

Star BUSINESS

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BGMEA wants uninterrupted power to meet export deadline

UNB, Dhaka

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) yesterday urged the authorities to ensure uninterrupted electricity supply for the garment factories to enable them to timely complete the peak season's export orders.

"It's the peak time for the readymade garment industries. Many of the apparel factories will face problem if uninterrupted electricity can not be ensured in this peak season," said BGMEA president SM Fazlul Haque.

He also said the apparel sector's productivity is being disrupted seriously due to frequent load shedding, said a press release.

The BGMEA president pointed out that the buyers would not grant the exporters any extra time for shipment due to an internal problem like shortage in electricity supply. "That's why it is important to complete the shipment within the given time," he added.

GE plans to increase investment in Indonesia

XINHUA, Jakarta

US-based General Electric (GE) plans to increase investment in manufacturing locomotive and power plant in Indonesia, the company top official said here Friday.

The Chief of Executive of the GE Jeffrey R Immelt said this after meeting with Indonesian President Susilo Bambang Yudhoyono and ministers at the Presidential Palace here.

Jeffrey said that he is optimistic with the investment climate in Indonesia.

"We are optimistic of the country and look forward the future," he told reporters.

"We are looking for the areas of energy and the real sector," he added. GE's current investment in the country stood at 0.5 billion US dollars.

Indonesian Transport Minister Hatta Rajasa said that GE will provide technology to produce over 200 units of locomotives within ten years in Indonesia.

GE will cooperate with local company Inka corp, and Barata corp, in producing the facilities and to beef up the use of local parts up to more than 30 percent, in a bid to meet the market demands for domestic and Asean (the Association of Southeast Asian Nations), he said.

Lower gas prices may help auto sales

REUTERS, Detroit

When Nelson Ropke recently replaced his Jeep Grand Cherokee sport utility vehicle with a Chrysler Pacifica crossover, gasoline prices were top-of-mind. The Grosse Pointe lawyer is a typical buyer still smarting from post-Katrina \$3-per-gallon prices, but some analysts and dealers say they're seeing fewer people like him since pump prices subsided in the later part of September.

Others, though, say many people are behaving just like Ropke, with fears of someday paying \$4 per gallon pushing them toward more fuel-efficient models.

Throw in some economic uncertainty, the effects of interest rate increases, and a bloated inventory of domestic trucks and SUVs, and it's anyone's guess which way auto sales went in September. That mystery will be solved Tuesday when companies release their monthly sales figures.

At Ed Bozarth Chevrolet in the Denver suburb of Aurora, Colo., cars have been selling better than trucks and SUVs, but that started to change toward the end of the month.

"It depends on the day, it depends on the customers that come through the door," said Peter Kim, new car sales manager. "Recently we've seen people come in here looking for whatever the best deal is, gas prices set aside."

BB Review

Rupali recovers 8.29pc loan from 20 defaulters

STAR BUSINESS REPORT

Rupali Bank Limited lagged far behind its annual target of recovery in bad loans from top 20 default borrowers, posting only a 8.29 percent achievement in the first six months of the calendar year 2006, according to a Bangladesh Bank (BB) review.

The Rupali's yearly target of recovering such loans has been set in its memorandum of understanding (MoU) with the central bank.

Although the bank was supposed to recover Tk 35 crore from the top listed defaulters by December 2006 as per the MoU, it has been able to recover only Tk 2.90 crore during the January-June period this year. The bank has outstanding loans of Tk 559.37 crore to the 20 top defaulters.

The bank's performance in the year's first half has marked the failure in improving internal management besides poor recovery in the increasing bad loans.

"We are in a transition period as the bank is going to be handed over to a foreign buyer. Considering the overall situation, the performance is

not bad," a high official of Rupali Bank claimed while talking to The Daily Star.

As on June 2006, the total classified loan of the bank stood at Tk 867.42 crore, of which Tk 60 crore was supposed to be recovered as per the central bank's directive. But the bank recovered only Tk 11.80 crore, registering only 18.33 percent success in its yearly target.

The central bank review said Rupali should accelerate its recovery rate to achieve 100 percent target.

The MoU limited the growth in total outstanding loans and advances of Rupali to three percent. During the January-June period, such a growth, however, did not cross 1.75 percent, the review noticed.

