

Star BUSINESS

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India's Reliance launches giant retail rollout

AFP, Hyderabad

Indian corporate giant Reliance Industries began a multi-billion dollar superstore rollout Friday with promises to the nation's small traders that it would not drive them out of business.

The 11 slick, air-conditioned stores which opened in this southern city are a novelty in the country of 1.1 billion people, and are part of Reliance's plans to create a "Wal-Mart in India."

The foray into retail by Reliance - India's biggest private company by market capitalisation and its most profitable -- has sparked fears among mom-and-pop traders who comprise about 97 percent of the nation's retail trade.

But Reliance, whose main business is energy and runs the world's third-biggest oil refinery in Gujarat, said small traders should not worry over its entry into the 300 billion dollar retail market.

"We are not harming small retail players," Raghu Pillai, president of Reliance Retail Ltd, said at the launch.

"The market is growing by eight per cent which is 24-25 billion dollars every year," Pillai told reporters. "We are aiming at revenues of only 25 billion dollars in four years. Even if the market grows by 100 billion dollars by 2015, organised retail would be still less than 10-12 percent of retail trade," he said.

Reliance Industries chairman Mukesh Ambani has set an ambitious annual sales target of 25 billion dollars by 2011 for the stores arm and has said that retail will be the conglomerate's main immediate focus of development.

Daewoo chair gets over 8yrs prison term

AP, Seoul

A Seoul appeals court on Friday sentenced the founder and former chairman of collapsed conglomerate Daewoo to eight and a half years in prison on a range of charges including embezzlement and accounting fraud.

The Seoul High Court said it also ordered Kim Woo-choong to forfeit 18 trillion won (\$19 billion) and pay a fine of 10 million won (\$10,700).

The sentence was less severe than a lower-court ruling in May, when he was sentenced to 10 years in prison and was ordered to forfeit more than 21 trillion won (\$22 billion).

Rupali Bank's 43pc classified loans in 20 borrowers' pocket

Food ministry owes Tk15.27cr

REJAUl KARIM BYRON

The amount of loans defaulted by top 20 defaulters of Rupali Bank (RB) now stands at Tk374 crore, which accounts for 43 per cent of the bank's total classified loans.

Among the top defaulters, six government entities including food ministry owe Tk113 crore or 30 percent of the defaulted amount to the bank. Food ministry's default loan is Tk15.27 crore.

The bank has so far sued 10 defaulters to realise Tk168 crore, although no case has been filed against the remaining 10 who owe Tk206 crore to the bank.

Sources said the bank recovered Tk3 crore during the last six months, demonstrating a considerable failure in realising bad loans, despite the bank's determined stance on realising such bad debts.

A source, however, said as Rupali Bank is set to be handed over to the Saudi prince, the government has initiated a move to introduce bonds against the loans defaulted by the six government entities.

When contacted, some of the defaulters pointed out that faulty government policies, complexities in holding share of companies and stock disposal have pushed them into being defaulters.

Up to June 30, 2006, the RB's total classified loan reached Tk867 crore, which is 20 per cent of the bank's total outstanding loan.

Of the top 20 defaulters, six government entities -- Bangladesh Textile Mills Corporation owes Tk33.12 crore, Bangladesh Agriculture Development Corporation (BADC) Tk21.27 crore, Bangladesh Auto Rickshaw Challak Samity Tk18.82 crore, food ministry

Tk15.27 crore, Bangladesh Auto Tempo Challak Samity Tk13.75 crore and Metalex Corporation owes Tk10.51 crore to the bank.

Other listed defaulters are Mizan & Sumon Tannery Ltd (Tk47.18 crore), Pubali Tanneries (Tk34.77 crore), Ani Enterprise (Tk24.89 crore), W Rahman Jute Mills Ltd (Tk 23.02 crore), Beautiful Jackets Ltd (Tk19.44 crore), Metropolitan Steel Mills Ltd (Tk17.90 crore), Islam Khan Jute Mills Ltd (Tk17 crore), MB Tannery Ltd (Tk15.30 crore), Aqua Food Ltd (Tk13.46 crore), Majidee Tannery Ltd (Tk12.27 crore), Dynasty Textiles (Tk10.11 crore), Legacy Footwear Ltd (Tk 9.22 crore), Beximco Computers Ltd (Tk8.89 crore) and Munia Trades (Tk8,02 crore).

Sonargaon hotel wins award for beautification works in Dhaka

Pan Pacific Sonargaon has won Prime Minister Award for beautification works in Dhaka city, says a press release.

Acting General Manager of the hotel Paolo Randone received the award on behalf of the hotel from the immediate past prime minister, Khaleda Zia, at function held recently in Dhaka.

