available in the current month of December for assembling of 10 more cars. Four cars would be assembled in January and six in March. These 10 cars would be sold in the Bangladesh market to be followed by wide-scale production. Though the car would be available here for Tk 60 lakh only, the quality would be the same of the car of its original price of Tk 1.20 crore. The world famous company would never compromise as regards the quality of its products.

New Age: 04.12.2010

July-November export earnings post \$8.3 billion

November shipments decline compared to October's

Country's export earnings in five months of the current fiscal year amounted worth \$8.3 billion, growing by 36 per cent year-on-year, shows a report of the Export Promotion Bureau. According to the report, released on 05.12.10, apparel shipments alone fetched over \$6.4 billion, growing by 36 per cent. Apparel accounts for 77 per cent of the country's entire export proceeds. In November, export earnings grew by about 30 per cent over the same month of the previous year. The report show that knitwear exports amounted worth \$2,884 million in July-November, 2010 with 36 per cent growth over the corresponding period. Shipments of woven or cut and sew garments amounted worth \$3,533 million having a 37 per cent growth. Home textile exports in the period amounted worth \$224 million, growing 72 per cent, and terry towels \$55 million, growing 6 per cent. Export of synthetic yarns amounted worth \$32 million and specialised textiles \$70 million. Footwear shipments in the period earned \$118 million, up 48 per cent over the corresponding period of last year, finished leather \$110 million, up 30 per cent and frozen shrimps \$226 million, up 30 per cent. Raw-jute exports in the period amounted worth \$145 million, up 69 per cent, jute yarns \$200 million, up 58 per cent, and jute sacks and bag exports amounted \$72 million, up 9 per cent. In July-November, exports of bicycle amounted worth \$40 million, declining by 9 per cent over the corresponding period of last year, pharmaceuticals \$18 million, down 2 per cent and tea exports declined by 70 per cent to \$0.8 million.

New Age: 06.12.2010

JULY-SEPTEMBER EXPORT

23 missions fail to achieve targets

Exporters suggest gearing up commercial, labour wings at missions

As many as 23 of the 44 Bangladesh missions abroad failed to achieve their export targets for the first quarter of the current fiscal year, according to Export Promotion Bureau data. Exporters emphasised taking specific steps, including gearing up the existing commercial and labour wings at the missions and opening new embassies and commercial and labour wings, to increase the country's exports. Some of them also stressed the need for exploring new export markets. The government also needs to open new missions and commercial and labour wings at important places and explore new export markets, especially manpower-importing destinations. The country's actual export earnings in July-September of FY2010-11 was \$5,029.05 million, which is 12.33 percent higher than the targeted \$4,477 million and 29.58 per cent more than the export proceeds earned in the corresponding period of the last fiscal. The well-performing 21 missions are those in Berlin, Brussels, Canberra, Dubai, The Hague, Hanoi, Hong Kong, Kuwait, London, Madrid, Moscow, Muscat, Ottawa, Paris, Pretoria, Riyadh, Seoul, Singapore, Stockholm, Tashkent, and Washington, according to the United News of Bangladesh. The EPB data shows these 21 missions achieved their export targets and fetched \$4,253.78 million in July-September of the current fiscal year while the 23 missions that failed to achieve their targets earned a mere \$711.43 million. Of the overall export earnings, Washington mission accounted for \$1,303.03 million, Berlin \$771.00 million, London \$501.76 million, Paris \$294.87 million, Madrid \$208.21 million, Ottawa \$224.50 million, and Stockholm \$160.79 million. The export growths effected in the first quarter of FY2010-11 by the missions in Ankara, Amman, Beijing, Cairo, Doha, Islamabad, Kathmandu, Manila, Manama, Nairobi, New Delhi, Rabat, Tokyo, Tehran, and Thimpu were higher than that in the corresponding period of FY2009-10.

New Age: 07.12.2010

Country earns \$8,275m from export in 5 months

The country's export earnings during the last five months of the current fiscal year (July to November) totalled \$8,275.29 million, which is 15.85 per cent more than the target. In November this year, the export income was \$1,553.88m against \$1197.52 million during the same period of the last year. The export growth during the month of November was 29.76 per cent. The export earnings increased in main export items during the period. They were knitwear, woven garments, home textiles, plastics, leather vessels and computer services. But

earnings from chemical products, building materials, wooden goods, cement, glass and engineering goods fell during the period.

New Age: 09.12.2010

Banks to get 6pc subsidy for giving farm loans at 2pc

Bangladesh Bank governor on 09.12.2010 said Bangladesh Bank and the government would provide 6 per cent subsidy to the banks if they give loans to the farmers at 2 per cent interest. The country is now importing spices spending Tk 12,500 crore every year, this huge amount would be saved if the farmers could grow the spices locally. Bangladesh might be the 30th rich country in the world by 2030 if she can attain food autarky by increasing agricultural output. 'If our farmers can produce spices like onion, garlic, ginger and turmeric we are ready to give them necessary loan at 2 per cent interest only,' said the BB governor.

New Age10.12.2010

Brighter prospect for Bangladesh shipbuilding: UK naval architect

The country's growing shipbuilding industry will grab a sizable number of global market share in the coming days due to its cheaper labour cost and energetic manpower, said Trevor Blakeley, chief executive officer of the Royal Institution of Naval Architects on 10.12.10. Appreciating Bangladesh's shipbuilding facilities, the CEO of RINA, a top platform of naval architects in the United Kingdom, also observed that Bangladesh had performed well in the global maritime industry in the last few years at a time when many developed and developing countries could not do so during the global financial recession. He was talking to journalists after he visited Ananda Shipyard and Slipways Ltd, one of the leading shipbuilders of the country. ASSL had so far exported eight vessels (2,900 deadweight tonnage each) to Denmark, Mozambique and Maldives and 10 ships ranging from 5,500 to 6,100 dwt are being built and two more (7,250dwt each) would be started to be built soon. The expert team made the visit at the shipyard on the eve of the two day international conference on Marine Technology (MARTEC-2010) that begins today in the BUET conference rooms.

New Age11.12.2010

ADB approves first-ever fund to support microfinance

The Asian Development Bank for the first time has approved a fund of \$250 million to support microfinance initiative in its member countries. The ADB at a meeting at its Manila headquarters on 13.12.10 approved the fund, which will be disbursed under the Microfinance Risk Participation Programme of the Bank, said a news release. The programme will allow ADB to partner with financial institutions that actively lend to microfinance institutions in ADB's developing member countries and to share the default risk on underlying MFI loans. The programme will also support the expansion of lending to MFIs, in turn enabling increased provision of financial services to the underserved. This will help address the significant unmet demand from the poor for financial services, and provide additional funding for micro-borrowers. Under the terms of the programme, the ADB will typically assume up to 50 per cent of the default risk on loans made to MFIs, in aggregate up to a maximum of \$250 million. According to ADB, the microfinance industry has boomed in recent years with Asian institutions estimated to have over 47 million borrowers as of the end of 2008, with outstanding loans of over \$10 billion.

