Star BUSINESS

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BTRC realises Tk 2cr fine from Bangla Phone

STAR BUSINESS REPORT

Bangladesh Telecommunication Regulatory Commission (BTRC) yesterday realised Tk 2 crore fine from Bangla Phone Ltd, a private land phone operator, as the company has failed to fulfill a licensing condition.

According to sources, Bangla Phone, which got PSTN (public switched telephone network) license from BTRC to operate in Sylhet zone, failed to give connections to a selected number of customers within a stipulated time.

The telecoms watchdog made it mandatory for a private land phone operator to give connections to a definite number of customers within a specific time.

BoI, LEIC sign MoU to help SMEs

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Board of Investment (BoI) and Local Enterprise Investment Centre (LEIC) yesterday signed a memorandum of understanding (MoU) to work together for the development of small and medium enterprises (SMEs).

The two organisations will help the SMEs through facilitating joint ventures and technology transfer opportunities in Bangladesh.

BoI Executive Chairman Nazrul Islam and Rajani Alexander, counsellor and head of development at Canadian High Commission in Dhaka, signed the agreement on behalf of their organisations in the capital.

Anis A Khan, chief executive officer and managing director of IDLC, and Israt Ara Younus, director of LEIC, were also present at the signing ceremony.

LEIC is a centre funded by Canadian government through Canadian International Development Center (Cida) and managed by IDLC of Bangladesh Ltd. LEIC is working for the development of the SMEs in Bangladesh.

Colombo hikes petrol price by 17pc

AFP, *Colombo*

Sri Lankan oil companies said Sunday they had raised petrol pump prices by 17 percent, the sixth increase this year amid high crude oil costs.

Petrol now costs 117 rupees (1.05 dollars) per litre, Ceylon Petroleum Corp. Chairman Asantha de Mel said.

"The government gave us the go-ahead earlier this month for a monthly fuel price adjustment to reflect import costs," de Mel told AFP.

The price hike also covers fuel retailer Lanka IOC, which controls a third of the local petrol market, its Managing Director K. Ramakrishnan said.

Other refined fuel prices have also increased this year. Diesel has risen 16 percent to 75 rupees (0.68 US cents) per litre since April.

"We gradually adjusted diesel prices four times since April, as diesel is sensitive. Diesel prices affect the transport of goods and services," de Mel said.

Global oil prices jumped 2.07 dollars on Friday to 77.02 dollars, a near 11-month high.

Dnata enters partnership with Chinese airport group

Dnata, the ground handling arm of Dubai's Emirates Group, has signed a joint venture agreement with China West Airport Group (CWAG) to provide airport ground handling services in Xi'an Xianyang International Airport (XXIA), says a press release.

The agreement was signed in Singapore between Gary Chapman, president of Dnata & Associated Companies, and He Xikui, president of CWAG. The joint venture company will also be allowed to participate in operations at ten other smaller airports managed by CWAG.

Under the joint venture agreement, Dnata will hold a 45 percent stake in Xi'an Dnata Aviation Services Company Limited, with the remaining 55 percent owned by CWAG.

The joint venture has a 15-year tenure providing airport ground handling services at XXIA.

Dhaka needs to open up economy

WB country director tells Ficci meet

STAR BUSINESS REPORT

Improving investment climate is not enough for Bangladesh to survive in the changed era of post-MFA, rather it needs to open up its economy, World Bank Country Director Xian Zhu observed.

"Bangladesh is now the most protectionist economy in South Asia, so opening up of economy would benefit it" he told the Ficci (Foreign Investors' Chamber of Commerce and Industry) luncheon meeting yesterday.

The WB official said in today's highly competitive post-MFA world, there is no option but to strengthen export competitiveness through phase-wise and transparent liberalisation of trade regime.

Prolonged high protection breeds inefficiency, inhibits competition, and stifles productivity growth, Zhu said, making a remark that such protection brings no good for export competitiveness or for economic growth over a long term.

Held at a city hotel, the Ficci meet was chaired by Rafi Omar, the chamber's acting president, and attended, among others, by Hua Du, country director of Asian Development Bank (ADB), and representatives of the foreign investors in Bangladesh.

Referring to a recent World Bank report, Zhu said to join the ranks of middle-income countries by 2016 or soon thereafter, Bangladesh requires raising GDP growth to an ambitious 7.5 percent or more.

