

Star BUSINESS

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Selling pressure pulls down price indices

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Selling pressure, especially from institutional investors, pulled down the price indices on the Dhaka and Chittagong stock exchanges yesterday.

The stock market is witnessing a downturn during the recent days due to Securities and Exchange Commission's (SEC) intervention in the market, sources said.

The DSE General Index went down by 49.64 points, or 2.15 percent, ending the day at 2254.56 points, while the CSE Selective Categories Index fell down by 79.75 points, or 2.1 percent, finishing the day at 3708.78 points.

Besides, the DSE All Share Price Index dropped by 27.76 points, 1.46 percent, to close at 1870.11 points, while the CSE All Share Price Index dipped by 74.75 points, or 1.31 percent, to end at 5612.09 points.

Market Sources said the SEC is informally instructing the merchant banking wings of banking and non-banking financial institutions not to rush in buying shares.

The SEC, however, denied the allegation. Denying any such move, an executive director of the SEC said the commission did not make such direction to the merchant banks or institutional investors.

Recently, the SEC formed an inquiry committee following an allegation that the merchant banks are giving excess margin loans to the investors.

The market regulator also asked the merchant banks to adjust their margin loans, which forced the latter to go into a selling spree.

Of the issues traded on the Dhaka Stock Exchange (DSE), 62 advanced and 130 declined with 16 unchanged, while of the issues traded on the Chittagong Stock Exchange (CSE), 20 gained and 72 declined with six unchanged.

US federal deficit down to \$157.3b

AP, Washington

The federal deficit so far this budget year is running sharply lower, driven by record revenues pouring into government coffers.

The Treasury Department reported on Friday that the government produced a deficit of \$157.3 billion for the budget year that began last Oct. 1. That's a substantial improvement from the red ink figure of \$239.6 billion produced for the corresponding 10-month period last year.

REMITTANCE INFLOW

29pc money come from NRBs in Saudi Arabia

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Of the total remittance inflow into the country, the highest amount, or 29 percent, came from Saudi Arabia last fiscal.

The non-resident Bangladeshis (NRBs) from Saudi Arabia sent US\$ 1734.7 million in the 2006-07 fiscal compared to \$ 1562.21 million in the 2005-06 fiscal, registering 11 percent growth, according to Bangladesh Bank's country-wise remittance inflow statistics.

In FY '07, the total remittance inflow into the country was \$ 5978.47 million compared to \$ 4427.23 million the previous fiscal, marking a 35 percent growth.

According to experts, boosted by skilled manpower export and local banks' measures, remittance inflow from some Middle Eastern (ME) and European countries marked a significant rise last fiscal.

The central bank says it was even 90 percent higher than such inflow the previous fiscal when it came to the case of an individual country.

The experts said government's recent measures against hundi, an illegal way of money transfer, encouraged the Bangladeshi wage earners to send money home through legal channels.

Initiatives to raise remittance

besides tapping overseas employment opportunities have contributed to the rise in such inflow, they said.

Sources in the banking sector said the private commercial banks (PCBs) also came forward to take proper measures to increase their earnings from remittance services.

Many a such bank have opened branches abroad to send expatriates' money home, while many others have made corporate deals with overseas money transfer companies so that the NRBs can avail of authorised channels to do the job.

In addition, exports of skilled manpower from Bangladesh increased considerably.

Also, a recent migration of many professionals to several European countries, including the United Kingdom, has turned out to be a factor behind the increased remittance.

The central bank's data showed that remittance inflow from the United Arab Emirates (UAE) into Bangladesh rose by almost 57 percent. The NRBs from the UAE sent \$ 804.84 million in the FY '07 against \$ 512.64 million in the FY '06.

The remittance from Kuwait and Qatar grew 49.8 and 44 percent. In FY '07, Bangladesh received \$ 680.7 million from the NRBs in

Kuwait and \$233.17 million from expatriate Bangladeshis in Qatar.

The NRBs from the ME countries sent \$ 3734.81 million in FY '07 fiscal compared to \$ 2906.79 million the previous fiscal, registering a 28.48 percent growth.

In FY '07, the NRBs from the UK sent \$ 886.9 million compared to \$ 517.39 million in FY '06, showing a 71.41 percent growth.

Registering a 90.8 percent growth, the remittance inflow from Italy into Bangladesh reached \$ 149.65 million last fiscal from \$ 78.43 million the previous fiscal.

Apart from the ME and Europe, the highest remittance comes from the USA. In the last fiscal, the amount sent by the NRBs from the USA marked a 32.64 percent rise over that of the previous fiscal.

The amount was \$ 930.33 million last fiscal, while it was \$ 701.37 million the previous fiscal.

The NRBs send approximately \$ 7 billion every year and a significant fraction of the total amount still comes through 'hundi'.

Meanwhile, in the first month of the current financial year (2007-08), the NRBs sent \$ 567 million, which was \$ 412 million during the same period last fiscal, registering a 38 percent growth.