New Age14.12.2010

Call money rate soars to 175pc

Economists warn of adverse impacts on investment

The inter-bank call money rate on 15.12.10 skyrocketed to 175 per cent as banks and non-banking financial institutes scampered to submit cash to the Bangladesh Bank to fulfil their cash-reserve ratio. Economists warned that the economy would be affected severely if such volatility in call money rate continued. Banking sources said the call money rate or interest rate that banks charged from other banks for short-term borrowings

went up to 90 per cent in the banking sector on 15.12.10 while it soared to 175 per cent in the NBFIs sector with deadline set by the central bank ending on the day. Banks had to take loans at a higher interest rate from other banks, mainly the nationalised ones, as they were facing a liquidity shortage to meet the BB's requirement. According to bankers, the call money rate usually goes up to 20 per cent before the Eid-ul-Azha because of heavy withdrawal of funds by the clients to purchase rawhides of sacrificial animals. But, the central bank's directive to the banks and the NBFIs to increase their statutory liquidity ratio, or SLR, to 19 per cent from 18.5 per cent and cash-reserve ratio, or CRR, to 6 per cent from 5.5 per cent by Wednesday made the money market highly volatile. The call money rate went up to an exorbitant level on that day as banks that have liquidity crisis had to take loans to meet the central bank's requirement. The banking sector had to submit around Tk 3,000 crore for maintaining CRR with the central bank. The banks had to borrow money to submit this huge amount of fund by the deadline set at 15.12.10.

New Age 16.12.2010

Shrimp export up 30pc

Despite European Union's restrictions on exporting prawn to the EU market, Bangladesh exported shrimps worth \$ 223 million during July-November of this fiscal, which is 30 per cent higher than the corresponding period of the last year. Bangladesh export shrimp to more than 30 countries while 50 per cent of shrimp is exported to the European market. Bangladesh exported a total of 77,643 tonnes of fisheries including shrimp worth \$ 487 million. Out of this 51,599 tonnes of prawn worth \$ 412 million was exported in last fiscal. The European Union imposed restriction on exporting 'galda' shrimp of Bangladesh on November, 2009 due to presence of nitrofurans in shrimps. Government hired two international researchers to find out reasons behind the presence of nitrofurans in shrimp. A high-level delegation of the government met with the representatives of EU-FVO in Brussels on September 28 to discuss the issue.

New Age 16.12.2010

Bangladesh's minimum wage lowest in Asia

ILO's Global Wage Report 2010/2011 shows country's average minimum wage is only \$58

The minimum wage in Bangladesh is the lowest among all Asian countries, shows the International Labour Organisation's Global Wage Report 2010/2011 released 15.12.10. The United Nations' labour wing that compiled data of 115 countries and territories said the overall worldwide growth in wages was halved in 2008 to 2009 due to the global financial meltdown, with some regions like Europe even posting a net drop in salaries. The report shows the average minimum monthly wage in Bangladesh in purchasing power parity is \$58, less than that of the tiny kingdom of Bhutan and even the war-ravaged Afghanistan. The report lists the minimum wages in 28 Asian countries, including those of the Middle East and the Far East. According to it, the minimum wage in Vietnam and Laos, the nearest competitors to Bangladesh, is \$84. In South Asia, the minimum wage in Pakistan is \$229, Nepal \$151, India \$121, Bhutan \$108, Sri Lanka \$93, and Afghanistan \$89. Among the Far Eastern countries, China has an average minimum monthly wage of \$173 while Japan has the highest, \$944, followed by \$797 in South Korea. The real average monthly minimum wage in Bangladesh has been on the slide, although its annual rate of fall had increased from -7.2 per cent in 2008 to -5.7 per cent in 2009, the report reveals. It also says that the global growth in real average monthly wage declined from 2.8 per cent in 2007, before the recession, to 1.5 per cent in 2008 and 1.6 per cent in 2009.

New Age 17.12.2010

Final text of Basel bank rules published

The Basel Committee of global banking regulators published on 16.12.10. the final text of Basel III, which will force banks to triple the amount of capital held to withstand shocks. World leaders agreed in Seoul last month the new rules would be phased in between 2013 and 2018. 'The transition period provides banks with ample time to move to the new standards in a manner consistent with a sound economic recovery, while

raising the safeguards in the system against economic or financial shocks,' Basel Committee chairman, Nout Wellink, said in a statement. The final text confirms all key ratios and their timing, as expected. The text has been fleshed out in some areas, particularly as regards the new and first set of global liquidity standards to allow countries like Denmark and Australia more flexibility. These and a few other countries have low government debt or small corporate bond markets, making it hard for them to comply with Basel III requirements that the bulk of new liquidity buffers must be in the form of highly rated sovereign debt. The tweaked rules would allow Denmark and Australia to hold sovereign debt from other countries or use greater amounts of covered bonds, subject to higher haircuts or discounts. Basel III will require banks to increase their Tier 1 capital ratio to 7 per cent, which includes a capital conservation buffer.

New Age17.12.2010

BB defers deadline for adjusting industrial loans invested in stocks

The Bangladesh Bank on 19.12.10 extended the deadline from January 31 to February 15 for the banks to adjust the industrial loans that they had disbursed but were invested in other sectors to give the banks more time to have their borrowers disinvest such funds from the capital market. The central bank officials at a meeting with the officials of the Securities and Exchange Commission also decided to defer another deadline for banks to furnish it with the details of clients who took loans of more than Tk 1 crore from December 31 to January 15. The decisions were taken in the wake of the volatility in the money and stock markets. The BB on the same date also increased the amount of money released through Repo by Tk 1,000 crore.

New Age20.12.2010

MONEY TRANSFER

Single agency can no longer be sole partner of banks

The Bangladesh Bank has relieved some commercial banks from being hostage to affiliation with a single international money transfer agency. The central bank rendered invalid an 'exclusivity clause' that obliged many local banks to work with a single money transfer agency, the Western Union. The Western Union, the leading international money transfer agency, had an 'exclusivity clause' in its contracts with several local banks, so the banks could not work with other agencies. 'The Bangladesh Bank has nullified the exclusivity clause in Western Union's contracts with local banks to let them make other agencies their business partners,' a senior official of the Foreign Exchange Policy Department of the Bangladesh Bank told New Age on 20.12.10. The Western Union is the major carrier of remittances sent mainly by Bangladeshis working abroad. The leading international money carrier handles a significant portion of Bangladesh's annual foreign remittance earning of around \$11 billion.

