Star BusinesS

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IBBL seminar on Islamic banking held

A seminar on 'Islamic Economics and Banking' was held on the occasion of the opening of the Nawabganj Branch of the Islami Bank Bangladesh Limited (IBBL) at Nawabganj Upazilla sadar of Dhaka district on Tuesday, says a press release.

Abdur Raquib, executive president of the bank presided over the seminar. It was addressed among others by Principal Kamauddin Zafree, member secretary of Shariah Council of the bank, Prof. Mohammed Shamsul Islam Khan, principal of Shikaripara College, Nawabganj, Dhaka and at Mohammed Habibullah, lecturer of Dohar-Nawabganj College, Dhaka.

Speakers at the seminar mentioned the role of Islamic economics for establishing a society on justice and said that interest is the weapon of exploitation, which creates inequality in the society.

They said the main aim of Islamic economics is to establish the financial stability in the society.

Islami Commercial Ins board meets

The 32nd meeting of the Board of Directors of Islami Commercial Insurance Co. Ltd. was held recently in the city with M. Kamaluddin Chowdhury, chairman of the company in the chair, says a press release.

The board discussed different policy and operational issues regarding business of the company and gave necessary guidelines to the management to accelerate its overall growth and development.

New MD of Neway Bangladesh

Muraly Srinarayanathas has taken over the responsibility of managing director of Neway Bangladesh (Pvt) Ltd, says a press release.

The Chairman of the company Navaratnam Srinarayanathas handed over the responsibility to him at a function held at a city hotel recently.

Neway is the pioneer organisation for founding the multi-level marketing concept in Bangladesh.

Shoppers shoulder US economy

AFP, *Washington*

Shoppers, the engine of the US economy, kept spending in November but the critical Christmas tally is in question, analysts said Thursday after the release of latest data.

Retail sales rose 0.4 percent in November as people did up their homes, buying furniture, building materials and garden equipment, the Commerce Department said.

The "nest-building" spending spree helped counter the third monthly decline in car sales.

"People did spend money at a fairly decent clip. We are moving forward in the fourth quarter," said Joel Naroff, president and chief economist at Naroff Economic Advisors.

"But the reality of the situation is that December will tell the tale. We have had lousy weather," he added.

"We are going to find out whether shoppers have what I call the post-office mentality: whether neither rain, nor snow, nor sleet, nor ice nor gloom of night make a difference and stop them from their appointed rounds at the mall."

China consumer prices drop again

AFP, *Beijing*

Chinese consumer prices declined for the 13th successive month in November amid otherwise robust economic growth, official figures showed Friday.

The consumer price index in November dropped by 0.7 percent from a year earlier, compared with a decline of 0.8 percent in October, the National Bureau of Statistics said.

The fall in prices came despite recent forecasts confirming China as the world's fastest growing major economy.

State media said last week China's economy is likely to grow about 7.9 percent this year, up from 7.3 percent in 2001.

Even consumer spending appears to be rising fast, even though falling consumer prices would seem to suggest the opposite.

Film industry heading towards disaster

Number of cinema-goers declines by 50pc following bomb blasts

RAFIQ HASAN

The local film industry, already in a declining phase over the years, is heading towards another disaster following the recent bomb blast at a number of cinema halls.

The number of movie viewers declined by at least 50 per cent as panic and tension gripped the entire film industry following the bomb blast in Mymensingh and the discovery of powerful bombs from a number of cinema halls throughout the country, according to sources.

The film producers, directors and exhibitors have become anxious and uncertain about the future of the local film industry which has been suffering from lack of viewers due to regular screening of foreign films in electronic media.

"With the present situation, it is very much unlikely that a producer would go for a big budget film costing more than one crore taka in the next six months period," said Azizur Rahman Buli, former president of Bangladesh Film Producers Association.

"Some producers may still go for making low budget films but if such an incident happens again the whole film industry would be destroyed," Buli said.

At this moment, the film producers and exhibitors will suffer most but ultimately it will effect the whole industry. "I have never seen such a bad situation in my 27 years of career in the film industry," said Faruq Hossain, a film director.

The film exhibitors, who had collected films at higher cost, expecting big rush during the Eid festival, are unlikely to get their money back. They had to spend more than two lakh taka for screening a new film for a week.

