

Star BUSINESS

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5-day BSCIC fair opens

BSS, Dhaka

A five-day Bangladesh Small and Cottage Industries Corporation (BSCIC) autumn fair and handicrafts exhibition began at BSCIC Bhaban here yesterday.

BSCIC Chairman SR Osmani inaugurated the fair and exhibition with its chief designer Kamaluddin Ahmed in the chair. All officials and employees were present at the function.

The chairman later distributed certificates among 121 trainees, who earlier attended 11 courses at the BSCIC design centre.

The courses include block and boutique printing, leather work, Bamboo work, pottery, carpentry, iron work, jute made handlooms, screen printing, packaging and weaver.

As many as 71 stalls are exhibiting various products at the fair, which will remain open from 10am to 5pm till October 12.

Iran backs Opec moves for production cut

AFP, Tehran

Iran, Opec's second largest producer, on Sunday threw its support behind moves by the cartel for an emergency meeting to cut a long-standing output quota to shore up slumping oil prices.

"Iran supports any Opec production cut," said Oil Minister Kazem Vaziri Hameneh said on Sunday, according to the state news agency IRNA.

"The output cut will be made from the approved (output quota) ceiling of 28 million barrels per day (bpd), because otherwise it will not have any impact on the market," he added.

Falling oil prices have set alarm bells ringing among Opec members and the cartel's current president, Nigerian Oil Minister Edmund Daukoru, has said it is considering holding an emergency meeting to consider production cuts.

The 11-member cartel has maintained an output quota of 28 million bpd since June 2005. A cut in output is seen as aimed at supporting traded oil prices, which have slumped by about 20 percent in recent weeks owing to easing supply concerns.

"None of the Opec members have voluntarily decreased their oil production and the members are negotiating it (a cut)," said Vaziri Hameneh.

World oil prices dropped back below 60 dollars per barrel on Friday, with speculation mounting that consensus was building within the organisation for a production cut.

Nepal's inflation hits 6-year high

XINHUA, Kathmandu

Propelled by rising prices of cereal crops and petroleum products, Nepal's annual inflation rate accelerated to 8.3 percent over the last fiscal year which ends in mid-July on year-on-year basis, highest level in six years, according to a report from Nepal Rastra Bank, the central bank of the country, on Sunday.

The headline inflation -- price of food items -- based on consumer price index rose to 7.9 percent, while core inflation -- price of non-food items and services -- increased to 8.7 percent.

The past government's budgetary target was to maintain inflation at 4.9 percent, according to the central bank.

Rising inflation results in drop of real income of general public and consequently their purchasing capacity. It compounds hardships to mainly low-income group.

The central bank's data demonstrated that price of pulses registered the highest rise, increasing by 27.8 percent. Likewise, rice and its products cost 11 percent more than what they did a year earlier.

According to the data, the transportation and communication services became more expensive by 20.8 percent, compared to the price of a year earlier.

The price of housing goods and services increased by 13.7 percent. Prices of fuel, light and water soared by 22.3 percent.

RUPALI BANK SELL-OFF

Body formed to make deed documents

STAR BUSINESS REPORT

Privatisation Commission has formed a 12-member committee to prepare a 'deed of share sale and purchase document' for negotiating with the preferred buyer of state-run Rupali Bank.

The committee, headed by Commission Member Muhammad Azizul Islam, will compose the document by next week, sources in the finance ministry said.

The committee initially will also complete the document negotiation with the buyer with the support from GBRW, which is leading a consortium that includes Lloyds TSB, PKF and two local Bangladeshi consulting firms.

The sources said the committee will bargain with Saudi Prince Bandar Bin Mohammed Bin Abdul Rahman Al Saudi, preferred buyer of the bank, so that the voluntary retirement scheme (VRS) is not offered to the members of the staff of Rupali Bank before the sale and purchase agreement.

The sources, however, said they have already prepared the VRS, a plan to reduce the bank's workforce

before its total privatisation, which offers attractive packages for those who wish to leave.

The other members of the committee include, among others, Privatisation Commission Member Delwar Hossain, Bangladesh Bank Deputy Governor Nazrul Huda, Joint Secretary of Finance Division Mollah Mansur Ahmed, Joint Secretary of Law Ministry Khademul Islam Md Belal, Export Promotion Bureau Director General Abdul Quayum and Rupali Bank Managing Director Abdul Hamid Miah.