New Age21.12.2010

BB warns banks over instability in call money market

Bangladesh Bank governor on 20.12.10 warned of stern action if anybody tries to create unrest in the banking sector in the wake of current volatility in call money rate. Banks are being provided more money than the amount taken from the market through CRR. The allegation of sharp rise in the call-money rate due to CRR is not true. The central bank has asked the banks and financial institutions to submit reports about their investments in the capital market by January 15. The deadline was earlier set for December 31. Meanwhile, in the wake of overheated call-money market, the central bank verbally instructed the banks and financial institutions to limit inter-bank lending rate at 50 per cent. Senior officials of the Bangladesh Bank conveyed the instructions over telephone, according to BB sources.

New Age21.12.2010

Call money market returning to normalcy

BB continues injecting money into banking sector, NBFIs

The inter-bank call money rate was reduced further to around 40 per cent on 21.12.10 in response to the Bangladesh Bank's directive not to charge interest rate over 50 per cent for short-term loans. The call money rate, the rate of interest that banks charge other banks for overnight loans, came down from 55 per cent on 20.12.10 and hovered between 35 and 40 per cent on next day. Money market became relatively stable after a week of volatility as the BB warned banks on 20.12.10 not to charge interest over 50 per cent for overnight loans. Besides, the BB's continuous injection of money into the banking sector through Repo also helped to reduce the call money market. The BB lent 24 banks and non-banking financial institutions around Tk 3,925 crore on 21.12.10. through Repo, and gave bank liquidity support of Tk 3,528 crore to 14 primary dealers. 'The central bank has been giving Repo everyday for the last few days to calm the money market. The volatility of the money market began last week with the call money rate shooting up to 175 per cent on 21.12.10 as the banks and non-banking financial institutes scammed to accumulate cash for increasing the statutory liquidity ratio (SLR) and cash reserve ratio (CRR). In line with a directive of the BB, the banks and the NBFIs on that day increased their SLR to 19 per cent from 18.5 per cent and the CRR to 6 per cent from 5.5 per cent.

New Age22.12.2010

Central bank to inflate refinancing fund for women entrepreneurs

Bangladesh Bank is considering to increase the refinancing fund for women entrepreneurs by 15 per cent as the allocated fund has already exhausted on high demand, said BB governor Atiur Rahman. Central bank this year disbursed Tk 1,466 crore to finance different projects of 16,534 women. BB also injected Tk 113 crore to 1,429 projects under its refinancing scheme, which is 94 per cent of the total fund of Tk 120 crore. The governor said that the central bank was actively considering 15 per cent increase of the refinancing fund. Women should be brought to the mainstream of the economy for sustainable growth as they constitute a major part of the society. Besides financing women entrepreneurs, BB until September 30 injected Tk 38,000 crore to the country's small and medium enterprises sector, which was 160 per cent higher than the original allocation of Tk 24,000 crore.

New Age24.12.2010

Primary products export sees robust growth in Q1

Overcoming the poor performance of the last fiscal, export of primary products from the country totalled \$236.89 million in the 1st quarter of the current fiscal (July-September), showing a growth of 37.13 per cent over the same period of last fiscal. The amount also exceeded the target of \$173.28 million set for the first three months of the current fiscal. The export of primary products in the 1st quarter of last fiscal (2009-10) amounted to \$172.75 million. Primary products export witnessed a negative growth of 0.90 per cent in the last fiscal compared to 2008-09 fiscal. Export of manufactured products also marked a 29.65 per cent growth in the 1st quarter of the current fiscal as it totalled \$4,792.16 million, compared to \$3,696.35 million in the July-September period of 2009-10 fiscal. The overall export earnings in the July-September period of the current fiscal totalled \$5029.05 million against the strategic export target of \$4477 million, according to the statistics released recently by the Export Promotion Bureau. The overall export earnings in 2009-10 fiscal marked a growth of 4.11 per cent, but fell 7.93 per cent short of the target of \$17,600 million. Of the total export earnings of \$16,204.65 million in the last fiscal, primary products accounted for \$687.53 million while manufactured products \$15,517.12 million. Analyzing the statistics on export of primary products in the 1st quarter, it was found that frozen shrimp, fruits, vegetables, tobacco, dry food, flowers and foliage, and frozen fish showed healthy performance during the period except tea. Frozen shrimp export in the 1st quarter totalled \$121.91 million showing a 41.92-per cent growth over the corresponding period of last fiscal and frozen fish \$17.85

million. Vegetables export for the July-September period fetched \$16.73 million, fruits \$8.11 million, tobacco \$32.59 million, flowers and foliage \$10.36 million and dry food \$6.95 million. Tea export marked a 53.75-per cent negative growth in the 1st quarter with earnings of \$0.37 million compared to \$0.80 million in the corresponding period of 2009-10 fiscal. Export of manufactured products in the first quarter of current fiscal totalled \$4,792.16 million against the strategic target of \$4,303.72 million with jute and jute made goods, knitwear, woven garment, leather, other manufactured products, footwear, home textiles, specialised textiles, plastic products and cotton fabrics showing good performance. However, chemical products, petroleum by-products, engineering products and glassware showed negative export growth during the period compared to the corresponding period of 2009-10 fiscal. The earnings from major export-oriented knitwear totalled \$2,181.28 million showing a 31.91-per cent growth over the 1st quarter of last fiscal while woven garment fetched \$1,790.24 million having a 30 -per cent growth over the corresponding period of last fiscal. Export of jute and jute made goods in the July-September period of current fiscal totalled \$209.51 million, petroleum by-products \$66.54 million, leather \$64.39 million, other manufactured products \$13.80 million and engineering products \$71 million. During the period, export of home textiles amounted to \$125.22 million, glassware \$0.33 million, plastic products \$13.87 million, handicrafts \$1.11 million, ceramic products \$9.75 million, footwear \$76.98 million and cotton fabrics \$29.04 million.

New Age25.12.2010

Bangladesh on Gartner's top-30 IT outsourcing list

Bangladesh has started to be recognised by the world as a reliable source and provider of IT services. Gartner, a global IT research and advisory firm, in last week, put Bangladesh on its list of the world's top-30 IT services outsourcing destinations. It was for the first time that Bangladesh has made the world's number-one list prepared by Gartner Inc. Investors in information technology across the globe attach much value to the survey findings and suggestions offered by the firm listed with the New York Stock Exchange. Gartner named India as the most admired South Asian source of IT services, while Sri Lanka is the only other country that has secured a place on the list from this region. Gartner Inc. rates a country on the basis of its position in 10 categories, including availability of IT workers, their language skills and efficiency in terms of competitive wages, presence of an IT-friendly legal environment, policy supports offered by its government, and its state of telecoms and IT infrastructure. The findings of the study conducted for rating the countries on the list show that India is still one of the world's most favourite offshore services outsourcing destinations. The Philippines, Vietnam, and Indonesia with their attractive cost structures and China with a booming IT business, however, are coming up as tough competitors to India. Many organisations in the developed economies that opted for expanding their IT operations to low-cost countries faced the daunting task of determining which country, or countries, would best suit their requirements. For them, Gartner made an analysis and assessment of the capabilities of such countries as potential offshore services locations.