As at least 5 percent reduction in Rupali's operational expenses is desired, the bank has been given a directive to keep such expenses within Tk 126.85 crore in 2006. But during the first half of the year it spent 54.73 percent of its yearly target, which stands at Tk 69.43 crore.

Most have been spent on staff

salary, Rupali Bank sources said, adding that reduction in staff salary is not possible, though the bank is putting its efforts on cutting other costs gradually.

The cost of deposit of the bank, however, increased. As on June 2006, the cost of deposit stood at 4.12 percent, which was 4.09 percent by the end of last year.

Loan and deposit interests have increased in the banking sector due to central bank's tight monetary policy, bank sources said.

The bank was almost successful in achieving its target of collecting deposit in the first six months of the year. With the target of Tk 7,160.79 crore, it collected Tk 7,093.86 crore, which was 99.06 percent of its target.

In disbursing loans and advances, the bank has been able to achieve 98.79 percent of its target during the first six months of the year.

The bank made a profit of Tk 16.32 crore in the January-June period, which was 43.52 percent of its target.



Alamgir Babar (2-L), Pakistani high commissioner to Bangladesh, and Nasreen Awal Mintoo (2-R), president of Women Entrepreneur Association of Bangladesh, among others, are seen at a press conference in Dhaka yesterday on the eve of a six-day Eid fair that begins today at Gulshan in the capital.

India's 8.9pc growth in Q1 beats most forecasts

PALLAB BHATTACHARYA, New Delhi

India beat most predictions by reporting 8.9 per cent economic growth in the first quarter to June as the ruling Congress-led coalition completed half the term of its five-year electoral mandate.

The robust performance of India, which has the world's second fastest economy after China, was driven by strong growth in manufacturing, services and construction sectors, official data released here on Friday said.

Finance Minister Palaniappan Chidambaram hailed the showing and sought 'political space' for further economic reforms, especially in financial sector, which he termed as the 'heart' of the economy.

The manufacturing sector grew by 11.3 per cent as against 10.7 per cent during the corresponding period of the previous year. On the other hand, service sector, which accounts for half of the GDP (gross domestic product), grew by 13.2 per cent and construction expanded by 9.5 per cent, said data put out by the Central Statistical Organisation.

The trade sector grew by 13.2 per cent as against 11.7 per cent during the first quarter of 2005-06.

The pace of overall economic growth lagged the record 9.3 per cent posted in the final three months of the fiscal year to March 2006 but was still above the forecasts by economists of 8.5 per cent to 8.7 per cent.

Agriculture, on which around two thirds of India's more than one billion people depend for livelihood and which accounts for nearly a quarter of the GDP, grew by only 3.4 per cent, down from 5.5 per cent in the

preceding quarter.

Even the traditionally laggard mining sector and quarrying sectors improved marginally in the first quarter of the current financial year - 3.4 percent compared to 3.1 per cent during the first quarter of 2005-06.

Elated by the economic result, Chidambaram asked the coalition partners of Congress to cooperate with the government's efforts to push ahead with more reforms.

"In a coalition, it is very important that the political space is given to the government to undertake more economic reforms in order to further improve India's growth story," he said.

The finance minister's remarks assume significance against the backdrop of key UPA allies - the Left parties, which support the government from outside - opposing financial sector legislations. Three bills on opening up the financial sector-allowing higher FDI in insurance, including removal of voting rights cap in private banks from ten per cent and setting up a statutory pension sector regulator are pending parliamentary approval.

"Financial sector is the heart of the economy and unless financial sector reforms are completed, it will be difficult to sustain high growth", Chidambaram said, adding that it was important the government is able to pass legislations for banking and pension.

"With the cooperation of all economic players, the second half of the United Progressive Alliance government will turn out even better or at least equal to the first half," he said.

New MD of Pubali Bank



Helal Ahmed Chowdhury has been appointed managing director of Pubali Bank Ltd, says a press release.

Prior to this assignment he was additional managing director of the same bank. He was also deputy managing director of the bank.

Chowdhury, who achieved 'Pubali Bank Ltd Gold Medal', joined the bank as a probationary senior officer in 1977.

Pakistan to fund youths for self-employment

XINHUA, Islamabad

Pakistani government has set aside a sum of 12 billion Pakistani rupees (about 200 million US dollars) as loans for self-employment of the youth in the country, the state-run Associated Press of Pakistan (APP) reported Friday.

