

India mulls hike in petroleum prices

OUR CORRESPONDENT, New Delhi

Indian Finance Minister Palaniappan Chidambaram has made a strong stand for a hike in petroleum prices to bring somewhat in line with rising international crude prices.

He said on Monday state-owned oil companies are going to incur a loss of Rs 30,000 to Rs 40,000 crore in the FY2005-6 if the current trend of rising crude prices continue for some more months.

When the Congress-led UPA coalition government assumed power in May last year, the price of crude oil was \$28 per barrel and it is now \$67, Chidambaram told reporters here.

"There is no alternative but to hike the prices and people have to share a part of the burden," he said.

Joining the chorus for price hike, Deputy Chairman of India's Planning Commission Montek Singh Ahluwalia said it would be "fiscal irresponsibility" not to align domestic oil prices with international crude prices.

"Other countries are doing it and if we don't adjust fuel prices, it would be viewed as a hidden subsidy," he said.

"It is a normal practice of good economic management not to have open-ended subsidies on goods whose international prices are going up," Ahluwalia said.

Asked about the reasons for the delay in hiking prices, he said it was first thought that the hike in international market was a passing phenomenon. "Now, we adjust to a situation that it is not a temporary hike, domestic prices will have to be increased."

Meanwhile, the petroleum ministry is reported to have suggested an increase of Rs 3 per litre of petrol and diesel and Rs 20 per cylinder of cooking gas, much less than the warranted hike.

G3 Communication started its operation in Bangladesh last year.

## G3 wins India's Srijan Samman awards

G3 Communication Ltd of Bangladesh won three silver awards of Srijan Samman, a creative excellence award instituted by the Dainik Sangbad Pratidin, a Bengali daily, at a function in Kolkata on Saturday.

G3 won awards in single advertisement (black and white), single advertisement (colour) and innovative media categories, says a press release.

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## Malaysian ringgit falls

REUTERS, Singapore

The Malaysian ringgit fell Tuesday to a one-month low, its weakest against the dollar since just after it was floated, hurt by regional currency weakness and selling of Malaysian assets by foreigners.

The ringgit was traded as low as 3.7710 per dollar.

The currency rose on July 22 to 3.778 per dollar after the government announced late on July 21 that it would drop a fixed exchange rate of 3.8.

It then appreciated further, reaching as high as 3.7405 on August 12, a 1.6 percent rise from its pegged level of 3.8 per dollar.

But the currency has fallen half a percent in the last week, weakening on Tuesday through 3.77 for the first time since July 22.

Its decline on Tuesday completed the closure of a chart gap between 3.77 and 3.765, generated on July 25 when expectations of ringgit appreciation were at their highest.

## China to move slowly in yuan reform

REUTERS, Beijing

China is still operating a de facto fixed exchange rate regime and will move only slowly towards a more liberalised system, a top government researcher said Tuesday.

"We are still only one step away from a de facto peg to the US dollar regime," said He Fan, assistant director of the Institute of World Economics and Politics at the Chinese Academy of Social Sciences.

Because 90 percent of China's trade is conducted in dollars, and because its financial markets remain underdeveloped, China needs to proceed gradually on the path towards currency liberalisation, He said.

"We have to be very cautious and do it step by step," He told reporters on the sidelines of a conference.

Despite having strong presence in

# Banks can allocate more funds now for house building

## BB guidelines bring down car loan ceiling

STAR BUSINESS REPORT

In a bid to ease the housing problem, the Bangladesh Bank has directed banks to allocate for house building 10 percent of their total loan portfolio, which will allow more funds for housing.

Until now the banks could give house building loans up to 10 percent of their total consumer credit.

Besides, the central bank brought down the ceiling for car loan from Tk 5 lakh to 20 lakh to discourage buying luxurious cars on bank loans.

A BB circular concerning consumer finance was sent to all banks on Monday to spell out the new regulation, a central bank BB source said.

The BB source said many banks have already exhausted their entire allocation for house building. So, the central bank provided the provision of allowing banks to give 10 percent of their total loan portfolio to housing building.

Housing finance for real estate business and building commercial

complexes such as supermarket and shopping mall are going to be excluded from the consumer finance category, according to the new BB circular.

Until now, House Building Finance Corporation (HBFC) mainly supplied house building loans. But the state-owned wing has long been suffering from fund crisis. The BB guidelines will now enable banks to provide huge amount of loans for this potential sector.

Regarding the consumer finance regulation, a BB high official said the lowered ceiling on car loans will also help in curbing tax evasion. "Why should the banks give loan to buy a BMW or a Lexus?" he questioned.