And to achieve such a growth, the country should increase its investment rate by more than five percentage points to 30percent of GDP, against the current 25percent and also employ its resources (labour and capital) more productively, and the bulk has to come from private sector, including FDI (Foreign Direct Investment), he suggested.

The WB official also pointed to the need for improving Bangladesh's attractiveness to FDI.

Zhu said FDI has recently picked up in extractive industries like coal and gas, telecommunications and energy production raising FDI's share in GDP to about 1 percent, but not yet in manufacturing, where the potential for productivity gains is significant.

Citing another survey result of the World Bank he said that firms with any level of foreign ownership are 10 percent more productive on an average than firms that are wholly domestically owned.

Some have argued that Bangladesh should first respond to the demand of its own domestic market before thinking about opening up and relying on exports. The benefits of having a large domestic market are clear, but that should not detract from the tremendous opportunities that access to global market offers, he said.

To win the fight against poverty and reduce the number of poor people, Bangladesh must grow stronger and faster, Zhu said.

"The world is moving quickly; so are countries in the region and Bangladesh needs to move faster just to stay in the same place and to catch up. Concrete, coherent and immediate actions to improve the investment climate are urgently needed," he went on.

PHOTO: FICCI

World Bank Country Director Xian Zhu speaks at a Ficci luncheon meeting in Dhaka yesterday. Ficci Acting President Rafi Omar chaired the meeting.

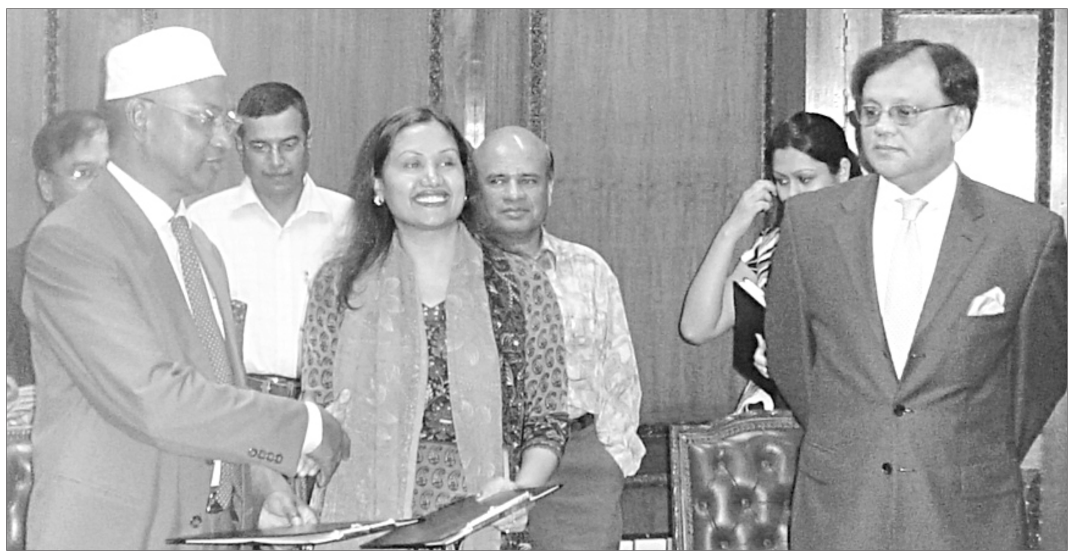

PHOTO: LEIC

Nazrul Islam, executive chairman of Board of Investment (BoI), and Rajani Alexander, counsellor and head of development Canadian High Commission in Dhaka, exchange documents after signing a memorandum of understanding on behalf of their organisations in the capital yesterday. Under the deal, BoI and LEIC will work for the development of small and medium enterprises.

Analysts see choppy markets but no systemic crash

AFP, *Paris*

The recent turbulence on world markets, sparked by fears of a global credit crunch, heralds some rough sailing ahead for investors rather than a systemic financial meltdown, analysts say.

Stock markets in the Asia-Pacific region fell sharply Friday in the wake of Thursday's alarming 2.0 percent plunge on Wall Street.

But European exchanges on Friday pared their losses after steep declines of between 2.0 and 3.0 percent the day before.