New Age25.12.2010

IFIC Bank appoints 2 new DMDs

Mati-ul Hasan and Zaitun Sayef have been promoted to the rank of deputy managing director of IFIC Bank, said a news release. Prior to the joining Hasan was senior executive vice-president and relationship manager of Motijheel branch of the bank. Hasan started his career with IFIC Bank in 1984 as a probationary officer. He was entrusted with many important assignments including manager of main branch at Motijheel. He also held the position of manager foreign trade division, Karachi Branch and chief manager of Lahore branch Pakistan and served there for 10 years. He was also deputy managing director of Nepal-Bangladesh Bank joint venture of IFIC Bank in Nepal. On the other hand, Sayef was senior executive vice-president and head of training and research division of the bank. She started her career as a senior officer in Agrani Bank in 1983. She joined IFIC Bank as 1st batch probationary officer in 1984 and worked in various branches of the bank both in Dhaka

and Chittagong as manager. She also served as head of treasury, corporate banking and marketing and credit risk management division.

New Age26.12.2010

Shoe shipments to USA increase by 50pc

The country's footwear shipments to the USA increased robustly this year thanks to the growing interest of importers who have begun regarding Bangladesh as a new sourcing destination. An official of the Leather Goods and Footwear Manufacturers and Exporters Association of Bangladesh told that more than half a million pairs of footwear were shipped to the USA in 10 months of the current year. Shipments in terms of volume had increased by more than 50 per cent year-on-year. From January to October 2100, Bangladesh's footwear shipment to USA recorded 5,03,543 pairs against 3,34,628 pairs in the same period of 2009, quoting data from the USA's commerce department. Shipments of shoes were recorded at 3,75,962 pairs in 2008 and at 2,90,778 pairs in 2007. Japan and the European Union, mainly Germany, have been the major market destinations for Bangladeshi footwear exporters. The USA, which is the single largest market destination of Bangladeshi garments, is a relatively new importer of Bangladeshi shoes. Shoe importers in the USA are now eyeing low-cost sources like Indonesia, Cambodia and Bangladesh, and are gradually turning away from the traditional sources like China, Vietnam, Thailand and Taiwan. Before 2008 Bangladesh footwear shipments to USA were rather insignificant, but when recession hit the USA's market the importers there started looking for low-cost shoes from Bangladesh. Until last year, Bangladesh exported footwear worth less than \$10 million annually to the USA where annual footwear imports, half of which is leather shoes, amount to more than \$20 billion in value. Industry observers feel that as the USA's shoe market is opening its doors to Bangladesh, the government and the shoe industry here need to go for aggressive marketing promotion there. Bangladesh exported footwear worth \$119 million dollars in the July-November period of the current fiscal year, and industry estimates that annual footwear exports by the end of this fiscal year will earn about \$300 million.

New Age28.12.2010

Basel Committee seeks detailed rules on bank pay

Global banking supervisors tackling issues like bonuses, which drew ire during the economic crisis, said banks should disclose how an individual's pay is linked to the firm's performance, including longer-term profitability. Under new proposals, banks would disclose qualitative and quantitative information about their remuneration practices, the Basel Committee for Banking Supervision said on Monday in a consultative document. 'The Committee believes that these additional Pillar 3 requirements on remuneration will support an effective market discipline and will allow market participants to assess the quality of the compensation practices and the quality of support for the firm's strategy and risk posture. Banks would also need to disclose the number and total amount of guaranteed bonuses paid during the financial year and the total amount of outstanding deferred compensation. Comments on the document can be submitted until February 25, 2011.

New Age28.12.2010

BB tightens reins on inflation

Bangladesh Bank (BB) has increased the cash reserve requirement (CRR) for the second time in five months to contain inflation. The central bank increased the CRR by 0.5 percent that is to be effective from December 15, according to a circular issued to banks on 01.12.2010. The new CRR rate will be 6 percent for the commercial banks, which was 5.5 percent previously, and 11 percent for the Islami banks, which was 10.5 percent earlier. The reserve ratio is sometimes used as a tool in the monetary policy, influencing the economy, borrowing and interest rate. In May, the CRR was increased by 0.5 percent as well. According to BB, private sector credit has been on the rise instead of falling. On June 30, private sector credit growth stood at 24.24

percent. On August 30, it increased to 25.85 percent. On a point-to-point basis, inflation has been rising every month. On average, it swelled to 8.12 percent on August 30, which was 7.87 percent the month before that.

Daily Star: 02.12.2010

Banks cash in on SME loan definition

In the first nine months of this year, the banking sector exceeded the whole year's target for giving loans to small and medium enterprises (SME) -- but only thanks to a new definition of SME loan. The definition included existing non-SME portfolios as SME loans, helping raise disbursed funds to Tk 38,283 crore against a target of Tk 23,995 crore. Bangladesh Bank data shows less than Tk 15,000 crore was lent to the SMEs in 2009. The central bank redefined SMEs and loan limits last year, and directed the banks to give priority to small enterprises and women entrepreneurs. The loan limit for small entrepreneurs was set at Tk 50,000 to Tk 50 lakh. For the medium enterprises no limit has been mentioned. The banks decide the amount for such entrepreneurs on the basis of need. The banks have a financial incentive to exaggerate the SME loan figure. According to Bangladesh Economic Review 2009, the SMEs are the largest sector in terms of employment generation, even though they are about 6 percent of the country's \$100-billion economy. Currently, the banks charge the SMEs interest rates between 14 percent and 20 percent. The central bank wants the rates to come down to a single digit.

SME LOANS IN SPOTLIGHT



Daily Star: 03.12.2010

New move to rein in suspect loans

The central bank issued a circular on November 4, asking banks to intensify efforts to monitor whether the loans were properly used

The central bank has taken another move to stop the commercial banks' unauthorised involvement with the stockmarket. Bangladesh Bank 02.12.2010 instructed all commercial banks to recover by January 15 the loans of Tk 1 crore or above that were diverted from the sectors shown in credit proposals to other areas. BB issued a letter to the chief executive officers of the banks. In the letter, the BB asked the banks to make spot investigations on their own to identify the diverted loans and report to the central bank. The BB said if any irregularity is detected in the central bank's inspection later, the CEO will be held personally responsible and legal action will be taken against him. The letter also said, in recent times it has been noticed that some borrowers instead of using the loan in the sector for which it was taken, invested the amount in other sectors, which is having an adverse impact on the economy. In this regard, the central bank said it issued a circular on November 4 asking the banks to intensify efforts to monitor whether the loans were properly used. Despite the

issuance of the order, the central bank had reports that the directive was not followed properly. Besides, in some other investigations it was found that loans of more than Tk 50 crore were diverted to the stockmarket.