According to sources, many cinema halls in the districts and Upazila level have already been closed following the incident as the number of filmgoers declined sharply.

"During Eid vacation, we were having house-full shows but after the bomb incident the number of viewers started to decline," said an owner of a cinema hall in the city.

He said the hall owners expect a good profit during each Eid vacation and sometimes many halls continue showing the same film for several weeks but this time none of the films could attract the people.

According to him all the seven films released during Eid-ul-Fitre are going to flop. Although some romantic films still attract a section of people, the number of viewers is insignificant, he said.

Following the bomb incident, security measures have been tightened at all cinema halls in the city and everyone is checked before entering into the hall.

The army personnel are also supervising the security system and giving directives to hall authorities about the security measures. "A group of army personnel come to inspect the over all situation of the hall before each show begins," said Abul Hashem, cashier of a hall in Karwan Bazar.

"We start the show only after their visit," he said. Apart from low turnout of general people there is hardly any female viewer in the night shows, which is another cause of lower ticket sale, Hashem said.

In comparison to the past, the number of viewers declined by at least 50 per cent. The situation is almost same in more than 800 cinema halls throughout the country, according to sources.

People, mainly teenagers who are the target group of the industry, are panicked in the presence of army personnel on the hall premises.

Bangladesh Film Development Corporation (BFDC) sources said that people related to the film industry have become very frustrated and there is hardly any enthusiasm for making new films.

Earlier, at least 12 to 14 groups used to come to the FDC floor every day for shooting but now that has declined to two to three groups, said a FDC official.

The security has also been tightened at the FDC and all people are checked before entering into the lone government film studio.

Double-digit export growth hinges on global upturn: BB

STAR BUSINESS REPORT

Resumption of the country's past double-digit export growth would depend on a rebound in the global economy, diversification of the country's narrow export base and improving competitiveness, said the annual report of the Bangladesh Bank.

Tension and war worries over Iraq have increased uncertainty about the pace of global economic recovery. Diversification of the export base would require sustained attention in areas affecting competitiveness of domestic production, it added.

The export promotion approach of support to specific sectors with concessional interest rate and assistance seeks to compensate rather than eliminate these impediments to competitiveness, the BB said.

It mentioned that cash assistance and subsidy for export of apparels and jute goods have been scaled down in FY03 for eventual phase-out, but have been newly introduced in sectors like light engineering, frozen food and agricultural produce. This approach, besides being burdensome for the budget, is not optimal for efficiency or diversification.

"Investments tend to converge into the few supported sectors where even inefficient producers continue because of the subsidy, while potentially competitive efficient producers in other sectors remain unsupported and ignored."

The report said, redressing the factors impeding competitiveness, and ensuring a stable macroeconomic environment would be urgent also for accelerating investment towards attaining growth rates well over six per cent (substantially higher than the trend rate of around five per cent) which is needed to halve poverty level by year 2015, a Millennium Development Goal.

External slowdown, weakening the export demand, was the main factor behind the lower FY02 growth of Bangladesh GDP; the decline in exports brought in slowdown in the manufacturing and services sub sectors with linkages to exports, it added.

The report said the public sector component of domestic investment was lower at 7.09 per cent of GDP in FY02 against 7.25 per cent of FY01, while the private sector component was higher at 16.06 per cent in FY02 against 15.84 per cent of FY01.

The domestic savings-investment gap financed by foreign savings widened to 5.16 per cent of GDP in FY02, from 5.09 per cent of FY01, it said.

The report mentioned that the outstanding stock of the country's external debt rose to US$16.65 billion or 35.23 per cent of GDP as of end June 02 from US$ 16.24 billion or 34.60 per cent of GDP of end June 01. Debt service payments as percentage of exports rose to 9.33 per cent in FY02 from 8.80 per cent in FY01 because of lower level of FY02 exports.

Debt service obligations abroad remain modest because of low content of commercial borrowing in the debt stock, the large bulk being concessional loans to the government from multilateral lenders, it added.

Japan cuts tariffs on 118 agri items of developing nations

AFP, *Tokyo*

The Japanese government has decided to expand tariff cuts on agricultural imports from developing nations under a scheme designed to assist their economic growth, a farm ministry official said Friday.