Describing this as "revolutionary step" to fighting unemployment in the country, Pakistani Minister of State for Information Technology Muhammad Ishaq Khakwani yesterday told APP that the loans will range from 50,000 to 200,000 rupees (about 833 to 3,333 US dollars) per person and the young aged 18 to 40 will benefit from the scheme.

6-day Asian Eid fair begins today

STAR BUSINESS REPORT

A six-day Eid fair of goods produced by Asian women entrepreneurs begins today at National Shooting Federation, Gulshan in Dhaka.

Commerce and Water Resources Minister Hafiz Uddin Ahmad is scheduled to inaugurate the '3rd Asian Women Entrepreneur Eid Fair 2006'.

Women Entrepreneur Association of Bangladesh (Weab) and Pakistan High Commission in Dhaka are jointly organising the event with Bank Alfalah Limited being the lead sponsor and JOBS Bangladesh the supporter.

Women entrepreneurs from India, Pakistan, Indonesia, Iran, Bangladesh and other Asian countries will display their products including gift items, clothes and handicrafts, organisers told a press conference in Dhaka yesterday.

The fair will also provide a unique opportunity for women entrepreneurs to exchange ideas and develop joint market strategies, said Weab President Nasreen Awal Mintoo.

The organisers said some 65 stalls will be set up at the fair, which will remain open from 11am to 10pm everyday until October 6. The entry ticket price has been fixed at Tk 10 a person.

On the sidelines of the fair, three seminars titled 'Fair Participation and Marketing', 'Finance and Managing Growth', and 'Promoting Regional Women Entrepreneurship' will be held.

Pakistan High Commissioner in Dhaka Alamgir Babar, Bank Alfalah Country Head Majedur Rahman and JOBS Bangladesh Deputy Director Erika C Hoffman Kiess were also present at the press briefing.

Kuwait headed for another year of record income

AFP, Kuwait City

Opec member Kuwait is on course for another year of record income after a sharp rise in revenue in the first five months of the current fiscal year, a report said Saturday.

Quoting official finance ministry figures, Al-Shail Economic Consultants said that by the end of August, the fifth month of the 2006-2007 fiscal year, Kuwait had earned seven billion dinars (24.2 billion dollars) because of high oil prices.

This figure is 31 per cent up on the 18.4 billion dollars earned in the same period during the last fiscal year and as much as 82 per cent of revenue projected for the entire fiscal year which ends next March 31.

Spending during the same period was about eight billion dollars, up on 6.1 billion dollars in the first five months of last year.

In the 2005-2006 fiscal year, the Gulf state posted a budget surplus of 23.8 billion dollars and income of 47.5 billion dollars -- both record highs.

This year's state budget, based on an oil price of \$26 dollars a barrel, is projecting a deficit of 8.1 billion dollars, with revenues at 29.5 billion dollars and spending at 37.6 billion dollars.

The price of Kuwaiti oil currently stands at around \$52 dollars a barrel, but in July it exceeded 68 dollars a barrel for the first time ever.

Kuwait has long been producing at almost full capacity of 2.5 million barrels per day. Oil income comprises more than 90 percent of the emirate's revenues.

This would be Kuwait's eighth straight windfall year. In the past seven years, its budget surplus totalled about 54 billion dollars.

Returns on the emirate's foreign assets, estimated in 2005 at more than five billion dollars, do not show in the budget.

Independent reports estimate Kuwait's total financial assets at about 166 billion dollars at the end of March this year.

They are managed by the Kuwait Investment Authority (KIA), the state investment arm, mostly in foreign holdings.



Dr Debapriya Bhattacharya, executive director of Centre for Policy Dialogue (CPD), gestures as he speaks at the launch of Global Competitiveness Report 2006-07 and Bangladesh Competitiveness Environment Study 2006 in Dhaka yesterday. (Story on page 16)

Bangladesh to benefit from transit to India

Discussion told

STAR BUSINESS REPORT

Bangladesh can reduce its huge trade deficit with India if the country offers transit facilities to the next-door neighbour, a Dhaka University professor told a discussion yesterday.

Giving transit to India or joining Asian highway will help Bangladesh as its chance is slim to reap maximum benefit from regional trade deals, Dr Ashraf Uddin Chowdhury, professor of Economics, told 'National Professor Atwar Hussain Memorial Lecture-2006' at Asiatic Society of Bangladesh.

