

Star BUSINESS

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India's central bank weighs rate hike as economy booms

AFP, New Delhi

India's economy is growing by nearly nine percent, corporate profits are strong, the stock market is setting new records and the property market is booming.

Now the big question is whether the central bank will step on the brakes at its monetary policy meeting Tuesday and raise interest rates in a bid to curb inflation, which is running at a four-month peak of 5.26 percent.

"Domestic factors such as rising inflation despite lower oil prices, robust bank credit and money supply growth and a strong underlying economy favour further tightening," said Deepak Lalwani, a director at London stockbroker Astaire and Partners Ltd.

"However, the government's need to keep the economy strong and the US Fed's benign policy of keeping rates on hold for the third consecutive month favours a wait-and-see attitude," he said.

"It's a tough call," said Lalwani, adding that his "gut feeling" was that the bank would go for a 25-basis point hike, if not next Tuesday, then

at its next policy meeting in January. The bank has hiked its leading short-term rate by 150 basis points since October 2004 to six percent, the highest in four years, in a bid to keep a lid on prices in India, which has the second-fastest expanding big economy after China.

"The bank has been raising rates and it has had no impact on growth," said Crisil credit rating agency's economist D.K. Joshi.

India posted 8.9 percent growth in first quarter gross domestic product after the economy expanded by 8.4 percent in the financial year to March 2006.

The stock market is nudging record peaks and second quarter profits are up by an average of over 30 percent.

Bank credit to industry is expanding by over 30 percent and property prices have risen sharply, sparking fears of a bubble.

"Inflation is projected to cross six percent in the next three months," said ICICI Securities economist A. Prasana. "To address the issue, the Reserve Bank should hike rates."

The ruling Congress government would like monetary policy to spur

growth in Asia's fourth-largest economy.

It wants interest rates held as low as possible to help it attain its goal of at least 10 percent expansion, which economists say is needed to make a significant dent in poverty in the country of 1.1 billion people.

Nearly a quarter of India's population live below the poverty line.

"There will be an apparent difference between what I think and what the RBI (Reserve Bank of India) thinks," Finance Minister P. Chidambaram said earlier this month.

But if the Congress government lets inflation get too far out of hand, it will alienate its crucial electoral support base, analysts say.

On Friday, official figures showed the wholesale price index, the most closely watched price barometer, had risen to 5.26 percent, up from 4.77 per cent a year earlier.

The increase was mainly driven by rises in food prices, including maize, vegetables, eggs, soybeans and edible oils, as well as manufactured goods.

The rise in the price of food staples is of key concern to the

Congress party, which owes its surprise 2004 general election victory to support from India's poor masses.

The inflation jump followed figures released earlier this month showing a 9.7 percent rise in August's industrial output, which economists said raised chances that the bank would boost rates.

"The bank is no doubt going to raise rates at the meeting," said Joshi. "The economy has been moving at great speed and inflationary pressures are clearly evident."

Even if the bank hikes its main monetary policy tool, the reverse repo rate, on Tuesday it may not be the end of the tightening cycle, economists say.

"The interest rate hikes have not been impacting growth and as long as there are inflationary pressures, the RBI will have to continue (tightening)," Joshi said.

Foreign investment plunges in South Korea

AFP, Seoul

Foreign direct investment in South Korea has plunged in the first nine months of this year amid a worsening business climate and falling growth potential, official data showed Sunday.

Just 790 million dollars flowed in for the nine months to September, just a fourth of the 3.42 billion dollars invested during the same period last year, the central bank said in a report released by Yonhap news agency.

South Korea, Asia's fourth largest economy, has attracted less and less foreign direct investment with 9.25 billion dollars in 2004 and 4.34 billion dollars in 2005, it said.

"It is true that foreigners are withdrawing their investments in South Korea," a central bank official told Yonhap.

"They seem to be worried

about the worsening of the domestic business climate and the weakening potential of economic growth."

South Korea recorded a net outflow of foreign investment of 2.2 billion dollars in September when global supermarket chains Carrefour and Wal-Mart withdrew from here, according to the bank.

The central bank has expected the country's economy to expand around five percent this year, but growth is widely expected to slow down next year.

In the January-September period, South Korean firms' direct investment overseas rose 50 percent year-on-year to 4.97 billion dollars, the bank said.

South Korean investments in overseas securities soared to 17.2 billion dollars during the same period from 3.45 billion dollars a year ago, it said.