Japan, the world's biggest agricultural importer, currently gives preferential lower tariff treatment or imposes no tariffs on 209 agricultural products from 149 developing nations.

It plans to add an additional 118 agricultural products to that category, the official said.

"We will give preferential tariff treatment to the 118 agricultural products by revising a tariff law in the next fiscal year" starting in April 2003, said Masaki Sakai, director of the ministry's international trade policy.

The 118 products include vegetables, canned olives, coconut oil, and animal products such as turkey and duck meat from countries ranging from Mexico to China and Hungary.

Japan will also give duty-free access to an additional 198 agricultural and fishery imports from 47 countries designated as least developed countries (LDCs) with gross domestic product (GDP) per capita under 900 dollars.

The 198 imports from least developed nations include shrimps and rock lobsters from Bangladesh and Myanmar.

Rice is not included among the products set to enjoy tariff cuts.

Pressure from old guard politicians representing Japan's inefficient rice farmers ensures they are highly subsidized and protected from cheaper imported varieties by a tariff of 341 yen (2.78 dollars) per kilogramme (1.26 dollars per pound).

Japan currently grants tariff-free access to 335 agricultural and fishery products from least developed nations.

"These measures underline Japan's commitment to supporting economic growth in developing and least developed nations," Sakai said.

"Also these preferential tariff measures show our commitment to the WTO (World Trade Organization)," he said.

In the 2001 Doha declaration, trade ministers agreed they were committed to the objective of duty-free, quota-free market access for products originating from least developed countries.

In 2001, Japan's agricultural, forestry and fishery imports were worth 7.2 trillion yen (59 billion dollars).

Of that, imports from developed nations totalled 4.5 trillion yen, accounting for 62 percent of total agricultural imports.

Some 2.7 trillion yen worth of agricultural imports, or 37 percent of the total imports, came from developing nations.

Agricultural imports from the least developed countries (LDCs) totalled 51.1 billion yen, or just one percent of the total.

PHOTO: ISLAMI BANK

Principal Kamaluddin Zafree, member secretary of Shariah Council of Islami Bank Bangladesh Limited, speaks at a seminar on "Islamic Economics and Banking" held on the occasion of opening of Nawabganj branch of the bank at Nawabganj on Tuesday. Abdur Raquib, executive president of the bank, presided over the seminar.

Indian factory output up 6pc

REUTERS, *New Delhi*

India's industrial output rose 6.2 per cent in October year-on-year, boosted by strong growth in the manufacturing and electricity sectors, shrugging off fears that a devastating drought may cut into demand. Data released Thursday showed industrial output was up sharply from the 3.2 per cent rise in October last year when manufacturers were in the grips of a demand slowdown.

Industrial output rose by a robust 6.1 per cent in September, buoyed by a strong manufacturing sector.

"The numbers are good and what they show is that industrial recovery is gathering steam," said Sanjeet Singh, analyst with Bombay-based ICICI Securities.

"So far, it look like the impact of the sluggish global economy and poor monsoon is not very substantial."

Analysts had expected demand to slow down following the country's worst drought in 15 years, but late rains in August and September have helped ease the situation.

The data showed industrial output rose 5.5 per cent between April and October compared with 2.5 per cent in the same period last year.

Other data also suggested that industrial recovery was gathering steam in Asia's third largest economy.

The manufacturing sector, which mirrors demand for goods, expanded 6.4 per cent in October compared with 3.5 per cent growth in the year-ago period.

Consumer non-durables -- which cover a range of products from shoes to shampoos -- grew at a scorching 14.6 per cent in October compared with a meagre 2.1 per cent in the year-ago period.

Consumer durables, on the other hand, shrank by 5.9 per cent compared with a strong 25.2 per cent growth a year ago.

"This shows that there is some sort of correction taking place in the consumer durables sector after three years of strong growth," said Saumitra Chaudhuri, economic adviser at Indian credit rating agency ICRA.

"Strong consumption demand is driving non-durables growth."

Capital goods grew a healthy 12.2 per cent in October compared with a decline of 0.3 per cent in the same month a year ago.