Markets in London, Paris and Frankfurt ended the week on losses limited to 0.58 percent, 0.55 percent and 0.76 percent respectively.

The sell-off the previous day was triggered by a 6.6 percent fall in sales of new homes in the United States in June, intensifying concern for the health of the key US housing market.

Investors staged a "flight to quality," transferring some of their money from stocks to government bonds, a trend that sparked fears of a possible deterioration in the ability of companies to get credit, notably at a time when interest rates are on the rise in Europe.

Rising oil prices and anxiety over a generalised exacerbation of inflation added to investor unease.

World stock markets had been moving noticeably higher in recent months, continuing an upward course that began five years ago and suggesting that they might now be in for a long-term correction.

The Dow Jones Industrial Average has gained 22 percent in the past year, including an eight percent increase since January.

Exchanges in Asia and Europe have also had a solid four-year run, with both Hong Kong and Frankfurt gaining 13 percent. Weaker advances were recorded in Tokyo, 0.34 percent, London, 0.55 percent, and Paris, 2.5 percent.

But analysts remain optimistic. For Mathilde Lemoine, chief economist at the HSBC bank, the housing and credit crises in the United States are "rather localised" and are not likely to spread throughout the global financial system -- even if they do trigger a downturn in US consumer spending.

PHOTO: CRAB

M Syeduzzaman, chairman of Credit Rating Agency of Bangladesh (CRAB), presides over the company's 3rd annual general meeting (AGM) held in Dhaka recently. Vice Chairman of CRAB Md Matiul Islam, directors as well as Managing Director Dr Mashiur Rahman were present among others.

Finance adviser optimistic about 7pc GDP growth

UNB, *Dhaka*

Finance Adviser Dr Mirza Azizul Islam is optimistic about achieving 7 percent GDP growth if private sector credit growth maintains its current pace.

"The present credit growth is 15.2 percent and I am optimistic to achieve the projected GDP growth for this fiscal," he said after a meeting yesterday with Bangladesh Shilpa Rin Sangstha (BSRS).

The adviser said the present 15.2 percent credit growth in the private sector is more or less optimum and it is not that bad considering the over all situation.

At the meeting, BSRS handed over a dividend of Tk 1 crore for fiscal 2005-06 to the finance adviser. BSRS Managing Director FRM Hafiz Ul Islam handed over the cheque to the adviser on behalf of his organisation.

The adviser asked the BSRS officials to work more efficiently for disbursing and diversifying industrial loans, abandoning traditional approaches in credit management.

He expressed his satisfaction over BSRS making some development in its activities, increasing contribution in industrialisation and enhancing its operational profit.

The BSRS recovered Tk 32 crore loans in 2006-07 fiscal year and made a profit of Tk 17.29 crore through its overall activities. The industrial development bank has so far invested Tk 64.66 crore in the capital market, official sources said.

BSRS made a profit of Tk 10.59 crore in the 2005-06 fiscal year and gave Tk 1 crore dividend to the government.

SEC fines Saleh Carpet high-ups

UNB, *Dhaka*

Securities and Exchange Commission (SEC) yesterday fined four high-ups of Saleh Carpet Mills Tk 1 lakh each for non-compliance with securities laws.

The high-ups are Dilara Begum (chairperson/director), Shamim Ara Begum (managing director/director), Rezaul Karim (director) and Badrul Huq (director), according to concerned sources.

The watchdog of the capital market also warned Bengal Fine Ceramics and Pubali Bank, their directors, managing directors and company secretaries for non-compliance with securities related laws in connection with the audited financial statements for the year that ended on June 30, 2006 and December 31, 2006 respectively.

Bangkok calls for global co-op after Wall Street tumble

AFP, *Bangkok*

Thailand, the epicentre of the 1997 economic crisis, on Saturday called for global cooperation to cope with financial volatility following a regional stock sell-off sparked by Wall Street losses.

Speaking a day after the Thai stock tumbled over two percent, Thai Finance Minister Chalongphob Sussangkarn said the world should boost efforts in tackling volatilities in the stock and currency markets.

"The issue of managing exchange rates and capital flows is one of the most important economic issues facing Thailand today," he said, adding that "a solution to effectively cope with financial volatilities cannot be achieved through separate national policies."

"We need concerted regional and global cooperation," the former World Bank economist said at a central bank conference in Bangkok.