Daily Star: 03.12.2010

BB spots new cases of loan diversion

The central bank has identified two more incidents of diverting loans to the stockmarket. Of Tk 42 crore borrowed and ultimately invested in the stockmarket, Tk 37 crore was sanctioned to Loadstar Fashion Ltd as industrial credit by the Motijheel branch of Exim Bank in a period between May and June, according to Bangladesh Bank (BB). The BB in its drive last month also found that Cosmos Enterprise diverted Tk 5 crore loans in the same period. The drive detected that Loadstar made its stockmarket investment through brokerage house Anchor Securities Ltd in 12 bank cheques. Fakhurul Islam Securities Ltd was Cosmos' brokerage firm through which it invested the Tk 5 crore in capital market, though the loanee in its loan proposal showed it as industrial credit for working capital. Earlier, the same bank's Gulshan branch was caught in the BB lens. The central bank monitoring team detected such investment of Tk 30 crore borrowed by three firms from the branch. The three firms are Kazi Erfanur Rahman, Loadstar Packaging, and B&B Sales and Marketing. The investigation team in its reports described such incidents as sheer violations of bank rules and feared its adverse impact on the country's industrialisation and economy. In connection with these incidents, the central bank on November 30 issued a letter to the Exim Bank MD warning him against non-compliance with banking norms. Bangladesh Bank also asked him to adjust the loan in one month.

Daily Star: 05.12.2010

Dhaka Bank issues Tk 200cr bond

Dhaka Bank on yesterday issued a subordinated bond, for the first time, worth Tk 200 crore for expansion and to consolidate its capital base. The bonds will be amortised and have a tenure of seven years. State-owned and private commercial banks, insurance companies, non-bank financial institutions, corporate offices and development banks have subscribed to the bond through private placement. Standard Chartered's Dhaka office was the mandated lead arranger of the funds. The bank will invest the funds in major ongoing projects like expansion of its branch network, establishment of overseas exchange houses and 100 new ATMs all over the country. Depending on availability, the fund will also be used in expanding retail operations and capital market operations.

Daily Star: 07.12.2010

International Business News

Bank of England to sit tight on rates until 2011

The Bank of England is tipped to keep British interest rates at a record low 0.50 percent on 02.12.2010 at its final monetary policy meeting of 2010 and before an expected slowdown in economic growth. As Britons spend heavily ahead of Christmas, and before planned tax hikes and cuts to government spending in 2011, analysts said the BoE was also unlikely to pump up the economy with fresh stimulus under Quantitative Easing. The BoE launched a QE programme in March 2009 in an attempt to drag Britain out of a deep recession sparked by the global financial crisis.

Daily Star: 08.12.2010

BB warns against hidden fees

Bangladesh Bank (BB) has warned financial institutions against charging any irrational fees other than what is spelled out in agreements on loans and lease, according to a directive issued on 07.12.2010. BB said it observed that financial institutes charged some unjustified fees in addition to the interest on the loan and lease. Financial institutions must display the list of interest and charges on different services conspicuously in the office and on the website, BB emphasised. The central bank said the institutions must mention all rates of

interest and other service fees charged by them in the loan or lease agreements.

Daily Star: 08.12.2010

Big players buy cargo ships

Top business groups bought dozens of ocean-going ships in the last three years to freight their own goods to save transportation costs. Different conglomerates, including Meghna, Bashundhara, Akij, Abul Khair, East Coast and Brave Royal Shipping, in the last three years bought over 30 such ships, which are called bulk carriers. Other ship purchases are in the pipeline. These ships carry billets, scraps clinker, slag, iron ore, wheat, sugar, rice and oil etc. across the world.

Earlier, foreign ships carried goods for Bangladeshi companies, and it costs importers more. Often, importers had to wait for months for ships. Akij Group bought two ships -- each costing over Tk 160 crore (\$23 million) -- to carry goods for them. Similarly, Abul Khair Group bought one ship recently. Bashundhara Group bought two, each costing nearly Tk 92 crore (\$13 million), during the economic meltdown when the price was low. But the biggest player in the field is Brave Royal Shipping. It owns nine ocean-going vessels, all of which are bulk carriers. Kabir Steel Re-Rolling Mill (KSRM) is its parent company. All the ships are registered in Bangladesh and carry the national flag wherever they go.



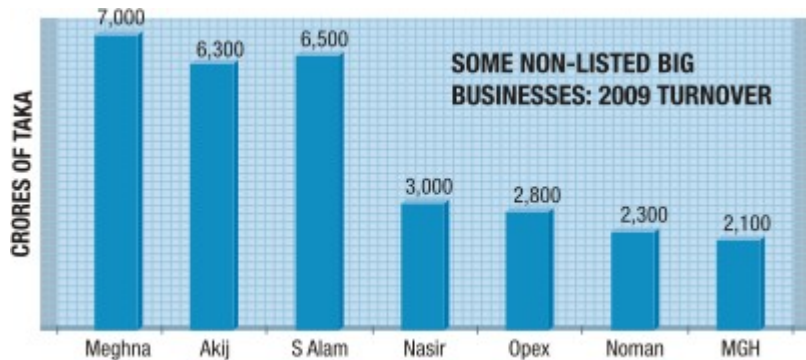
Daily Star: 09.12.2010.

Family-run giants still market-shy

Big family businesses mainly shun stockmarket listing because they do not want to dilute the ownership of their hard-earned assets to others. Large family-owned and partnership conglomerates, such as Akij, Meghna, City, Abul Khair, TK, S Alam, Opex Sinha, Noman, Nassa, MGH, Nasir and Abdul Monem, have more than Tk 3,000 crore each in annual turnover, but are not listed on the bourses and have no plans to do so.

Bangladesh's stockmarket is getting volatile everyday due to severe shortages of stocks against the demand. New investors across the country coming into the market have left it being labelled a bubble. More than 30 lakh investors are running after stocks of barely 250 companies. Market capitalisation in

Dhaka Stock Exchange has more than doubled in just one year. The government has been looking to offload shares of its companies, but this is yet to slake the thirst of the investors. But a reversal of big private businesses' apathy to get listed would greatly expand the market's offerings. Good news is that Meghna Group of Industries, a conglomerate with Tk 7,000 crore annual turnover, plans to list three of its concerns by the



middle of next year to raise funds for expansion.