Ilias Kanchan, senior deputy director of RB Group of Companies Ltd, the importer of electronics products, motorcycles, and generators, inaugurates Walton Plaza, a showroom of Walton brand products, at Monsur Mansion in Chapinawabganj recently.

SHIPPING

Chittagong Port

Berth No	Name of vessels	Cargo	L. Port call	Local agent	Dt of arrival	Leaving	Import disch
J/1	Layar Sentosa	Sugar	Tuti	Park	14/10	3/11	1122
J/2	Xuan Cheng	Gi	Lany	Cosco	23/10	3/11	940
J/3	Coastal Express	Cont	Chenn	BSCA	25/10	30/10	76
J/4	Da Tian	Gl/Gl	Viza	Cosco	21/10	29/10	--
J/6	Great Immensity	Gl(st. Scrap)	Sing	Everett	23/10	31/10	3444
J/7	OEL Freedom	Cont	Col	PSSL	15/10	29/10	--
J/8	Vien Dong-2	Gl	Buss	Prog	28/10	2/11	740
J/10	Banga Lanka	Cont	Sing	Bdship	15/10	29/10	--
J/11	Kota Rakayet	Cont	Sing	Pil(Bd)	18/10	2/11	42
J/12	Banga Biraj	Cont	Sing	Bdship	19/10	2/11	--
J/13	Banglar Robi	Cont	Sing	BSC	18/10	31/10	--
CCT/1	Eagle Progress	Cont	P. Kel	Everbest	15/10	29/10	522
CCT/2	Precious River	Cont	Sing	Vega	15/10	29/10	--
CCT/3	OEL Enterprise	Cont	P. Kel	PSSL	19/10	31/10	158
NCT/1	Kota Cahaya	Cont	Sing	Pil(Bd)	17/10	2/11	186
NCT/2	QC Dignity	Cont	Ptp	QCSSL	15/10	29/10	--
CCJ:	Maritime Chiangmai	C. Clinic	Tarj	BLS	26/10	30/10	--
RM/4	Ocean Six	Cpo	Lumut	RCL	26/10	29/10	--
DD:	Banga Borti	Repair	Sing	Bdship	26/9	5/11	--
RM/9	Noor-e-mostafa	Salt	Kand	PML	13/9	11/11	--
RM/10	Banglar Umi	Repair	Tuti	BSC	22/8	2/11	--
Custom	Tug Sbm-1	Ballast	Sing	OTL	9/12	--	--
Jetty							
BB:	Kesinee Marine-1	Idle	P. Kel	Mtcl	22/9	--	--

Vessels due at outer anchorage

Name of vessels	Date of arrival	L. Port call	Local agent	Type of cargo	Loading ports
Amer	30/10	Sing	CEL	Cont	Sing
CSAV California	29/10	Cbo	PSSL	Cont	Sing
Tian Ling	29/10	--	Move	C. Clinic	--
Kang Long	29/10	Novo	Rainbow	Wheat	--
Santa Barbara	30/10	Krabi	Uniship	C. Clinic	--
Golden Star	29/10	--	ANCL	C. Clinic	--
Bela	29/10	Sing	Barwil	Scraping	--
Yick Hua	5/11	Novo	Alseas	Gl(ST. C)	--
Banga Bijoy	31/10	Col	Baridhi	Cont	Col
Kota Petani	30/10	Sing	Pil(Bd)	Cont	Sing
Ocean Melody	30/10	--	IBSA	Supply V/I	--
Hua Hui	2/11	--	Move	Slag	--
Sea Master One	30/10	Sing	PML	Cont	Sing
New Legend Star	31/10	Tian	Cosco	Gi	--
Jan Express	1/11	--	ANCL	C. Clinic	--
Pa Pallas	1/11	--	Vega	Cont	Sing
Surplus	1/11	Sing	Asa	Gl(ST. C)	--
Sea Bridge	3/11	--	PSAL	Urea (BCIC)	--
Banga Bodor	1/11	Pki	Baridhi	Cont	P. Kel
Manisa Green	1/11	Pki	Everbest	Cont	Sing
Spring Trader	1/11	--	Everest	Gl(ST. C)	--
Kota Berjaya	1/11	Sing	Pil(Bd)	Cont	Sing
Heng Fu	2/11	Kand	Royal	Gl(salt)	--
Banglar Shikha	2/11	Sing	BSC	Cont	Sing
QC Wisdom	4/11	Tanj	QCSSL	Cont	Sing
Xpress Resolve	4/11	Sing	Seacon	Cont	Sing
Josco View	5/11	Sing	RSL	Cont	Sing
Banglar Moni	6/11	Sing	BSC	Cont	Sing

