

Refrigerator
Icemagic 190 Litre

Whirlpool

TRANSCOM
ELECTRONICS

Dhaka: 8110163, 9882192, 9896285, 9569613
Chittagong: 637669, 633758, Bogra: 66215
Khulna: 720304, 723695

Star BUSINESS

DHAKA SATURDAY JULY 24, 2004 E-mail: dsbusins@gononet.com

Jamal's Gallery

JAMAL'S SOLO ART EXHIBITION

TILL 31 JULY

www.jamalsgallery.com

TEL: 9128354-8

HUSAIN PLAZA, SHOP-1, PLOT-1, ROAD-15 (NEW), 28 (OLD), DHANMONDI R/A

EPZ for light engineering industry on the cards

ZAHIDUL HAQUE

In a bid to promote light engineering industry the government is contemplating to set up an exclusive export processing zone (EPZ) for the promising sector.

The Ministry of Commerce recently forwarded a letter to the Bangladesh Engineering Industries Owner Association (BEIOA), a platform of light engineering entrepreneurs, asking it to find out a place for establishing the EPZ, said a high official of the ministry.

The government response came following a BEIOA request made recently with the Ministry of Commerce to allocate a 15-acre land for the EPZ.

"On arrival of our association

president from India on July 25, we will start the initiative to select a place in Dhaka for the EPZ," BEIOA Secretary Abdul Hakim Mia told The Daily Star.

He said entrepreneurs will establish a 'display centre' inside the EPZ where they will get a chance to exhibit their products for prospective buyers.

Hakim said the BEIOA in collaboration with the Bangladesh Small and Cottage Industries Corporation (BSCIC) will distribute plots among prospective entrepreneurs to set up plants at their costs, if the government allocates land.

BEIOA secretary said the association already has a list of 150 prospective entrepreneurs who will get preferences for plot distribution.

The list was prepared following a direction of a committee formed under the Light Engineering Promotion Council, which was set up in March at the Ministry of Commerce to promote exports of light engineering products.

Commerce secretary is heading the council where a 25-member committee has been formed to run body.

The committee members include, among others, representatives from BEIOA, Export Promotion Bureau, Federation of Bangladesh Chambers of Commerce and Industry and Bangladesh University of Engineering and Technology.

Hakim said they have also urged the government to set up a 'common facility centre' equipped with

modern technologies for testing product quality and also for arranging training on product marketing for the entrepreneurs.

He identified lack of knowledge about product quality and marketing as major obstacles to the growth of light engineering industry, which is contributing to the national economy by manufacturing a wide range of import substitute items.

The light engineering products include spare parts for cement factory, paper mill, jute mill, textile mill, sugar mill, food processing and plastic factory, fertiliser factory, ship, printing industry, marine vehicle, automobile, gas pipeline fitting, construction related machinery and pharmaceutical industry.

Delta Life to convert paper shares into electronic ones

Delta Life Insurance Company Limited has signed an agreement with Central Depository Bangladesh Limited (CDBL), the service provider of central depository system (CDS), to convert its paper shares into electronic ones.

Das Deba Prasad, managing director of Delta Life Insurance, and MH Samad, managing director and CEO of CDBL, signed the deal on Wednesday in Dhaka, says a press release.

Among others, Adeeba Rahman, director (Marketing, HRD and Underwriting), Delta Life Insurance, Swapn Kumar Sarker, company secretary and senior executive vice-president (A/C), and Tapendu Sarker, senior vice-president (Investment and Capital Market Operation) of the company, and Sunon Das, executive—Equity Market of CDBL, were present.

Indian software major Wipro's Q1 net profit up 73pc

AFP, BANGALORE

India's third largest software exporter Wipro Ltd., said Friday its first quarter net profit rose 73 percent from a year earlier to 3.6 billion rupees (77.5 million dollars).

Revenues of the New York-listed firm were up 48 percent to 17.7 billion rupees, the company said.

The announcement boosted Wipro shares, with the stock rising 16.55 rupees or 3.16 percent to 540.70 rupees on the Bombay Stock Exchange in morning trade.

"The results are very good. The profits are very good. It has exceeded market expectations. The only thing is the price of the stock is a little high and whether you can make money on it is a question," said Prakash Lala, director of Centaur Capital Services.

The Bangalore-headquartered company said its revenues from global IT services and products grew 45 percent for the three months to 13.44 billion rupees and that it had added 3,015 new employees during the quarter.

Oil prices higher on worries about Russian output

AFP, New York

Oil prices climbed Thursday after Russian energy giant Yukos warned it would declare bankruptcy if Moscow sold a major subsidiary of the group over a tax dispute.

New York's benchmark contract, light sweet crude for delivery in September, soared 78 cents to 41.36 dollars a barrel.