Apart from the volatile stock market, Thailand is trying to curb the baht, which has remained at 10-year highs against the dollar since early July on the back of massive capital inflows.

The strong baht has alarmed Thailand's army-backed government as it put pressure on its export-driven economy, which was already in a slump due to political uncertainty following a coup in September 2006.

SEC asks merchant banks to play more responsible role

STAR BUSINESS REPORT

In the wake of bullish trend in stock market, the Securities and Exchange Commission (SEC) yesterday advised merchant banks to play more responsible role for the sake of stable capital market.

The advice came at a meeting between the stock market regulator, merchant banking wings of banking and non-banking financial institutions and stock brokers in Dhaka.

Meeting sources said the SEC wanted to know whether the merchant banks follow the margin rule while giving loans to investors.

The market watchdog also wanted to know whether there is any internal mechanism for giving loans to their employees or relatives to invest in the stock market.

In reply, the merchant bankers said they provide loans under the margin rule while they follow their 'internal code of conduct' for giving loans to their employees or relatives, the meeting sources said.

Around 30 merchant bankers attended the meeting presided over by the SEC chairman.

The SEC held the meeting following a rumour that the merchant banks are giving excess loans to the investors and to their employees, resulting in bullish trend in the stock exchanges.

The capital market watchdog also took several others initiatives recently to stabilise the market following an abnormal hike in share prices.

The SEC on July 23 directed the Dhaka and Chittagong bourses to place shares of five companies under spot trade.

The shares of the companies, which are now being traded on the spot market without any money adjustment facility, are Power Grid Company of Bangladesh, Dhaka Electric Supply Company, Brac Bank, AB Bank and Summit Power.

The market regulator also withdrew financial adjustment facility from trading of B, N and G categories' securities with effect from yesterday to contain the abnormal hike in share prices.

Under the financial adjustment or money netting facility, anyone is allowed to purchase shares of any category of one's choice immediately after completing a sale of any share.

Meanwhile, price indices on the Dhaka Stock Exchange (DSE) declined yesterday due to price correction.

The DSE General Index dropped by 11.01 points, or 0.45 percent, to close at 2390.48 points while the DSE All Share Price Index declined by 10.74 points, or 0.55 percent, to end at 1933.56 points.

A total of 12,872,002 shares worth Tk 193.86 core changed hands on the premier bourse. Of the issues traded, 80 advanced, 105 declined and 20 remained unchanged.

Japan's minicars selling big, eyeing emerging markets

AP, *Tokyo*

Japanese carmakers are once more proving that small sells big.

After first pioneering the gas-sipping compact, then subcompact, the country's auto companies are scoring again with another downsizing the so-called "minicar."

Tiny, cheap and super fuel-efficient, minicars are essentially motorcycle-sized engines on four wheels. But demand for these runty runabouts is anything but petite. Last year, minicars racked record sales in Japan and now account for more than a third of all new cars sold annually here. The automakers have no immediate plans for mass export of the minicars, but some analysts predict they may eventually catch on in developing economies like India and China.

At a time of soaring oil prices, it's little surprise Japanese drivers are turning to more wallet-friendly rides, just as Americans are abandoning their lunky sport utility vehicles. But perhaps only in a country famed for its "small-is-beautiful" culture of pocket electronics and bonsai trees could the trade-ins be so diminutive.

Known as "kei," or light, cars in Japanese, minis are limited to an engine size of up to 660 cubic centimeters less than half the size of a Honda Civic and restricted by law to being no bigger than 11.2 feet long and 5 feet wide.

The first mini dates back to poverty-stricken post World War II Japan as a rattletrap people's car for those who couldn't afford "real wheels." They never really went away, but only recently became popular again, largely due to improvements in technology, styling and looser size restrictions on cars. Today's generation stretches the limits of engineering and styling, with models sporting four-wheel drive, satellite navigation, antilock brakes and even turbocharging.

"They used to be sold as cheap cars," said Kurt Sanger, an auto analyst for Macquarie Research in Tokyo. "Now they are actually decent cars that just happen to have a wimpy engine in them."

Japan's minicar boom is the silver lining of an otherwise dismal domestic market. While Japanese automakers have marched from one success to another overseas, sales at home have slumped for three-straight years hurt by the country's shrinking population and a trend of increased urbanization.