Daily Star: 12.12.2010

Bangladesh 27th most favourite nation for FDI

Bangladesh is the 27th most favourite destination among developing countries for foreign direct investment (FDI), in line with a report of the World Bank's Multilateral Investment Guarantee Agency (MIGA). The MIGA, responsible for promoting FDI into developing countries to support economic growth, reduce poverty and improve living standards, released the report on 09.12.2010. The report, World Investment and Political Risk, aims to foster a better understanding of investors' perceptions on political risks in case of FDI. The MIGA sought responses from the entrepreneurs across the globe to know their favourite destinations for investment and listed 40 countries from the findings. China topped the list as around 50 percent of the respondents said they mostly invested in the fast-growing economy. India was the second favourite when Lebanon was at the bottom of the list after Iraq. Among South and Southeast Asian nations, the Philippines stands 10th, Malaysia 11th, Indonesia 13th, Thailand 14th, Vietnam 18th, Pakistan 24th and Sri Lanka 26th. Bangladesh received \$1.01 billion in 2008, lower than \$0.69 billion in 2009 when global recession cut worldwide FDI movements by 40 percent, says the report

Daily Star: 13.12.2010

Regulator doubles share credit

The stockmarket regulator on 13.12.2010 doubled the ratio of share credit in an effort to increase liquidity flow in the market. With the latest initiative, investors who trade on credit can receive margin loan at 1:1 ratio, meaning if an individual has shares worth Tk 1, he/she will get another Tk 1 loan. The previous ratio for share credit was set on November 21 at 1:0.5. Credit providers will however have to follow a method based on net asset value (NAV), while giving loans to their clients or investors. According to such method, loan providers will determine the price of a stock by adding the market value to the NAV and dividing the sum by two. For example, if an investor buys 1 share at market price of Tk 1,000 each and the company's NAV per share is Tk 500, the value for a margin-loan purchase will be Tk 750 $\{(Tk\ 1,000 + Tk\ 500)/2\}$.

Daily Star: 14.12.2010

Bankers asked to finance tourism

Speakers at a daylong refreshers training course have asked the branch level bankers to put in their best efforts to resist money laundering and finance tourism for the sake of freeing the nation from various social crimes. IFIC Bank organised the course on the issue for its branch level executives and officers in the conference hall of Rajshahi Chamber of Commerce and Industry here on 12.12.2010 for disseminating updated knowledge and strategies on how to stop the malpractice. Chief Money Laundering Prevention Officer Abdul Hamid of IFIC Bank opened the course, while Deputy General Manager Ashraful Alam of Bangladesh Bank addressed as chief guest

Daily Star: 14.12.2010

World Business

Standard & Poor's lowers Vietnam sovereign rating

Global ratings agency Standard & Poor's on 23.12.2010 lowered Vietnam's sovereign credit rating, the second downgrade of the country by an international agency in recent days. S&P lowered the long-term foreign currency sovereign credit rating to BB- from BB, while the local currency rating dropped to BB from BB+, with a negative outlook. Bonds in these categories are considered speculative, or junk bonds. On December 15 another ratings agency downgraded Vietnam's government bond rating to B1 from Ba3, maintaining a negative outlook.

Daily star: 24.12.2010

Loan recovery in slow lane

Govt looks to new bank reform scheme

The default loans recovery remains poor, despite drives from the central bank and state-owned banks. Bangladesh Bank data shows only 12 percent achievement of the Tk 388 crore bad debt recovery target from top 20 defaulters in 2010. During January-September, state commercial banks could recover Tk 47 crore. The target was to recover Tk 1,352 crore from other default borrowers, but Tk 597 crore or 44 percent was recovered in the first nine months of the current calendar year. Till September 2010, such bad loans stood at around Tk 12,080 crore. Among the state banks, Sonali Bank could retrieve 1.14 percent, Janata 19.79 percent, Agrani 26.35 percent and Rupali 3.19 percent from the top 20 defaulters. Realising the bad loans is among the specific targets Bangladesh Bank has set for the state banks. The central bank has been putting pressure for years on these banks to recover fast the bad loans. According to Bangladesh Bank statistics, till September 30, a total of 21,029 cases relating to recovery of loans remained pending with the courts. Borrowers owe Tk 11,810 crore to the state banks. Meanwhile, an IMF mission that visited Bangladesh recently has urged the government to initiate a second time reform programme to improve the state banks' overall performances. Recovering bad loans and meeting the banks' capital deficit are under the purview of such a reform scheme. However, the government has formed a bank reform commission headed by the Sonali Bank chairman. A finance ministry official said following the commission's recommendations they will start the reform programme.

Daily Star: 26.12.2010

LOAN RECOVERY FROM TOP 20 DEFAULTERS FROM EACH BANK

Bank	Target for 2010	Recovery in 9 months
Sonali Bank	Tk 118 crore	Tk 1.35 crore
Janata Bank	Tk 85 crore	Tk 16.82 crore
Agrani Bank	Tk 99 crore	Tk 26 crore
Rupali Bank	Tk 86 crore	Tk 2.74 crore

BB digs out fraud case

The central bank has detected a case of sending a fake circular to different banks using the name of Bangladesh Bank. The central bank has alerted the banks to the fraud case. The fake circular "directed" the banks to take the subscription fees paid to international news agency Reuters by different local news agencies, in local currency instead of foreign currency. It also said the "chief executive officer" (CEO) of Reuters in Bangladesh and the BB entered into an agreement that the fees against the services of the international news agency should be paid in local currency. The circular also said if the banks did not comply with the directive, action would be taken against them under anti-money laundering law. The fake circular, issued on December 9, was sent to different banks by courier. As the circular raised suspicion among the officials of the private banks, an official brought the matter to the notice of the central bank. Bangladesh Bank Governor Atiur Rahman held a meeting with the high officials of the BB and directed them to take necessary steps. Contacted, an official of the Reuters Bangladesh office said the news agency does not have a CEO post in Dhaka, and there is no scope for such agreement.

Daily Star: 27.12.2010

Home loans for BB staff raised

Home loans for members of the central bank staff have been raised by 92 percent in view of an increase in the prices of land and construction materials. Bangladesh Bank (BB) approved the proposal 28.12.2010. Such loans for officials on the highest salary scale has been raised by 87 percent to Tk 60 lakh. The present ceiling

is Tk 32 lakh. For the lowest tier, the ceiling has been increased by 92 percent to Tk 25 lakh. The present ceiling for the staff of this level is Tk 13 lakh. The home loans are given to the central bank staff in five categories.

Daily Star: 29.12.2010

Bangladesh among best spots for IT outsourcing

Bangladesh has carved its place among the world's best destinations for IT outsourcing, largely thanks to its low cost. Bangladesh usually offers an attractive cost proposition for the investors, as its low salary level and low-cost of living are ideal for jobs that are commoditised and have low risk, said the study conducted by Gartner in its annual listing of top countries for IT outsourcing globally. This is the first time that Bangladesh has been listed in the top ranking by any global research company on IT outsourcing and has been placed on par with China, India, Indonesia, Malaysia, the Philippines, Sri Lanka, Thailand and Vietnam in Asia. Bangladesh has debuted in the list along with eight other countries that have made it for the first time to the Top 30 of the Gartner ranking. The criteria include language, government support, labour pool, infrastructure, educational system, cost, political and economical environment, cultural compatibility, global and legal maturity as well as data and Intellectual Property Security and Privacy. Bangladesh has been ranked 'very good' in the criteria of cost, according to the Gartner findings while rating 'fair' in all criteria apart from the areas of language, infrastructure and data and IP security and privacy. Noting that Bangladesh's cost of living is one of the lowest in the world, the report found that the median salary per annum of a software engineer or developer in Bangladesh is about \$5,070, while the median salary of a senior software engineer is \$7,300 and that of an IT manager is \$9,734. The Gartner report finds the country's PC penetration and teledensity 'low' and the overall English language competency 'poor' while stating that the essential infrastructure elements such as electricity, airways and rail networks are not up to the global standard.