Upon receiving the award, Randone said: "This is a magnificent honour for all of the teams at Pan Pacific Sonargaon....we wish to ensure that the areas surrounding the property are well-maintained and promote a positive view of our city."

Microsoft, Novell reach agreement on Linux

REUTERS, Seattle

Once bitter rivals, Microsoft Corp and Novell Inc entered into an agreement on Thursday to allow open-source Linux software to work with Windows.

After years of trying to crush open-source rivals, Microsoft said it will provide support and technology to allow Linux to work on Windows. At the same time, it agreed not to assert patent claims against customers of Suse Linux, Novell's operating system.

In its second major partnership with an open-source software company this week, Microsoft sought to assure a growing number of Linux users, especially in the computer server market, that the two platforms can co-exist.

US firm to buy India's Prakash Air Freight for \$30m

OUR CORRESPONDENT, New Delhi

FeDex Corp, the 33-billion dollar American logistics major, has announced that its unit FeDex Express agreed to acquire Indian service provider Prakash Air Freight for 30 million dollars in an all-cash deal.

"The acquisition will solidify the FeDex leadership position with India," said Robert W Elliott, President, FeDex Express, Europe, Middle East, Africa and Indian subcontinent in a statement here on Thursday.

Prakash Air Freight is one of the largest Indian cargo companies operating with more than 384 offices and depots and serving nearly 4,400 destinations.

FeDex Express, a unit of FeDex Corp, the Memphis-based international cargo carrier that serves more than 22 countries, has been operating in India since 1984 and said acquiring the Indian company is "the next logical step in the ongoing development" of its India business.

"As one of the fastest growing economies, India presents enormous opportunities for our customers and this continued and rapid growth has increased India's importance in the global economy," said Michael L Ducker, President of FeDex Express International.

New addl MD of Dutch-Bangla Bank



AHM Nazmul Quadir joined Dutch-Bangla Bank Ltd (DBBL) as additional managing director on Wednesday.

Prior to this assignment, he was the deputy managing director of The City Bank Ltd for the last 6 years, says a press release.

Nazmul has 38 years of experience in commercial banking. He started his banking career with Eastern Banking Corporation (now Uttara Bank Ltd) in the year 1969.

Indian economy showing signs of overheating

Says minister

AFP, New Delhi

India's finance minister said Friday some sectors of the country's booming economy were showing signs of "overheating" after inflation hit a more than four-month peak.

The wholesale price index, the most closely watched price barometer in Asia's fourth-largest economy, showed inflation rose to an 18-week high of 5.41 per cent for the week ended October 21, up a sixth of a percentage point from the previous week.

The price rise was driven largely by rises in prices of primary goods such as pulses, wheat, vegetables and fruit, according to official data released in New Delhi.

There are "some signs of overheating" in certain sectors, P. Chidambaram told a banker's conference, the Press Trust of India reported.

"Some sectors such as housing and credit cards are witnessing very high credit growth," Chidambaram said, calling on the banking sector to moderate lending to such sectors and re-balance its portfolios.

The minister's comments came a day after he told reporters, "I don't believe there is overheating" in India's economy.

Chidambaram told the bankers that curbing price rises was the government's "most immediate goal" and that he wanted to keep inflation "moderate at around four

per cent through a mix of fiscal and monetary steps."

The latest inflation figures came after India's central bank earlier this week raised a key interest rate at which it lends to banks by a quarter point to 7.25 percent.

Analysts said the fact the bank raised the rate at which it loans money to the bank and not its main monetary tool, the reverse repo rate at which it drains funds from the system, was a warning that it could act again soon.

The finance minister held to earlier forecasts that the economy would grow at eight percent for a record fourth year in a row.

ROK seeks free trade talks with EU, China

AFP, Seoul

South Korea wants to open free trade talks with the European Union and China as soon as next year, President Roh Moo-Hyun said Thursday.

At a meeting with foreign businessmen at the Korea Trade Investment Promotion Agency (KOTRA), Roh said his country is determined simultaneously to push for a number of free trade agreements (FTA).

"We aim to open FTA negotiations with the EU next year... We'll also make all the preparations so that we may start FTA talks with China next year or later," he said.

State-run KOTRA has said a free trade agreement with the European Union would bring Seoul greater benefits than a similar trade pact with the United States now being negotiated.

Exports to Europe of automobiles, electronic goods and computer-related products in particular will increase sharply if a free trade

deal is concluded, it said in a research report published in June.

The Korea Institute for International Economic Policy says an FTA with the EU would boost South Korea's gross domestic product by two to three percentage points.

It would also increase South Korea's exports to the EU by 11 billion dollars and imports from there by 8.2 billion dollars.

South Korea's shipments to the EU stood at 43.7 billion dollars last year, while imports reached 27.3 billion dollars.

South Korea, which has completed FTAs with Chile and Singapore, has been in tough talks with the United States on a deal which would be the largest for the US since the North American Free Trade Agreement.