Earlier on Thursday, Prime Minister Khaleda Zia okayed the bid of US \$330 million offered by Saudi Prince Bandar Bin Mohammed Bin Abdul Rahman Al Saudi for buying 67.26 percent share of Rupali Bank. The prince will have to pay \$330 million in a single chunk before signing the sale and purchase agreement.

The government that owns 94 percent of Rupali Bank's shares decided to sell 67 percent of its shares in order to appease the World Bank and the International Monetary Fund, who conditioned loans from them with reforms in the

banking sector. In March last year, the government assigned the Privatisation Commission to sell the bank.

Total assets of the Rupali Bank as shown in December 2005 stood at \$1.07 billion and it has over 493 branches across the country.

RUPALI BANK'S SHARE PRICE UP

Share price of Rupali Bank shot up by Tk 156.50 or 12.59 percent to close at Tk 1,846.50 on Dhaka Stock Exchange (DSE) yesterday. The price rose as high as Tk 1,980 on the news that the prime minister approved the Saudi prince's offer for buying the bank.

On the Chittagong Stock Exchange (CSE), share price of Rupali Bank went up by Tk 210 or 12.83 percent to close at Tk 1846.

The bank ended up as the day's best gainer on both DSE and CSE. A total of 31,300 shares of Rupali Bank worth Tk 5.89 crore were traded on DSE yesterday while 16,890 shares worth Tk 3.16 crore changed hands on CSE.

PM inaugurates BGMEA bldg, lays foundation of FBCCI bldg

UNB, Dhaka

Prime Minister Khaleda Zia yesterday inaugurated the BGMEA building and laid the foundation of FBCCI building in Dhaka, saying her government is fully committed to helping business boost.

"Our government wants development of the garment industry and will continue all cooperation for further flourishing of the industry," she said inaugurating the newly built 15-storied BGMEA (Bangladesh Garment Manufacturers and Exporters Association) Bhaban on East Panthapath near Sonargaon hotel.

The prime minister also laid the foundation stone of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) Bhaban on East Panthapath in Baro Maghbazar.

Commerce Minister Hafizuddin Ahmed, Mosaddeque Ali Falu MP, SA Khaleque MP, FBCCI President Mir Nasir Hosain and BGMEA President SM Fazlul Hoque and other leading businessmen were present at the functions.

KL launches campaign to ease sugar shortage

AFP, Kuala Lumpur

Malaysia has launched an all-out campaign to overcome a severe sugar shortage as it embarks on a long festive season kicked off by Ramadan, mobilising the navy and opening a 24-hour hotline to contain public outrage.

Store-imposed rationing, scrounging around shops for sugar and panic-buying have become familiar activities in Malaysia in recent months, triggered by a shortfall the government says has been artificially created.

To overcome the crisis, Malaysia is importing some 80,000 tonnes of raw sugar from China and Brazil to cope with the coming months, when people binge on sugary foods. Local manufacturers have also stepped up production.

Adequate supplies of sugar are crucial for multicultural Malaysia, particularly in the month of Ramadan, when Muslims break their daily fast with an array of traditional food including cakes and syrupy drinks.

After that comes the Muslim Eid al-Fitr celebration, the Hindu Deepavali festival and Christmas.

Malaysians consume a monthly average of 85,000 to 87,000 metric tonnes of sugar, which spikes to over 100,000 tonnes during festive months.

The government, mindful of the problem, has ordered navy vessels to help deliver sugar to the eastern states of Sabah and Sarawak on Borneo island.

Shops have been ordered to stop rationing, and the government has set up a round-the-clock hotline to register supply problems, guaranteeing sugar will be delivered to areas reporting shortages within 24 hours of a complaint.

Foreign investors face tighter controls in China

AFP, Shanghai

China's open-door investment policy, the hallmark of the country's remarkable economic transformation, is being squeezed by a protectionist push that may make it tougher for foreigners to do business, analysts said.

Over the past few months China's ruling Communist Party has made it clear that after nearly 30 years of unparalleled growth, it wants to overhaul its economic model to better protect the nation's interests.

Overseas investors have been caught on the back foot as Beijing has in a wide range of industries recently set up new barriers to entry that have renewed uncertainty about risks involved in doing business in China.

Among the provisional rules that affect foreign investors are restrictions on mergers and acquisitions in several industries, a tightening of media distribution rights and limits on real estate purchases.