Tanker due

Name of vessels	Date of arrival	L. Port call	Local agent	Type of cargo	Loading ports
Atexandros M	1/11	Kuwa	MSTPL	HSDUP-1	--
Norbreeze	2/11	Sanl	Rainbow	CDSO(RM/3/4)	--

Vessels at Kutubdia

Name of vessels	Cargo call	Last Port	Local agent	Date of arrival
Geo Eastern	--	--	IBSA	R/A(16/10)
Wira Keris	--	--	IBSA	R/A(27/10)
Kudam	Crude Oil	Rast	OWSL	06/10
Banglar Jyoti	C. Oil	--	BSC	R/A(28/10)

Vessels at outer anchorage

Name of vessels	Cargo call	Last Port	Local agent	Date of arrival
Banga Borak	Cont	P. Kel	Baridhi	21/10
Ja Vesta	Cont	Sing	Vega	21/10
QC Teal	Cont	Col	QCSSL	21/10
Martha Russ	Cont	Sing	QCSSL	23/10
Esham	Cont	Mala	CEL	23/10
Eastern Star	Cont	Sing	PML	23/10
Mare Hibernum	Cont	P. Kel	Seacon	23/10
Pacific Express	Cont	Sing	Pil(Bd)	24/10
Kota Rancak	Cont	Sing	Pil(Bd)	24/10
Banga Bonik	Cont	Col	Baridhi	24/10
Cape Bonavista	Cont	P. Kel	Bdship	24/10
Yongxing	Cont	Col	PSSL	25/10
Xpress Manasu	Cont	Col	Seacon	26/10
Gao Cheng	Cont	Sing	PML	26/10
Vinashin Mariner	Cont	Sing	PSSL	26/10
Banga Borat	Cont	Sing	Bdship	27/10
Kota Rana	Cont	Sing	Pil(Bd)	27/10
Mir Damad	Cont	Kol	BSCA	28/10

Vessels not ready

Name of vessels	Alt	Purb	Intraport	Date of arrival
Eida-a-Mostafa	--	--	--	10/10
Chung Jin-2	Sugar(bag)	Bank	Mutual	22/10
Vulturuss	Tsp/s. Ash	Chen	Unique	23/10
Brave Royal	C. Clinic	Krabi	BRSL	26/10
Bounty-7	Salt	Indo	MVSL	25/10
Shimakaze	CPO	Lumut	Rainbow	27/10
Samsun Apollow	GI(S. Feld)	Kaki	Roway	27/10

Vessels awaiting employment/instruction

Name of vessels	Ballast	Col	Baridhi	Date of arrival
Banga Barta	--	--	BSC	R/A(21/10)
Banglar Shourabh	--	--	BSC	R/A(6/10)
Asrar-a-Mostafa	--	--	Intraport	R/A(6/10)
Raf Raf	--	--	FSA	R/A(16/10)
Ataduru	Repair	Ctg	Rsship	16/10
Al Barakat-1	--	--	MTCL	R/A(26/10)
Victory Prima	--	--	MTCL	R/A(28/10)
Dwei Laksmi	--	--	Lutful	R/A(28/10)
Banglar Maya	Ballast	Uae	BSC	27/10

Vessels not entering

Name of vessels	Ballast	Mala	Archangel	Date of arrival
Masidra Kayangan	--	--	--	3/08
Furair	Raw Sugar	Braz	USL	3/10
Solar Europe	Wheat	Ukra	Litmond	11/10
Hao Xing	C. Clinic	Sing	KSM	17/10
Holy Light	Mop(p)	Jadd	Litmond	17/10
Nanos	Wheat(p)	Marsh	Able	21/10
Iranie-III	C. Clinic	Sing	OLM	24/10
Maris	C. Clinic	Krabi	Litmond	25/10
Astron Spirit	Wheat	Sing	Litmond	26/10
Asrar-a-Mostafa	C. Clinic	Indo	Move	26/10
Suyatloy Georgy	R. Phos	Moro	Litmond	26/10
P. Jahan	Slag	Sing	BRSL	26/10
Rubens	Scraping	Chenn	Rsship	21/10
Olympics-1	Scraping	P. Qasim	Rsship	27/10

The above are the shipping position and performance of vessels at Chittagong Port as per berthing sheet of CPASupplied by Family, Dhaka.