According to sources, many people buy luxurious cars on bank loans to conceal his real income.

The BB circular said the maximum tenure of auto loan finance should not exceed six years.

Besides, to curtail scopes for unethical practices adopted by both the buyers and the sellers, the BB has asked the banks to make a panel

of authorised auto dealers. However, a client will be able to buy a car from a seller not included on the panel. But the bank must be convinced that the price is reasonable in such cases.

Besides, restriction on minimum interest free period of 15 days for credit cards has been withdrawn in the guidelines.

The circular has also made some amendments to small enterprise financing.

For a proprietorship, the spouse's guarantee in stead of the personal guarantees of the owner can be accepted.

As per the BB amendments, loan amounting to Tk 5 lakh and above will now require registered mortgage on immovable properties against the earlier equitable mortgage.

The circular also noted that the conditions mentioned in guidelines are minimum requirements.

However, banks are allowed to include additional requirements for any individual borrower, if they want, to reduce their risk of loan recovery.



PHOTO: NCC BANK

Bangladesh Bank Governor Salehuddin Ahmed (L) and NCC Bank Chairman M Wazhiullah Bhuiyan hold a replica of credit card of Visa brand at a product launching function in Dhaka Monday. Managing Director of the bank M Nurul Amin is also seen.

## Unocal to start survey in Block-7 in Dec

Ecology of Sundarbans won't be affected: Company chief

UNB, Dhaka

The Unocal is likely to start seismic survey in Block-7 for hydrocarbon in southern Bangladesh in December under an additional deal the US oil giant has recently signed with Petrobangla.

The block covers a vast area spread over Barisal, Patuakhali, Jhalakathi and Pirojpur coastal districts.

As planned, the survey operation by the Unocal, which has recently been taken over by another US-based oil giant, Chevron, will complete by May 2006.

Different environmental organisations and individuals are opposing the proposed operation of the Unocal. They apprehend that this operation might affect the ecology of the Sundarbans, a world heritage site declared by the United Nations.

President and Managing Director of Unocal Bangladesh Andrew L. Fawthrop, however, in an interview claimed that the proposed seismic area in Block-7 is located at least 10 kilometres off the Sundarban forest area.

"There will be no environmental impact on the forest... We are staying 10 km away so that there is no vehicle

or people traffic in the reserve forest. Moreover, the entire seismic survey will be carried out on the ground," he said.

He said his company is firmly committed to attaining environmental excellence in all its activities.

Unocal Bangladesh and Petrobangla signed on July 25, 2005 an addendum to the Production Sharing Contract (PSC) for the Block-7 hydrocarbon.

The Unocal country chief said the proposed seismic survey would consist of drilling very shallow holes to about 20 metres and then make a noise under ground that sensitive recording devices will listen to.

## Nokia in Bangladesh mobile infrastructure market

Signs deal with GP

ABU SAEED KHAN

Nokia has sealed its very first deal in the Bangladesh cellular mobile infrastructure market by supplying Short Message Service Centre (SMSC) and Online Service Controller (OSC) rating and charging solution to GrameenPhone (GP).

Neither Nokia nor GP revealed the value of this deal.

Nokia claims its solutions will enhance GP's existing SMS (short message system) service as well as significantly increase the operator's SMS capacity. These solutions will also enable GP to offer a series of new services, according to Nokia's press release.

Despite having strong presence in

India and Pakistan, Nokia has not seriously focused on the Bangladesh mobile market since three GSM licences were issued in 1996. The Finnish vendor has, however, opened its office in Dhaka lately, and reportedly launched aggressive campaign in the fast growing mobile phone sector.

Nokia has replaced Logica's SMS system in GP. A spokesperson of GP told The Daily Star that it will retain Logica's equipment as a backup solution.

The industry insiders consider Nokia's entry as a challenge to Ericsson. The Swedish vendor had been solely supplying the entire infrastructure of GP from the very first day of its operation.

## NCC Bank launches Visa credit card

STAR BUSINESS REPORT

NCC Bank Limited on Monday launched credit card of Visa brand with a wide range of services.

The credit card is acceptable to over 3,500 merchant outlets in the country.

However, services of the two types of credit cards -Classic and Gold- will be presently available within the country. But National Credit and Commerce Bank will also expand the credit card services outside the country in near future.

Bangladesh Bank Governor Salehuddin Ahmed inaugurated the credit card service at a function in Dhaka.

NCC Bank Chairman M Wazhiullah Bhuiyan and Managing Director M Nurul Amin, among others, attended the function.

## Emirates' online booking on solid growth path

Emirates' online bookings have soared impressively in the first four months of its present financial year mainly due to the airline's special offers and fares, strong demand for its services and a user-friendly website.