Prime Minister Khaleda Zia offers prayer after inaugurating the BGMEA complex on East Panthapath in Dhaka yesterday. Hafizuddin Ahmed, commerce minister, and SM Fazlul Hoque, president of Bangladesh Garment Manufacturers & Exporters Association (BGMEA), among others, are seen.

Take lessons from Oriental Bank

BB governor also asks bank MDs to develop self-monitoring system

STAR BUSINESS REPORT

The central bank governor yesterday called upon the chief executives of commercial banks to take lessons from the case of Oriental Bank Ltd where the owners shifted the responsibility of corrupt practices to the bank management.

During the meeting with managing directors of the commercial banks, Bangladesh Bank (BB) Governor Salehuddin Ahmed also directed them to rein in fraudulent practices in their banks by developing self-monitoring system.

"As the central bank cannot detect all irregularities of commercial banks from outside, the banks should develop a self-monitoring system on their own for checking any ill practices," the BB governor suggested.

He said this to the reporters emerging from a regular meeting with the managing directors of different commercial banks at the central bank's conference room.

When asked if the BB will file any criminal case against the offenders involved in the unprecedented Oriental Bank scam, the governor said the central bank's inspection is

yet to be completed and legal measures would be taken against the persons involved.

An interim report of the BB earlier detected that some of the Oriental Bank directors siphoned off Tk 596 crore with the connivance of some bank officials.

Two directors of the dissolved Board of Oriental Bank at a press briefing on Thursday denied their connection in the scam, saying if there was any wrongdoing in transactions, that might be done by the bank management.

They also questioned why the previous audit report of the central bank failed to detect the fault.

Referring to the incidents of the Oriental Bank, the BB governor said the bank management should be aware of any fraudulent practices as the management shoulders the ultimate onus of any irregularities.

The BB inspection team sometimes fail to identify from outside any fraudulence committed by the banks and for this reason the chief executives should take precautionary measures, the central bank chief added.

PGCB share trading on bourses from today

STAR BUSINESS REPORT

Share trading of Power Grid Company of Bangladesh (PGCB), a state-owned power company, makes its debut on the country's two bourses simultaneously today.

PGCB has been listed on the bourses under the direct listing regulations and the Investment Corporation of Bangladesh (ICB) on behalf of the power company will start offloading shares today through its subsidiary, ICB Securities Trading Company Ltd.

The first two days -- today and tomorrow -- trading of PGCB shares will continue for two hours starting from 10:00am to 12:00 noon.

Prospective buyers can put their

offer prices for buying shares in the first 15 minutes (10:00 am to 10:15 am) of the first day of trading and also in trading session (10:16 am to 12:00 noon).

Based on the offered price, ICB Securities Trading Company will start offer for sale from 10:16 am. Settlement of trades for the two days will be on the spot basis. Orders can be placed only for a market lot or multiple, but not exceeding 1000 shares.

Normal trading will start on the fourth day while there will be no trading for the PGCB on the third day.

Ten percent of the offloaded shares will be released within the 30 working days from the first trading date.

The company will join the stock exchanges by releasing 91,08,940 shares with a face value of Tk 100 each to raise capital of around Tk 91.09 crore from the capital market.

The company will put 86,53,493 shares for sale to general public/institutions at market price while it will keep 4,55,447 shares to be sold to the directors and employees of PGCB at face value.

Offloading of PGCB shares has been delayed as the High Court on June 18 issued a stay order on the operation of Direct Listing Regulations 2006 following a writ petition filed by an investor challenging the legality of newly introduced regulations.

The High Court on August 17 vacated the operation of the stay order removing the obstacle to offloading of PGCB shares on the bourses under direct listing.

Earlier, on May 14, the DSE, in principle, approved the applications of PGCB and the Dhaka Electric Supply Company (Desco), two state-owned entities, to be listed with the bourse under direct listing regulations.

Desco made its debut on the bourses on June 18 this year.

Poor workers in HK fight for minimum wage

AFP, Hong Kong

Seventy-one-year old Wendy Chan works 12 hours a day, six days a week cleaning toilets in a glitzy Hong Kong office block. It's a thankless job for which she is paid just 4,800 Hong Kong dollars a month (615 US dollars).

Across town, Alfred Lui, 68, clocks off from his 10-hour shift as night watchman for a private housing complex. He'll be back six hours later to start again. For this, he receives 4,600 dollars a month.