Brent North Sea crude for September rose 85 cents to 38.01 dollars.

"A lot of it is just speculators who found with concerns over Yukos a reason to push prices higher," PFC Energy analyst Seth Kleinman said.

On Tuesday, Russian authorities said they intended to sell Yukanskneftegas, a Yukos subsidiary that produces 62 percent of the group's oil, amid a dispute about underpaid taxes.

Yukos said in a statement that if Yukanskneftegas was sold "the management of the company would be compelled to announce the bankruptcy of Russia's largest oil company."

S'pore inflation levels out in June

REUTERS, Singapore

Singapore's consumer prices levelled out in June after rising steadily each month since February, government data showed Friday but economists expect more price rises in the months ahead.

The Department of Statistics said the consumer price index was unchanged from May and up 2.3 percent from a year earlier -- a 13th month of gains and reflecting a tumble in prices last year during the Severe Acute Respiratory Syndrome outbreak.

Both figures were in-line with market forecasts.

From May, food prices rose 0.1 percent due mainly to a rise in the cost of seafood, while clothing prices fell 2.7 percent during the city-state's annual Great Singapore Sale. Housing, transport and communications and health care costs were stable.

NCBs lag behind private banks in credit finance

PCBs grab 43.37pc market share

STAR BUSINESS REPORT

Despite operating 54 percent of the total bank branches, nationalised commercial banks (NCBs) lag behind private commercial banks (PCBs) in credit finance.

The PCBs operate 23 percent of the total bank branches but they have overtaken the NCBs in credit finance by 3.37 percentage points to 43.37 percent. The NCBs have 40 percent market share.

The NCBs' deposit collection has also dropped. The PCBs are about to surpass the NCBs on deposit collection front.

Bangladesh Bank figures for the first six months of this year indicate foreign banks are becoming a great source of credit for local borrowers while private commercial banks are witnessing increased deposit growth compared with NCBs.

Of all commercial banks, PCBs have experienced the largest growth in deposits. Some private banks have recorded as much as 50 percent growth in deposits. As a result, PCBs' market share stands at 42.12 percent against 44.55 percent of NCBs.

Out of the total 6,230 branches of all banks in operation, the NCBs have 3,390 while PCBs have 1,488 branches or 23 percent of the total.

With borrowers crowding foreign commercial banks (FCBs) seeking credit, some of the foreign banks' lending and advances have gone up as high as 40 percent.

All 49 commercial and development finance institutions (DFIs) have experienced a rise of 7.22 percent in deposits to reach a total of Tk 12,227.38 crore at the end of June.

Credits in all banks in the meantime have grown by 7.76 percent to a total of Tk 96872 crore.

Deposits of the four NCBs have grown by 3.7 percent while credit has gone up by 5.8 percent. Rupali Bank experienced the highest growth in credits with 8 percent.

The 30 PCBs' deposits increased by 10 percent and credit also rose by 10 percent. Mercantile Bank was the most prominent among the PCBs to see deposits rise by 23 percent while its credits went up by a whopping 40 percent.

Deposits of Mutual Trust Bank

grew by a staggering 51 percent while its credits also received a boost with a 42-percent rise.

Brac Bank and Jamuna Bank also strengthened their positions with growths in deposits by 51 percent and 31 percent respectively, while their credit figures jumped up by 41 percent and 49 percent.

First Security Bank deposits rose by 35 percent while credits went up by 32 percent, while Premier Bank deposits grew by 39 percent and credits rose by 46 percent.

The 10 FCBs increased their deposits by 7.7 percent and credits by 11.7 percent, with The State Bank of India recording a rise of 26 percent in deposits and 40 percent in credits.

National Bank of Pakistan, however, lost out in deposits by 12 percent, but its credit figures grew by 41 percent.

Hongkong and Shanghai Banking Corporation (HSBC) upped its deposits by 14 percent and credits by 36 percent.

The 5 DFIs raised their deposits by 15.31 percent and credits by paltry 3.49 percent.

New DMD of Uttara Bank



Kazi Khalilur Rahman has joined Uttara Bank Limited as deputy managing director.

Prior to his new assignment, he was the senior executive vice president of IFIC Bank Limited, says a press release.

Rahman started his banking career with Habib Bank Limited in 1970 and after the War of Liberation he joined Agrani Bank.

Managers' confce of City Bank held

A three-day half-yearly managers conference of The City Bank Limited concluded in Dhaka recently.

In the conference, three renowned personalities -- Wahid Uddin Mahmud, a prominent economist, Syed Manzur Elahi, chairman of Bangladesh Association of Banks (BAB), and Anisul Huq, president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA), also spoke, says a press release.

Managing Director of The City Bank Abbas Uddin Ahmed thanked the special guests for sharing their knowledge and experiences with the members of the bank.