BTRC fines GEP Telecom Tk 4cr

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Bangladesh Telecommunication Regulatory Commission (BTRC) yesterday fined GEP Telecom Limited, a private land phone operator, Tk 4 crore, as the company has failed to fulfill a licensing condition.

According to sources, GEP Telecom Limited, which got PSTN (public switched telephone network) license from BTRC to operate in Chittagong and 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.

According to BTRC, a PSTN operator has to add at least 20,000 customers to its network in a zone within two years after getting the license.

New airlines plan to increase flight to Nepal

XINHUA, Kathmandu

Nepal is fast turning into a hot destination for international airlines while the national flag carrier is reeling under lack of aircraft.

According to The Kathmandu Post Sunday's report, three foreign airlines are on the verge of beginning operations, while five more already operating in Nepal are planning to increase frequency.

Orient Thai Airlines, a Thailand based airline, is preparing to fly between Kathmandu and Bangkok from Aug. 19.

Ethihad Airlines, the national airline of the United Arab Emirates, and Silk Air, a subsidiary of Singapore Airlines have already announced commencement of flights to Kathmandu from October.

Contractionary monetary policy may have negative impact on investment

ICC-B workshop told

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The Bangladesh Bank's move to enforce IMF (International Monetary Fund) prescription for a contractionary monetary policy in order to tame inflation might have a negative impact on investment,

cautioned Latifur Rahman, vice president of the International Chamber of Commerce - Bangladesh (ICC-B), inaugurating a workshop in Dhaka yesterday.

Termining the existing interest rates much higher compared to those in the neighbouring countries, he said it is making Bangladesh's position more vulnerable in a competitive market place.

Rahman also urged the government to reduce the bank rate and take action for encouraging higher capacity utilisation and investment.

As the absence of any institution

for settlement of international trade disputes was pointed out at the workshop, Latifur Rahman, also president of the Metropolitan Chamber of Commerce and Industry (MCCI), Dhaka, made an assurance that the ICC-B is working on establishing such an organisation.

The workshop on Understanding the UCP 600 was jointly organised by ICC-B and German Technical Cooperation (GTZ) at the Bangladesh China Friendship Conference Center.

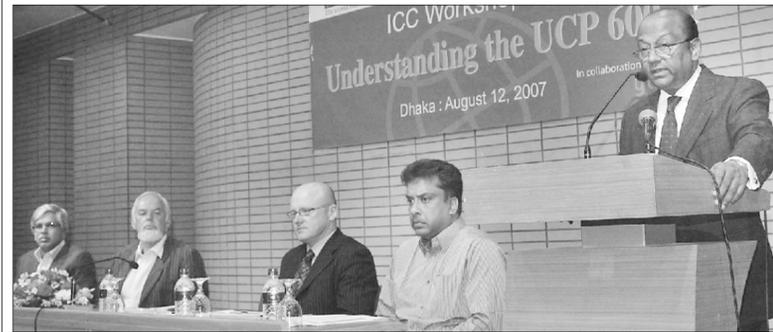
Anwar-ul-Alam Chowdhury Parvez, president of BGMEA (Bangladesh Garments Manufacturers and Exporters Association), Fazlul Hoque, president of BKMEA (Bangladesh Knitwear Manufacturers and Exporters Association), Dietrich Stotz, program coordinator of GTZ and Vincent O' Brien, an interna-

tional trade and finance expert, also spoke on the occasion.

Latifur Rahman emphasised proper training for equipping bank officials, financial institutions and other stakeholders with products knowledge, contract and documentation to cope with recent rules of international trade.

Bankers with sufficient knowledge and expertise can help the buyers and sellers in advance before entering into an agreement, he added.

Pointing to the fact that international buyers want banks here to follow more user-friendly rules, Anwar-ul-Alam Chowdhury Parvez hoped that the workshop would help make the commercial executives in the RMG sector aware of all latest international trade rules to compete in an era of globalisation.



ICC-B Vice President Latifur Rahman addresses the workshop on Understanding the UCP 600 at the Bangladesh China Friendship Conference Centre yesterday. BGMEA President Anwar-ul-Alam Chowdhury Parvez (extreme left) was present among others.

New India revels in 'trading superpower' dreams

AFP, New Delhi

When India comes to celebrate a century of independence it will be as a superpower, a trading giant straddling the world, just next to China -- according to conventional wisdom.

That may be 40 years away yet, but such predictions from major banks, which put India ahead of Japan by 2025 and the United States in 2050, delight many here.

The nation of 1.1 billion people -- marking 60 years since the subcontinent was partitioned on August 14-15, 1947 -- proudly sees itself well on the road to economic, political

and social greatness.

Government feeds the frenzy. Commerce Minister Kamal Nath likes to brush aside speculation about India's future, boasting: "The future is India".

In a booming economy, the media massages Indian egos via blanket coverage of India's emergence as a force to be reckoned with.

The buyouts of prestige western companies, planned moonshots, new billionnaires, ethnic fashion, literary or sporting heroes are all splashed over the front-pages as proof of India empowered.