Chowdhury spoke on 'Trade and Transit for Sub-regional Cooperation among Bangladesh, India, Nepal and Bhutan'.

"If Bangladesh offers transit to India, the country will also gain economic benefits from Nepal and Bhutan," said Chowdhury.

He said Bangladesh's exports to Saarc (South Asian Association for Regional Cooperation) countries

have declined to 1.17 percent from 7.23 percent over the last 25 years.

On the other hand, Bangladesh's imports from Saarc region increased from 5.62 percent to 14.95 percent during the time, he added.

Chowdhury also said, "India alone accounts for about 90 percent of Bangladesh's trade in the region."

Non-tariff barriers against Bangladeshi goods and higher productivity of Indian agriculture and manufacturing sectors have made local products less competitive, he said.

"So, transit facilities to India will minimise Dhaka's increasing trade gap with Delhi," he said.

Prof Sayed Giasuddin of the Department of Marketing and Prof Shahjahan Mia of the Department of Philosophy of Dhaka University were also present at the function.

Top China companies' earnings may fall in '07

ANN/ CHINA DAILY

Although China's largest firms are set to enjoy bumper earnings this year, the forecast for 2007 is not quite so rosy, according to a report released by global lending rating house Standard & Poor's.

The report said that economic cooling measures, industrial overcapacity and rising materials costs would start to have an impact next year.

The combined earnings of China's top 200 listed companies rose 20.8 per cent in 2005, compared with 46.5 per cent in 2004, according to the report.

Of the 200 companies surveyed, 59 per cent reported higher earnings last year, while only 9 per cent recorded losses, according to the report.

The nation's top 10 listed firms accounted for 70 per cent of combined earnings of the 200 companies.

China's top three oil and gas companies accounted for 45 per cent of the overall net income of all the companies surveyed.

But the report, China's Leading Corporate: The Top 200 Performers, warned that while earnings were strong in 2005, earnings momentum is likely to temper off in 2007 as the government's recent macroeconomic controls, overcapacity and rising material costs have an impact.

The report said the government's recently introduced macro-control measures ranging from monetary tightening to the land use policy are likely to limit growth, although "not to a damaging extent."

It also warned that high input costs and increased price competition due to overcapacity will cause more margin compression for some downstream sectors.

Dollar firm on solid US data

AFP, New York

The dollar was higher against the other major currencies Friday on data suggesting that the US economy is enjoying a soft landing, traders said.

The single European currency bought 1.2668 dollars at 2100 GMT, from 1.2699 late Thursday in New York.

The dollar was trading at 118.03 yen from 117.79, on a day that Wall Street's Dow Jones share index fell just short of its record closing high of 11,722.98 reached in January 2000, closing at 11,679.07.

Friday's data showed that US consumer spending rose 0.1 percent in August from July while households' income went up a faster 0.3 percent. Analysts said this was in line with a picture of slowing economic growth.

A separate report showed the University of Michigan consumer sentiment index rising to a better-than-expected 85.4 points.

And data from Chicago-region purchasing managers showed the area's industrial index at a surprisingly strong 62.1 points.

"The market had been nervous after the Philly Fed (survey) had signalled a slowdown in manufacturing," said Steve Barrow, currency strategist at Bear Stearns.

Analysts said the results overall were consistent with the view that the Federal Reserve will keep borrowing costs on hold for now to leave its benchmark interest rate at 5.25 percent.

Traders said the dollar was helped by some fund buying, particularly in Asia, as the third quarter closed.

Other currencies have had problems of their own, not least the Japanese yen, which is suffering from the portfolio changes.

The euro encountered headwinds after inflation in the 12-nation single currency zone dropped to an annual rate of 1.8 percent from 2.3 percent in August.

Though eurozone inflation fell sharply in September, coming in line with the European Central Bank's target for the first time since January 2005, analysts said the ECB was still on course to raise rates.

They expected the bank to lift its key rate another quarter point to 3.25 percent next Thursday, especially after a surprising rise in economic sentiment in the eurozone.



Lieutenant General Moeen U Ahmed, chief of Army Staff and chairman of The Trust Bank Ltd, inaugurates the 19th branch of the bank on CDA Avenue in Chittagong recently. Other senior officials were also present.