China to cut govt interference in business

AFP, Beijing

Government agencies must stop interfering in the way companies and banks do business and allow them to make their own decisions about investment and lending, state media Friday reported Premier Wen Jiabao as saying.

"This is a key measure (in the country's reform) to establish and improve the socialist market economic system and is of vital importance in improving and strengthening current macro-control over the economy," Wen said.

The speech was carried on the front pages of all the major newspapers and by the official Xinhua news agency.

Investment projects without government financing will no longer need approval and commercial banks should have a free rein in lending decisions -- but they should also shoulder the risks, state media said, citing an accompanying regulation issued by China's cabinet, the State Council.

However, allowing companies the freedom to make investment decisions could result in an explosion of spending, leading to another wave of surging bank lending and fixed-asset investment which the government has spent the last nine months trying to cool down through a series of tightening measures.

Consequently, the state is still planning to hold some control over new investment but in a more indirect way through policy measures including interest rates, taxation, pricing and the formulation of investment strategies for various sectors, state media said.

This week's edition of Caijing magazine, a hard-hitting investigative publication, said the State Council agreed the new guidelines at the end of last year but delayed its announcement over fears that it might reignite fixed-asset investment growth.

Air fare in India dips as price war begins

PALLAB BHATTACHARYA, New Delhi

Air travel in India no longer seems to be the monopoly of the rich.

A price war has broken out in the Indian civil aviation sector as two big private airlines brought down air ticket prices almost equal to the second class air-conditioned railway fare.

Private Airline Jet Airways and Air Sahara announced a cut in fares on busy revenue-churning routes between metropolitan cities Delhi, Mumbai, Kolkata and Bangalore.

A return fare between Delhi and Mumbai has been reduced to Rs 4,444 (about 96.5 dollars), compared to Rs 4,420 for second class air-condition rail coach fare between the two biggest cities of India.

The rock bottom prices of the air tickets of the two airlines are, however, subject to being bought at least 30 days in advance.

Within days of Sahara announcing the lower fare structure, Jet Airways came out with a slew of incentives, including a monsoon package, special point-to-point fares, return excursion fares and promotional fares.

Jet Airways is also offering attractive travel schemes providing substantial savings over normal fares under its special monsoon point-to-point and return excursion fare in economy class. This scheme will remain valid between July 26 and October 15 this year.

The decisions by Sahara and Jet came close on the heels of state-owned Indian Airlines' announcement that a passenger flying between two metros need to pay only an extra of Rs 1,000 to take a connecting flight to a smaller city.

According to civil aviation industry sources, the major reason for the price cut is that the time between July and middle of October witnesses a sharp fall in demand for air travel. Hence, the price war and cut-throat competition to attract travellers.

Besides price war among major private and public sector airlines, air travel in India is likely to be easier and in the reach of middle class in the next few months if the proposed launch of low-cost no-frill carriers are implemented.

At least nine companies are planning to introduce low-cost

airlines and have applied for license. The country's first low-cost airline, Air Deccan, offers tickets nearly 30 percent cheaper than market rates. The company has already announced a scheme that will cut air fare down to Rs 500 to 700 on flights between major metros.

Bangalore-based liquor baron Vijay Malviya's United Breweries has signed an agreement with European aircraft manufacturer Airbus for purchase of four planes for 240-250 million dollars to launch its fleet of Kingfisher Airline named after its popular beer brand.

The low-cost airlines are planning to sustain themselves by cutting overhead expenditures by dispensing with sale agents and switching to e-bookings, serving sparse meals and packing more seats inside the aircraft.

Indian air travel fare has remained higher compared to in many other parts of the world because of high operating cost such as landing and parking fees. In fact, low cost airlines is going to be a big challenge given the fact that a number of new airlines in the normal aviation business for one decade have closed shops.

Pakistan unveils trade policy with \$13.7b export target

REUTERS, Islamabad

Pakistan has set a target of \$13.7 billion exports in the fiscal year 2004/05 (July-June), a 12 percent increase over the exports of \$12.3 billion last year, the country's commerce minister said Thursday.

Humayun Akhtar Khan, unveiling the trade policy in a televised speech, estimated imports to be \$16.7 billion during the ongoing financial year that ends in June, compared with a provisional \$15.47 billion imports in 2003/04.

Khan said a turnaround in exports had been achieved but the country's potential was much higher.

"Pakistan must aim for a quantum leap in the short to medium term. The question is, what would constitute a quantum leap for

Pakistan?" he asked.

Khan said a quantum leap would be to increase exports to be \$25 billion and \$30 billion in five years and this could be achieved through enhancing market share of textile exports, diversification and improvement of quality of its goods.