Mining grew 3.8 per cent compared with 3.7 per cent a year earlier while the electricity sector grew 7.4 per cent compared with a fall of 0.2 per cent in October last year.

Analysts said they expected industrial output in 2003/03 to be about 5.5 to 6.0 per cent.

"Considering the easy money environment after the review of the monetary policy, and a possible improvement in the global economic situation the performance by industry can get only better," said ICICI's Singh.

India's central bank in its monetary policy review in October cut the benchmark bank rate to a 29-year-low of 6.5 per cent. Banks are flush with funds as liquidity is comfortable in the economy.

The Indian economy, the 12th largest in the world, is expected to grow 5.0-5.5 per cent in 2002/03 (April-March) due to a likely drop in farm sector output. The economy grew 5.4 per cent in 2001/02.

Industry accounts for 27 per cent of GDP but is a major contributor to government revenues because most other sectors, such as agriculture, are largely untaxed.

US trade official to visit Lanka next week

AFP, *Colombo*

The US Assistant Secretary of Commerce, William H. Lash, is due to visit Sri Lanka next week to discuss promoting bilateral trade and investment, the US embassy here said Friday.

"The purpose of the visit is to discuss bilateral trade relations and Sri Lanka's investment climate," the embassy said in a statement.

It said the visit was a follow up to last month's talks the US deputy trade secretary Jon M. Huntsman had with Sri Lankan officials here.

Huntsman said the US expected Sri Lanka's latest peace bid to succeed and was keen to get involved in rebuilding the island's war-ravaged infrastructure.

"There is great hope that peace will prevail ... This will allow private sector confidence for investment flows and investment flows in turn will support the peace process," Huntsman said. "It is a cycle of sorts."

India to need 290 commercial jets over 20 years: Boeing

AFP, *New Delhi*

US aircraft maker Boeing Co. has forecast that the Indian market will need 290 new commercial jets worth 22 billion dollars over the next 20 years.

Senior vice president of sales Dinesh Keskar told a news conference here late Thursday that air traffic growth in southwest Asia, dominated by India, will average 6.7 percent over the period -- among the fastest in the world.

However, growth in the Asian region as a whole is forecast at 8.7 percent annually.

Keskar said although the world aviation industry was still to get back to traffic levels of 2000, before last year's global economic downturn and the September 11 terrorist attacks in the United States, there have been definite signs of recovery, with Asia emerging as the brightest spot.

"Airline profits, in a general sense, will start to come back in late 2003. After that the demand cycle will come back (for new planes)," he told reporters.

Q & A

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Service

This is the story of a person who began his service business nearly a decade ago. It all began when most of our office colleagues began to be stricken with hepatitis. The reason? Having contaminated lunch in local restaurants. A quick calculation showed that if the company provided a subsidised lunch, we could save on medical costs as well as the lost hours of sick employees and on ancillary costs. We looked for some one to provide us this service.

A friend of one of our colleagues, a young and portly man turned up. No, he had never been in this kind of business, but if we were willing, he would give it a try. Thus began the saga as we provided him the kitchen and utensils and he brought in his cook and helpers to serve us lunch and tea. He began his business with 150 lunch servings per day. If there were no hartals, he could make some profit else it was a hard time to make ends meet.

He scrounged Dhaka and its suburbs to find out his supply sources of ingredients, fish and flesh, needed to satisfy our menu and taste buds. He hired hard working young persons who had to do the dish washing as well as setting the table with the right fork and knife. What kind of quality was he looking for in these boys? He was quite forthright in his answer. With the kind of money these boys make, they live in bustees.

They have had to be trained to begin their day with a bath and a brush. Being in close contact with office executives while serving, he could not afford to have foul smelling breath or body. He gave them decent clothes and asked them to change every day. Initially, some would turn up wearing yesterday's clothes, protesting it was spank and clean. He would then ask them to take the shirt off and make them smell the shirt's armpits … you can guess what the cheesy smell would do in terms of practical learning.

The next quality he looked for was a smiling face and a helpful attitude. In a service industry you are in constant touch with your customers. If your contact person to a customer is a grouch or is of the other extreme, proud and haughty, you turn off customers. No customers, no business. Simple equation. You don't need Newton or Einstein to prove this. So if you walk into his kitchen, even his chef is polite, greets you and smiles.