The two sides took a "big step forward" in talks that ended in the southern island of Jeju last month but lengthy negotiations will still continue into next year, a top US official said.

India to witness more billionaires than China in '06

PTI, Beijing

India, whose high economic growth is driven mostly by the private sector, will witness a rise in the number of billionaires as compared to China in 2006, an official with the Forbes Asian Rich List said here Thursday.

"This year there were 15 billionaires in China but last year in India, we had 20 billionaires," Contributing Editor of Forbes, Justin Doebele told PTI here on the sidelines of the release of the Forbes' 2006 China Rich List.

"So there are more billionaires in India than in China," he said without divulging the details of the India Rich List which will be published later this month.

"We expect the numbers to go up as the markets in India have done pretty well this year," Doebele said noting that the Forbes Rich List in India will be mostly based on public listing.

He noted that India had better accounting systems than China, more transparent markets and liquidity. "You can trust the numbers in India, again relative to China."

ANALYSING GLOBAL APPAREL MARKETS (I)

A close look at RMG industry's marketing tools and threats

LUIGI BERTORELLI

The readymade garment industry is a key sector in the Bangladeshi economy. With its population totalled 453.7 million and an average GDP per capita amounted to approximately 25,000 euros the EU Members States are among others the higher buyers and bigger consumers of the garments produced in Bangladesh. It is worth to have a close look at the marketing tools and threats the manufacturers and exporters have to face to increase their volumes and turn-over.

Although the European Union is already a fact, the most important aspect of the process of full unification is the harmonisation of rules. In the EU countries not all the regulations have yet been harmonised. Work is still in progress in the fields of environmental pollution, health, safety and quality.

Distribution channels differ greatly across the EU member states. The UK has a high concentration of distribution, which is reflected in the relatively low market share of independent retailers. The southern member states, Portugal, Italy and Spain, however, have high market shares for independent retailers. These retailers buy mainly

from manufacturers and wholesalers/importers, contrary to Germany and The Netherlands for instance, where many independent retailers are members of buying co-operations.

Specialists (independents and multiples) accounted for 57 percent of clothing sales, but a growing role is played by non-specialised distributors. Other important developments are the increasing integration in the value chain, increasing concentration and growing internationalisation. This also means increasing competition between branded labels, private labels and even non-branded products.

For that reason most of the major retail organisations have set up their own buying organisations in low-labour-cost countries. Bangladesh is one of those. Germany is the greatest market for outerwear in the EU. The highest growth rates are in the UK and Spain, while France and Italy showed a moderate growth. For the other major EU markets including Norway, a moderate 2-3 annual growth is forecasted for the coming years. In recent years, a shift from dresses to trousers/jeans and skirts has occurred regarding women's clothing consumption. The focus on casual and leisurewear will

be continued for the coming years, but to a much smaller degree. Imports from developing countries are important and still rising in almost all product groups, in particular for casual and leisure product groups, but also for woven shirts, babies' garments and accessories like scarves.

Demand for outerwear in the EU will continue to increase and the number of garments purchased per head of population will continue to rise, but prices will not follow this growth rate.

To satisfy the requirements of European importing companies, the exporters in developing countries will be faced with increased demands for higher quality and environmentally friendly products.

In the EU, the role of wholesalers/importers will slightly decline, while the role of clothing and specialised outerwear multiples and, to a lesser degree, buying groups or franchise formula will increase in the coming years. In many European countries, the distribution of outerwear is dominated by a small number of retail organisations. On one hand there are speciality multiple stores (like Etam Lingerie, Hunkemöller) and on the other hand there are more generally oriented

department (Debenhams, KarstadtQuelle) and variety stores (Marks & Spencer, Hema), clothing multiples (Hennes & Mauritz, Zara, Etam, C&A), textile discounters (Zeeman), value retailers (Matalan, Peacock), hypermarkets (Hypermarkets) and supermarkets (Aldi, Lidl, Tesco) just to give some example.

Depending on its position in the market, the functions of a particular distribution organisation will be linked with up-or-downstream organisations with the same kind of specialisation. It is also possible for a given organisation to take over (some of) the functions of the latter, in order to improve competitiveness (vertical integration). For instance, manufacturers, agents and retailers may also function as importers, while wholesalers may also be manufacturers (vertical integration).

Each of these groups has a different approach to business and the market, with its own specific interpretation of the marketing mix.

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General Manager of Bangladesh Bank (Chittagong) Harunur Rashid Chowdhury inaugurates the Regional Operating Centre, Chittagong, of Brac Bank Ltd on Momin Road in the port city recently. Acting Managing Director of Brac Bank Kaiser Tamiz Amin and other senior officials were also present.

PHOTO: BRAC BANK