Pakistan estimates that in fiscal 2004/05, the trade deficit would remain around \$3.0 billion, compared with \$3.2 billion in 2003/04.

Textiles and garment exports in 2003/04 were \$8.302 billion, accounting for 68 percent of the total exports and Khan said he was confident Pakistan was ready for Jan. 1, 2005 when all remaining quotas on textile exports will be phased out.

"The elimination of textile quotas has been a longstanding

objective for us because we enjoy a comparative advantage in this sector ... our assessment is that in overall terms Pakistan stands to gain from the abolition of textile quotas," he added.

Khan announced several small measures to facilitate exports, and said a rise in exports depended largely on an overall growth in the economy.

"The government's envisaged role is of a catalyst; to spur businessmen and exporters to achieve more and more," he said.

Pakistan's economy grew by 6.4 percent in 2003/04 and this fiscal year's target is 6.6 percent on the back of expected growth in the manufacturing sector by 10 percent, agriculture by four percent and services by 6.2 percent. Inflation is targeted at five percent.



First Security Bank Limited organised a seminar on "Core Risk in Bank Management" recently in Dhaka. The bank's Managing Director Syed Ashraf Ali and other senior executives of head office and other branches participated in the seminar.



PHOTO: DELTA LIFE INSURANCE

Das Deba Prasad, managing director of Delta Life Insurance Company Limited, and MH Samad, managing director and CEO of Central Depository Bangladesh Limited (CDBL), shake hands after signing an agreement on Wednesday in Dhaka. Under the deal, CDBL, the service provider of central depository system, will convert the paper shares of Delta Life into electronic ones.

Thailand pleads with US to hold off on shrimp tariffs

AFP, Bangkok

Thailand has pleaded with US trade authorities not to impose punitive anti-dumping tariffs on shrimp exported by the kingdom after Washington slapped similar duties on China and Vietnam, the Bangkok Post reported on Friday.

The United States, Thailand's largest shrimp market, is due to rule next week on whether Thailand, Brazil, Ecuador and India were guilty of dumping shrimp in the US at below-market prices.

The Post quoted Thai Commerce Minister Watana Muangsook as urging the Bush administration to engage in "fair and brotherly treatment" in settling the row, citing longstanding ties between the two

nations.

He noted that the imposition of higher tariffs could devastate thousands of Thai shrimp farmers and workers in food processing plants as well as raise prices for American consumers.

"We have stood side-by-side throughout the years with the United States as a good friend, be it in Korea, Vietnam and even the current Middle East war," Watana said, referring in part to Thailand's current commitment of troops for a humanitarian mission in Iraq.

"We want to call on the US government to give special treatment to this case," he said, adding "The ruling is very sensitive to the feelings of Thais in general, and I hope the

Republican government will not mistreat Thailand."

Washington hit China and Vietnam with punitive duties on shrimp earlier this month, saying a preliminary investigation showed the two countries were "dumping" the seafood at artificially low prices.

The ruling affects about one billion dollars worth of imports from the two countries.

The duties may be adjusted, but will be collected until a final ruling by the quasi-judicial International Trade Commission next January.

Thailand alone exported 985 million dollars of frozen shrimp to the US last year, or about 55 percent of the 1.8 billion dollars it earned from sales of the seafood abroad.

Evaluation finds gap in WB's poverty programme

REUTERS, Washington

The World Bank's watchdog said Thursday the bank's main poverty-reduction programme required poor countries to prepare too much paperwork that detracted from the main task of improving domestic processes.

The Operations Evaluation Department (OED), which reports directly to the bank's shareholders, said the World Bank should ease requirements for preparing documents for the Poverty Reduction Strategy that countries need to qualify for aid.

The World Bank and sister organisation the International Monetary Fund launched the Poverty Reduction Strategy (PRS) initiative in 1999 to help poor countries tackle poverty.

The OED evaluated how the process is working and found it was "relevant" and had improved the poverty focus of government strategies.

But there were gaps and the initiative had "not yet fulfilled its full potential to enhance poverty reduction efforts in low income countries," it said in findings published on Thursday.

"Countries have focused more on completing documents, which then access to resources, than on improving domestic processes," it added.

The report said most strategies focus on how to improve the allocation of public expenditures, especially spending on health and education. But reducing poverty required action on a lot of other fronts as well, including growth, exports, investment,

jobs and agricultural output, it said.

The report said the bank should help countries understand which policy changes and investments are most likely to reduce poverty.

The initiative was supposed to be "owned" by a country and reflect a government's priorities. But the watchdog found that many governments devised a strategy they believed fitted with what the bank and fund would like to see.

It recommended the World Bank encourage countries to establish goals and benchmarks that were appropriate to their own situations.

It also said the institutions should do more to provide transparent and candid commentary on country strategies.