Criterion	Rating
Language	Poor
Government support	Fair
Labour pool	Fair
Infrastructure	Poor
Educational system	Fair
Cost	Very good
Political and economic environment	Fair
Cultural compatibility	Fair
Global and legal maturity	Fair
Data and intellectual property security and privacy	Poor

Source: Gartner

Daily Star: 27.12.2010

BB moves to tame credit flow

Bangladesh Bank (BB) on 29.12.2010 took new steps to control the credit flow in an effort to contain inflation. The central bank issued two separate circulars. One of them directed the banks to take back the loans given to rice-mill owners and traders every 30 days, which was 45 days earlier. The circular said the move would ensure rice supply to the market. The price of coarse rice was Tk 35-36 a kg on 29.12.2010, about 34 percent higher than a year ago, according to a Trading Corporation of Bangladesh report. In another circular, BB asked the banks to set the loan equity ratio at 50:50 for consumer loans. Earlier, there was no guideline for the loan equity ratio for consumer finance. Bangladesh Bank's monetary policy promises to cut credit growth in the private sector to 16 percent by June next year

Daily Star: 30.12.2010

Bangladesh benefited from increase in remittances

Bangladesh, being one of the world's leading manpower exporting countries, attracted remarkably high remittances from its expatriates workers compared to other developing ones, despite the global financial

recession, said the World Migration Report-2010 (WMR) released in the city 29.11.2010, reports BSS. The WMR-2010 -- 'The Future of Migration: Building Capacities for Change' -- said remittances to developing countries declined by six per cent last year but some countries such as Bangladesh, Pakistan and the Philippines benefited from an increase in remittances between 2008 and 2009 during the period of global recession.

Fin. Exp: 01.12.2010

BB relaxes banks' car financing rules

BARVIDA hails the move

The central bank has relaxed regulations for consumer financing by the banks, allowing them to finance in reconditioned cars, imported in line with the existing import policy. Under the relaxations, the commercial banks are allowed to finance the cars, imported as described in the existing import policy order, instead of older than five years. The importers of reconditioned vehicles welcomed the BB's latest move, saying that it would help expedite sale of reconditioned cars. Besides, the customers will be benefited.

Fin. Exp: 21.12.2010

Bangladesh bank Circulars during December, 2010

Date	Circular Number	Subject
27/12/2010	ACD Circular No. 17	Credit facilities for installing Solar Panels on residential/commercial/industrial buildings and buildings for other purposes.
02/12/2010	ACD Circular No. 16	Relaxation of CIB Inquiry & CIB Reporting Requirement for disbursing short-term Agricultural Credit amounting to a maximum of Tk. 1.50 Lakh for the purpose of Crop Cultivation only.
14/12/2010	FEPD Circular No. 26	Regarding Fixation of Export price Ceiling in case of Potato Export.
12/12/2010	FEPD Circular Letter No. 1693	Opening LC against Sales Contract
09/12/2010	FEPD Circular No. 25	Amendment of FMJ Form
29/12/2010	BRPD Circular Letter No. 17	Implementation of National Environment Committee's decisions <small>NEW</small>
29/12/2010	BRPD Circular Letter No. 18	Re-fixing the time limit for repayment of the loans for the procurement of rice by mill owners and traders <small>NEW</small>
29/12/2010	BRPD Circular No. 34	Prudential Regulations for Consumer Financing.
21/12/2010	BRPD Circular Letter No. 16	Special Notice Deposit (SND) Account.
20/12/2010	BRPD Circular Letter No. 15	Prudential Regulations for Consumer Financing.
07/12/2010	BRPD Circular Letter No. 14	Calculation of Interest and Fixing Rate of Interest on Loans
26/12/2010	DOS Circular Letter No. 17	Subscription for Reuters Services.
20/12/2010	DOS Circular Letter No. 16	Establishing separate 'CSR desk' in Banks.
01/12/2010	DOS Circular Letter No. 15	Holidays during 2011
27/12/2010	DBI-2 Circular No. 01	Meeting with respective bank regarding compliance of major irregularities/lapses mentioned in the comprehensive inspection report.
15/12/2010	DCMPS Circular No. 14	Full Implementation schedule of Bangladesh Automated Clearing House
01/12/2010	MPD Circular No. 04	Cash Reserve Requirement (CRR)
01/12/2010	MPD Circular No. 05	Statutory Liquidity Ratio (SLR)

Source: BB Website.

Information on Economy

	Amount	Previous year's/ month's Position
1. Foreign Trade:	Million US\$	Million US\$
a. Exports (2009-10)	16204.60	16204.60
b. Exports (September-2010)	1415.10	1757.20
c. Imports (2009-10)	23738.00	23738.00
d. Imports (September -2010)	2429.70	2427.50
2. Workers' Remittance (August -2010)	963.92	857.31
3. Inflation: point to point (September-2010)	7.61	7.52

Export= f O B Value, Import = CFR Value
Economic Trends: October, 2010

Banking Sector and Economic Information

	Amount (TK in Cr.)	Amount (TK in Cr.)
	August-2010	July-2010
1. Bank Deposit (excluding inter bank)	342617.50	335894.90
2. Bank Credit (excluding inter bank)	344548.30	338092.00
3. Money Supply		
a. Currency Outside Banks	49819.70	47116.40
b. Demand Deposit	40061.50	38870.10
c. Deposit with BB other than DMBs	168.80	169.90
d. Narrow Money (a+b+c)	90050.00	86156.40
e. Time Deposit	283049.90	278226.70
02. Broad money (d+e)	373049.90	364383.10
4. Excess Reserve (Liquidity)	8967.00	10200.50
5. Weighted average rate of Deposits of Schedule Banks(Quarterly)	*	*
6. Weighted average rate of Advances of Schedule Banks(Quarterly)	*	*
7. Ratio of DMBs Credit to Deposits (%)	100.56	100.65
8. DMBs Total Assets/Liabilities	903234.90	872818.60
9. F.E. Reserve (million \$US)	10883.50	10992.50
10. Cash Base of the Economy	82667.00	80235.60

- **Narrow Money (M1)** = Currency outside Banks+ Demand Deposits + Deposit with Bangladesh Bank
- **Broad Money (M2)** = M1 + Time Deposit
- **DMBs** = Deposit Money Banks
- **Cash Base of the Economy** = Currency in Circulation+ Balances with Bangladesh Bank
- P= Provisional