Today he serves couple of multi-national organization sites in and around Dhaka. He remembers the frantic phone calls he gets once in a while … one of his boys soiled the CEO's shirt by dropping a gravy laden spoon on him. The whole office is abuzz with the story. He rushes in to apologize and the CEO has the grace to laugh it off. The boy is frightened, his wits at end knowing that he will be fired for this colossal gaffe. The boy is assured that he hasn't lost his job and is asked to be more careful in future.

The other call was from another CEO's office a worm was found on his plate as he was having his favourite, baked cauliflower entré e. The office was aghast. He apologizes to the CEO, makes light of the story and teaches his cook how to weed out these worms just dip the cauliflower in water for some time and the worms will come out fast.

Today he serves 3000 + meals a day. Each site is delegated to a manager as he makes his round, ensuring that the site teams are satisfying their customers. He also has the wisdom not to be greedy and say 'no' to new offers. Content, he says, "I should not expand at the cost of customer satisfaction. I want to ensure that the service I give must satisfy my customers."

Pakistan's forex reserves rise to $9.064b

REUTERS, *Karachi*

Pakistan's foreign exchange reserves rose $54 million in the eight days to December 7, to $9.064 billion, compared with $9.010 billion on November 29, the central bank said Friday.

The State Bank of Pakistan gave no reason for the rise, but bankers said it was partly due to inflows from Pakistanis working abroad through official banking channels since a crackdown on money laundering after September 11, 2001.

The central bank's direct holdings were $6.910 billion, while other commercial banks held $2.154 billion.

The bank changed its method of calculating foreign reserves last year and now monitors total liquid foreign reserves, including the previously undisclosed foreign exchange deposits held by other banks.

Shaukat Aziz, adviser to Prime Minister Mir Zafarullah Khan Jamali on finance and economic affairs, said last month that Pakistan's foreign exchange reserves were likely to be about $10 billion by the end of this fiscal year in June 2003.

Pakistan's backing of the US-led military campaign in Afghanistan was followed by aid inflows from the United States and other Western countries, as well as debt rescheduling.

Australia to cut tariffs on cars to 5pc in 2010

REUTERS, *Canberra*

The Australian government said Friday it will slash tariffs on imported cars and auto components to five per cent in 2010, giving a A$4.2 billion ($2.4 billion) handout to manufacturers to soften the blow.

The move comes after a government review of what help to give the auto industry when its current subsidy programme expires in 2005 and Australia's import tariff falls to 10 per cent that year from 15 per cent, mirroring tariff cuts around the world.

Prime Minister John Howard said giving targeted financial assistance from 2006 to 2015 alongside the phase-down in tariffs and a further review of the industry in 2008 would give the sector a "decade of assurance" as it builds export markets.

"It creates a good investment climate but continues the process of reform and further equips the Australian industry to compete effectively in the world environment."

Legislation to officially endorse the package would be introduced into the parliament early next year, the prime minister said.

It could face some resistance there as opposition Labor has already raised concerns the cut in tariffs could cause job losses for some of the 55,000 people employed in the industry.

To calm some objections within cabinet over cutting tariffs, the government agreed for the Productivity Commission, the government's principal review body on microeconomic policy, to review the new auto package in 2008 before the cuts go ahead.

Bankruptcies fall 22.6pc in Japan

AFP, *Tokyo*

The number of Japanese corporate failures in November fell 22.6 per cent from a year earlier to 1,433, marking the fourth straight month of declines, a research firm said Friday.

The liabilities of collapsed firms during the month dropped 69.4 percent year-on-year to 575.7 billion yen (4.7 billion dollars), the lowest level for the year, Teikoku Data Bank said.

The November debt figure also fell below 600 billion yen for the first time in 35 months, the agency noted.

Teikoku said there were fewer failures of large companies with debts exceeding 100 billion yen -- none in November compared to three in the same month a year ago -- and fewer bankruptcies caused by defaults as banks tightened credit.

"Because of the credit crunch... the number of bankruptcies caused by failure to honor bank bills was kept under control," Teikoku said in a statement.

But the agency said it expected some 19,500 bankruptcies in 2002, the second largest number since the end of World War II, as deflation and the weak economy continue to take its toll.