China-France mega deals cover aviation, railways, power

ANN/ CHINA DAILY

China and France last week signed a series of deals covering aviation, railways and nuclear power in Beijing.

China Aviation Supplies Import and Export Group signed an agreement with Airbus for the purchase of 150 A320 aircraft and a letter of intent for 20 A350XWB.

The purchase represents the largest single transaction ever for Airbus in China, the company said Thursday.

It is also the first time that China has showed interest in buying the A350, Airbus' long-range wide-body model which is available from 2012 and planned as competition to Boeing's new 787.

The European aircraft maker also signed a framework agreement on the establishment of an A320 Family Final Assembly Line in Tianjin.

According to the agreement, aircraft assembly in China will begin in early 2009, with the aim of ramping up production to reach four aircraft per month by 2011.

"While the aircraft sections will continue to be produced in Europe, the establishment of such an assembly line, which will deliver aircraft to the same standards as those produced in Europe, is beneficial to both China and Europe," said Louis

Gallois, Airbus president and chief executive officer, at the signing ceremony.

In the field of railways, Alstom of France has signed a letter of intent with the Ministry of Railways to deliver the powerful 500 "Co-Co" (triple axle) locomotives.

The deal is valued at 1.2 billion euros (US\$1.5 billion) in total, with Alstom's share worth 300 million euros (US\$375 million) and 900 million euros (US\$1.13 billion) for its Chinese partner Datong Electric Locomotives.

Alstom will design and produce the first 100 locomotives. Most of the production and quality control of the first 100 units will be carried out at its Belfort (France) plant.

The remaining 400 locomotives will be built at the Datong Electric Locomotives site in China. This company has already partnered Alstom in a 2005 contract to manufacture 180 BoBo electric (twin axle) locomotives.

China Guangdong Nuclear Power Holding Co Ltd and the French national energy group, EDF, signed a deal on nuclear power production, plant construction and project development. EDF also signed an agreement with China Datang Corporation on power plants in China.



Gholam Nabi, managing director of Hotels International Ltd (HIL) that runs Pan Pacific Sonargaon Hotel, and S Prabagar, chief operating officer of Commercial Bank of Ceylon Ltd, among others, pose for photographs with some of the first clients of 'DotCom Teen Saver Account', a savings product of the bank designed especially for the teenagers, at the bank's Sonargaon Hotel booth in Dhaka recently.

VoIP set to impact telecoms market in Asia-Pacific

ANN/ THE STAR

The Asia-Pacific telecommunication market is seeing a dramatic change in the business landscape as players look for opportunities in new technologies like Voice Over Internet Protocol (VoIP) and Internet Protocol Version 6 (IPv6).

The recent Asia-Pacific Wholesale Telecommunications Congress here has identified some of the profitable investment opportunities in the region via VoIP and IPv6.

Calvin Lee, vice president (Asia-Pacific and Middle East) of Deutsche Telekom, said IPv6, which supports greater capacity in web-based business, would be the future of the Internet, replacing the current IPv4.

The widespread use of business over the Internet has created tremendous demand for Internet addresses (network address to identify and communicate on a computer network), he said.

IPv6, which supports a greater number of IP addresses to meet future demand of Internet-capable devices, is touted as the mainstream of future technology. It is the backbone or foundation for the growth of personal computers (PC) and non-PC digital devices, entertainment and communication devices.

VoIP is another revolutionary technology in the telecommunica-

tions age that is poised to take over traditional communications over the public switched telephone network (PSTN).

VoIP, which runs on broadband Internet, allows tremendous opportunities in cost savings for overseas voice calls and management of calls between mobile and fixed phone lines as well as teleconferencing.

"Every digital device on the planet needs to have an IP address. Most of these devices will be sufficiently powerful to incorporate a VoIP client, allowing a voice call to be made from almost any digital device," said Lee, stressing the importance of IPv6 as a complementary support for VoIP.

Although VoIP telecommunication still has many hiccups, such as unreliability in power transmission and quality of voice as compared to old-fashioned analogue telephone lines, it is still the core technology in voice communications, especially for long-distance overseas calls and IP-based telecommunications among large corporations.

Internet Protocol, a method by which