- * = data not published in the Economic Trends- November' 2010 yet.
- Monthly Economic Trends: November, 2010

Performance of IFIC Bank as on December 31, 2009:

(Tk. in Crore)

Loans & Advances	Deposits	Profit	Total capital
3779.38	5001.79	207.00	492.87

Academic Activities in December: 2010:

- I. Training Course on “**Prevention of Money Laundering**” & “**Combating Financing of Terrorism**”: IFIC Bank Ltd. conducted a day long Training Course on “**Prevention of Money Laundering**” & “**Combating Financing of Terrorism**” on December 4, 2010. The Training course was inaugurated by Mr. Mohammad Mahfuzur Rahman, Executive Director, Anti-Money Laundering Department of Bangladesh Bank, Head Office, Dhaka & addressing the participant at IFIC Bank Academy premises. It may be mentioned that, this was the 39th program of IFIC Bank Academy in the year 2010. Officers working at different branches have attended the program.
- II. Workshop on: “**Submission of Bangladesh Bank Returns Statements on F.Ex. Transactions**”: IFIC Bank Ltd. conducted a day long Workshop on “**Submission of Bangladesh Bank Returns Statements on F.Ex. Transactions.**” on December 11, 2010. The workshop was inaugurated by Mr. Md. Abdus Satter Miah, General Manager, Statistics Department, Bangladesh Bank, Head Office, Dhaka. It may be mentioned that, this was the 40th program of IFIC Bank Academy in the year 2010. Executives and Officers working at different branches & Head Office have attended the program.
- III. Workshop on: “**SME Financing-Central Bank Perspective**” IFIC Bank Ltd. conducted One day Workshop on “**SME Financing-Central Bank Perspective.**” on December 15, 2010. The workshop was inaugurated by Mr. Sukamal Sinha Choudhury, General Manager, SME & Special Programmes, Bangladesh Bank, Head Office, Dhaka at IFIC Bank Academy premises. It may be mentioned that, this was the 41th program of IFIC Bank Academy in the year 2010. Executives and Officers working at different branches & Head Office have attended the program.
- IV. Workshop on: “**Familiarization program of EBA & EBS under Misys Solution**” IFIC Bank Ltd. conducted a One day Workshop on “**Familiarization program of EBA & EBS under Misys Solution**” on December 25, 2010. The workshop was inaugurated by Ms. Zaitun Sayef, Deputy Managing Director & Head of T&R at IFIC Bank Academy premises. This was the 42th program of IFIC Bank Academy in the year 2010. Executives working at different branches have attended the program.

Readers please: Please elaborate “EBA” & “EBS”.

Match our answer with yours: Knowledge Update: 140

Answer: There were five instructions requested on Circular No: 01dated 01.12.2010 signed by the newly appointed Managing Director of IFIC Bank Limited. The instructions were as follows in brief:

- 01. Attendance:** it is expected that all employees must attend their workplace on time.
- 02. Dress code:** All the employees are requested to wear neat, clean and proper dresses.
- 03. Use of identity card:** It is mandatory for all employees to use the Identity Card of the Bank.
- 04. Use of office /cellular phones:** Refrain form unnecessary use of Office/ Cellular Phones during office hours.
- 05. Cleanliness of work place:** Workplace should be neat & clean.

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Team Members

Ms. Zaitun Sayef, DMD & Head of T&R Division

Mr. A. K. Mojibur Rahman, FAVP

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Mr. Jayanta Sutradhar, OG – I

Revisiting Basics

- ❖ **THE BIG IDEA:** Marketing is based on ideas, as it is a battle of minds and not goods or services. The best possible idea has to be found from the market, just like what Domino's pizza did. The owner Tom Monaghan went out there and found for himself that people wanted hot pizzas and preferred them delivered to their door. So he looked at the time a pizza starts to cool and then focus on the tactic of delivering hot pizzas in 30 minutes.
- ❖ **PROPER EXECUTION:** A big idea, which is really a tactic, isn't enough; to back it up it needs an equally big strategy. The marketing communications plan can be executed effectively only if there is a good strategy. Some television commercials even children find unattractive. The storyboard, the filming, locations, models, the text are important elements of a TV commercial. A poor commercial can leave an equally poor image in the mind of the target audience. Poor marketing communications can even reverse a successful product.
- ❖ **MAKING THE PRODUCT THE HERO:** In any marketing communications plan the product must be the hero. Often out of focus communications are seen where the model and not the product is the hero.
A lion met a tiger
As they drank beside a pool
Said the tiger, 'Tell me why
You're roaring like a fool'
'That's not foolish', said the lion
With a twinkle in his eyes
'They call me king of all the beasts
Because I advertise!'
A rabbit beard them talking
And ran home like a streak
He thought he'd try the lion's plan,
But his roar was just a squeak.
A fox came to investigate-
Had luncheon in the woods.
Moral: when you advertise, my friends,
Be sure you've got the goods.!
- ❖ **BUDGET:** An expenditure budget is essential. Often planners decide on a number and then fit in a bit of radio. It would be best to opt for a different approach altogether.
If elders are targeted the communication should focus on media elders use and if females are targeted it should focus on specific media used by females. Sanitary towels are communicated on general programmes on TV when they can be scheduled on programmes watched by females and saving all the embarrassment. It will be more cost effective too. A company marketing nutrition for diabetics used only the newspaper and noting else they found that PRESS was the most effective media.
- ❖ **AWARENESS AND TOP OF MIND:** Creating brand awareness is not enough- a company communicated their product so intensively and nearly everybody was aware about it, a few tried it, fewer continue to use it, but the majority of the target market never even bought it. This indicated to the company that awareness alone is not enough. They must give strong reasons to purchase and trial. The product's total value proposition through its positioning must be communicated to the target market. Ultimately, people buy perceived superior value in products and products themselves become the vehicles in that journey.

❖ **THE PURPOSE OF M.C.:** There is only one real purpose of marketing communications, which is to communicate the brand's positioning and influence the target market to trial or re-purchase through that positioning. Producing "advertisements that sells" is a priority. Advertising must sell otherwise the brand will become a museum piece.

❖ **THE BRIEF:** Once armed with all the information the Brand Manager can prepare a 'BRIEF'. Brief is the guide to the Marketing Communications Agency. The brief must carry all the information of the value proposition such as:

- Generics
- Mission
- Total market
- Target market
- Market profile
- Market share
- PLC
- Image and Personality
- Present mind Share
- Competition
- Present and previous campaigns
- Differentiation
- Positioning

Providing information on all of the above is the right way to go about in preparing a brief, which will be helpful to deliver Marketing Communications that will create and sustain profitable markets.

(Concluded)

Ref: Compiled from *Marketing Skills in Management* by Dr. Meenu Gupta, Dr. Upali Mahanama, Dr. Ranjan Madananayake.