In April, the number of passengers travelling with online bookings increased by 195 percent, in May by 230 percent, in June by 225 percent and in July by 154 percent compared with the same months of the previous year, says a press release.

Emirates has been offering online booking service for several years and now the service is available in 33 countries across America, Europe, Africa, Middle East, Indian subcontinent and Australia in multiple languages such as English, French, German, Italian and Russian.

Ghaith Al Ghaith, Emirates' executive vice president of Commercial Operations Worldwide, said over the past few years the airline has invested significantly in its online booking engine to make it dynamic, fully secure, faster and more user-friendly.

## Singapore urges Asia, Latin America to boost trade ties

AFP, Singapore

Latin America should take more aggressive steps to promote itself in Asia to reciprocate a vigorous push by Asian companies into South America, Singapore's Deputy Prime Minister S. Jayakumar said Tuesday.

"There is significant untapped potential in the economic relationship between Latin America and Asia," Jayakumar said in an address to legislators attending a forum on East Asian and Latin American cooperation here.

He said Asian companies were more aggressive in looking for business opportunities in Latin America, citing increased trade and investments from China, Japan, India and South Korea.

Singapore will open a trade office in Sao Paulo, Brazil next month, the city-state's second trade base in Latin America after Mexico.

China's imports from Latin America had risen by more than 600 percent over the past five years to 21.7 billion US dollars, while Indian companies have set up joint ventures in Brazil in areas like health care, information technology services and auto parts.

## Japan firms see no impact from yuan move

TOKYO, Reuters

More than three-quarters of Japanese companies see no impact on their businesses from China's move last month to revalue the yuan, a Reuters survey showed.

In the Reuters Tankan survey of around 190 companies, 77 percent said the yuan's revaluation would be neutral for profits. But while 18 percent said revaluation would be slightly negative, only 4 percent said the move would be slightly positive.

Among manufacturers, 21 percent said revaluation would be slightly negative while 5 percent said the impact would be slightly positive.

Among non-manufacturers, responses were 15 percent slightly negative and 3 percent slightly positive, with most of the rest saying the impact would be neutral.

China revalued the yuan by 2.1 percent on July 21, dropping its currency peg to the US dollar.

# India plans gas-based power plant in Myanmar

Bid to break Myanmar-Bangladesh-India gas pipeline deadlock

PALLAB BHATTACHARYA, New Delhi

Indian petroleum ministry seems to be toying with the idea of tying up with the power ministry to set up a gas-based power plant in Myanmar as part of a strategy to break the deadlock over Myanmar-Bangladesh-India gas pipeline.

The electricity produced from the planned plant will mainly cater to northeastern Indian states as well as western and northern parts of India, petroleum ministry sources said.

The northeastern states have comparatively much less demand and will mainly serve as a transit point for channelising the power from Myanmar to western and northern parts, which face a huge power

demand, they said. India already purchases power from Nepal and Bhutan.

According to the sources, the gas-based power plant is an economically viable option and is seen in a wider context of India's efforts to examine the possibilities of bringing natural gas from Myanmar through a tri-national pipeline passing through Bangladesh or importing by ship as liquefied natural gas.

The plant in Myanmar, in which

India's state-owned National Thermal Power Corporation (NTPC) is likely to play a key role, has assumed significance in view of Yangon conveying to New Delhi that a decision on drawing gas from Myanmar has to be taken soon, said the sources.

State-owned Indian energy

## AUG 17 BLASTS RMG buyers cancel visit

STAFF CORRESPONDENT, Cig

A seven-member team of buyers from Wal-Mart Group of USA has cancelled its Bangladesh tour against the backdrop of August 17 serial blasts across the country, apparel makers said yesterday.

"The team was scheduled to arrive in the capital on Monday and visit Chittagong-based garment factories today [Tuesday]," said MA Salam, the first vice president of Bangladesh Garments Manufacturers and Exporters Association (BGMEA), emerging from a views exchange meeting at Chittagong Club Auditorium.

Tropical storm Jose, the 10th of an unusually heavy Atlantic hurricane season, neared land in Mexico and reminded traders that the peak September storm period is yet to come and could cause further output disruption in the Gulf of Mexico.

Worries that higher oil prices could eat into economic growth and the looming end of the peak driving season in the United States could also cause a downturn in market sentiment.

Gasoline stocks in the world's largest consumer are still expected to fall 0.9 million barrels on strong demand.

US heating oil stocks are forecast to have risen for the 14th week as refiners take advantage of hefty production margins and look ahead to peak fuel demand in the northern hemisphere's winter.