Chan says her wages cannot support herself and her unemployed husband whose medical bills total more than 1,000 dollars each month. She is forced to claim benefits to help pay rent, bills and utilities.

Lui, meanwhile, needs handouts from his son and daughter to help him get by.

"I can only afford to eat once a day," says Chan. "Life is pretty difficult."

In booming Hong Kong, Chan and Lui are the underside of the gleaming skyscrapers, luxury cars and designer boutiques by which the city measures its progress.

While economic growth is expected to reach a whopping eight percent this year, an estimated 500,000 people -- one in every 11 in this city of seven million -- live below the local poverty line, earning less than 760 US dollars a month.

One in every four children lives below the breadline and the widening gap between rich and poor is acknowledged as one of the biggest in the world.

It's a situation that has spawned growing calls for a minimum wage in this hard-working city.

Chan and Lui work in the two sectors identified as most in need of help by the government which is considering rolling out an experimental lowest-pay bracket for workers within them.

Thai property market hits slump

AFP, Bangkok

Thailand's booming property market is cooling off this year, with analysts expecting sales to remain flat due to rising interest rates and a general slowdown in the economy.

Despite strong demand for downtown condos in Bangkok and resort properties, the overall market in Thailand slumped by 4.5 percent in the seven months to July, according to Kasikorn Research Center.

Several analysts said last month's coup could actually improve the situation in the last quarter of 2006, by ending the political turmoil that gripped the country all year.

But the coup, that ousted premier Thaksin Shinawatra, also opens up longer-term uncertainties as the new military-backed prime minister puts together a cabinet and steers the country toward elections promised for late 2007.

"Given declining inflation and oil prices, the property market should rebound in the second half of the year, even though interest rates remain high," said Pimonwan Mahujachariyavong, Kasikorn's head of macro-economic research.



Rehman Sobhan (2-L), chairman of Centre for Policy Dialogue (CPD), speaks at the launch of a study styled 'The State of the Poorest 2005-2006--Chronic Poverty in Bangladesh: Tales of Ascent, Descent, Marginality and Persistence' in Dhaka yesterday. Economist Wahiduddin Mahmud (L), Managing Director of PKSF Fakhruddin Ahmed (R) and Bangladesh Institute of Development Studies (BIDS) Director General Quazi Shahabuddin are also seen.

Aviation investment seen vital for Asian growth

AFP, Singapore

A glitzy new airport that opened recently in Thailand reflects Asia's need for investment to cope with a fast-growing aviation sector, industry analysts say.

While the opening of Suvarnabhumi international airport has intensified rivalry within Asia for market share, analysts say an expanding aviation sector means there is enough business for everybody.

"We are not worried about over-investing," said Paul Behnke, director of economics at Airports Council International (ACI).

"There is under-investment in some of the key countries and frankly, airport capacity is in short supply."

Passenger traffic in the Asian region is projected to grow 8.0 percent in 2006 and 7.8 percent next year, faster than the global average of 5.1 percent for the same period, according to ACI.

Air freight traffic in Asia is expected to grow an average 6.9 percent in the 2004-2020 period against the global average of 5.4 percent, said the Geneva-based body whose 557 members operate more than 1,530 airports globally.

"The reality is the region needs new international capacity and we welcome new capacity," he said.

"I don't see many airports out there that are terribly under-utilised."

Bangkok's new airport, which cost 3.0 billion US dollars, has a capacity of 45 million passengers a year, well

ahead of its rivals in Singapore and Malaysia.

That capacity is expected to more than double when it becomes fully operational, but for now it is on par with the eight-year-old Hong Kong International Airport which received 40.3 million passengers last year.

An additional 15.8 million dollars has been allocated for a budget airline terminal to open there next year.

Suvarnabhumi, which opened on September 28, replaces Bangkok's creaking Don Muang which was straining under an annual load of 39 million passengers, two million more than it was designed for. 1



MA Momen, president of Dhaka Chamber of Commerce and Industry, gives away certificate to a participant in the '3rd Asian Women Entrepreneur Eid Fair 2006' at the concluding ceremony of the show on Friday in Dhaka. Alamgir Babar, Pakistan high commissioner to Bangladesh, and Nasreen Awal Mintoo, president of Women Entrepreneurs Association of Bangladesh, among others, are seen.