Minicar sales, however, have been climbing since 2004 and jumped 5.2 percent to a record 2.02 million vehicles last year. And surprisingly, it's not the big names like Toyota or Nissan riding the tide, but second-tier players once dismissed as also-rans, like Suzuki, Daihatsu and Mitsubishi, that locked up the niche market.

Price is a big factor. Minicars cost around just $10,000 and get tax breaks from the Japanese government. Then there's the savings from fuel efficiency that hits 47 miles a gallon a boon in a country where gasoline sells at about $4.75 a gallon.

They are popular in crowded cities because they are easy to park, and a hit in less affluent rural areas where public transportation is limited.

Minis also pay cheaper registration fees and taxes than regular cars, noted Masa Ogawa, a managing director for J.D. Power Asia Pacific, an automotive consulting company. The basic flat tax on a minicar can run around $96 a year, compared with more than $830 for high-end performance cars.

Yet the class got its biggest boost in 1998, when government loosened restrictions on minicar sizes, expanding the overall dimensions to 11.2 feet by 5 feet, from 10.9 feet by 4.6 feet.

PHOTO: WEA

Women Entrepreneurs' Association of Bangladesh (WEA) recently signed a memorandum of understanding with Karachi Chamber of Commerce & Industry (KCCI) of Pakistan. WEA President Sabrina Islam and KCCI President Majyd Aziz are seen during the signing ceremony. WEA executive committee members Khadija Afzal, Rubina H Farouq and Rokeya Quader were also present.

Textile machinery expo ends

STAR BUSINESS REPORT

The four-day international exhibition on textile and garment machinery, accessories, fabrics and related services ended yesterday in the capital.

The participants said visitors' response was mixed. "From this show last year, we got spot orders worth 3.3 lakh US dollars, which is only 2 to 2.5 lakh dollars this year," said NM Saiful Islam, senior executive of Taiwan-based sewing machine manufacturer T-Mach Corporation Ltd.

M Parvez, marketing and sales executive of Pandora Associates Ltd which provides button testing solutions, said the response from visitors was below expectation.

Akhter Hossain, marketing executive of Fargo Syndicate Ltd, a Chinese fabric agent, said the exhibitors usually do not expect large volumes of sales from exhibitions.

"This type of exhibition creates opportunities for direct interaction with clients where exhibitors can have better ideas about manufacturers' demands," he added.

Among the products displayed, Chinese and Korean machinery attracted most visitors.

"Chinese and Korean machines are cheaper than the others," said an officer of the Rose Garments Designer Ltd.

Conference and Exhibition Management Services Ltd (CEMS) Bangladesh, in association with CEMS USA, organised the 8th version of the TEXTECH and the 4th version of MACHINEXPO & DIFS'2007 at the Bangladesh-China Friendship Conference Centre in Dhaka.

250 companies from 15 countries took part in the event. The participating countries included India, Thailand, USA, Germany, Singapore, Turkey, Taiwan, China, Japan, Italy, Belgium, Spain, UK and Bangladesh.

The Daily Star was the media partner of the event.

India's central bank expected to leave rates unchanged

AFP, *New Delhi*

India's central bank is expected to leave interest rates on hold this week as fears that the country's fast-growing economy is overheating begin to recede, analysts say.

The bank's aggressive monetary tightening has slowed credit and industrial growth and reduced inflation, they said, suggesting that the rate-hiking cycle that started in late 2004 could be ending.

"The unchanged interest rates will likely suggest the Reserve Bank of India's comfort in the current domestic macro-economic scenario," said Manika Premsingh, an economist at brokerage Edelweiss Capital in Mumbai.

The bank may instead move to reduce cash in the banking system to cope with hefty capital inflows at its quarterly policy meeting Tuesday, analysts said.

The RBI has pushed its benchmark repo rate to a four-year peak of 7.75 percent in its drive to tame inflation, raising the repo, its key short term lending rate, five times between June 2006 and March this year.

India's inflation accelerated to 4.41 percent for the week ended July 14 from 4.27 percent the previous week, data on Friday showed.

But the figure is well below the bank's ceiling of five percent for the fiscal year to March 2008 and sharply down from a two-year high of nearly seven percent earlier this year, which prompted the central bank to warn that the economy was possibly overheating.