It has fallen on Prime Minister

Manmohan Singh, a technocrat less given to rhetoric, to point out the pitfalls ahead.

He warned starkly this month that agriculture -- which provides a livelihood for two-thirds of the population and about a fifth of economic output -- was in deep crisis.

"We cannot be complacent till the growth becomes inclusive and socio-economic development benefits more than half the population," said the economist who in 1991 led reforms that ended decades of socialist insulation.

Cross-country investments seen key to Asean integration

ANN/ THE STRAITS TIMES

Asean companies should not let potential controversy derail them from investing in each other's countries as this will work against economic integration, Prime Minister Lee Hsien Loong said.

He was responding to questions from Asean journalists on Temasek Holdings' troubled investment in Thailand's Shin Corp and whether he thought companies should avoid politically unpopular moves.

He said on Friday, he would not advise any company to invest if it was going to "cause a big rumpus".

"On the other hand, I would say that if we all take the approach and don't want to invest in one another because it may become controversial, then you will have an Asean where there will be no economic integration, interdependence or cooperation," he added.

He made the point that countries would have to manage the fallout from investments which sometimes became "politically sensitive".

Singapore, on its part, was open to investors from other Asean countries.

Lee was also asked if Singapore's investment in Malaysia's Iskandar Development Region, a new economic zone in south Johor, was a "politically sensitive" issue.

He said Malaysian Prime Minister Abdullah Badawi and other leaders did not see it that way.

Investors would have to decide whether this was a good opportunity and whether they would be welcome, he added.

Sri Lanka cashes in on 'distressed' denim jeans

AFP, Avissawella, Sri Lanka

The denims look tattered and frayed, but shoppers in Europe and the United States are prepared to pay good money for "distressed" jeans and Sri Lanka is cashing in.

In the industrial town of Avissawella east of the capital Colombo, it takes workers around 13 minutes to cut and sew basic five-pocket denims.

They then spend another four days torturing the pants by dying, bleaching, and sandpapering them to get a "distressed" look.

"Each garment is dyed or dipped around 16 and sometimes as many as 30 times to achieve the proper torn, tattered look," explains Indrajith Kumarasiri, chief executive of Sri Lanka's Brandix Denim.

"We earn more money by making denims look dirty and torn, the classic clean look doesn't bring us much," Kumarasiri told AFP during a visit to the 10-million dollar plant, which can make over three million pairs of jeans a year.

Basic denim jeans cost around

six dollars to make, but the shabbier "premium" ones cost twice as much.

"In many ways, premium denims are replacing the little black dress as the wear-anywhere fashion staple," he said.

Overseas buyers such as Levis, Gap and Pierre Cardin are now regular buyers of premium jeans from Sri Lanka where they can be made for as little as 12 dollars a pair, and often sell for over 100 dollars.

Buyers have been gradually shifting production out of Europe to low-cost countries such as Sri Lanka, explains Ajith Dias, chairman of the Sri Lanka Joint Apparel Association Forum.

"Retaining the business and growing the order book is tough with India and China competing with us on price and quicker lead times," Dias said.

Sri Lanka's three-billion dollar garment industry accounts for more than half its annual seven billion dollars of export earnings, and it provides jobs for nearly one million people. Nearly all the garments are shipped to the United States and the

European Union.

But Dias said casual wear, including jeans, are they key to Sri Lanka's success in the price-sensitive global apparel market, and now account for 16 percent of total garment export earnings.

"We have invested millions to install high-tech plants, develop a sound raw material base and design garments, to ensure we remain competitive, by doing everything from fabric to retail hangers," Dias said.

Brandix, Sri Lanka's biggest exporter with annual sales in excess of 320 million dollars, and MAS Holdings, are also expanding overseas.

In an attempt to get an advantage over the competition, Sri Lanka is trying to position itself as an ethical manufacturer in the hope of getting greater access to the US and European markets at lower duty rates.

"We have high labour standards. We don't employ child labour, we provide rural employment and we empower women. There are no anti-dumping cases against us on trading practices," said Suresh Mirchandani, chief executive of Favourite Garments.

While eco-friendly and ethically-made clothes are becoming increasingly fashionable, their manufacture provides challenges for Sri Lanka.

Big-name brands are now adding organic-cotton clothes to their collection. "The joke is that one day we'll have a shirt we can eat," said Prasanna Hettiarachchi, general manager of MAS Holdings.

He said Levis recently launched eco-jeans using organic cotton, natural dyes, a coconut shell button on the waist band and a price tag made of recycled paper printed with environmentally friendly soy ink. The price tag is a cool 250 dollars.

"We are also working on an eco garment," said Brandix Denim's Kumarasiri.

And when asked what made a perfect pair of jeans, he had a quick answer.

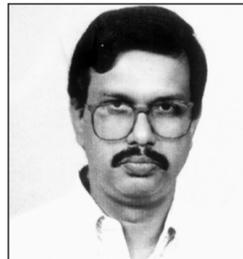
"Same as always. It comes down to how your behind looks when you wear them," grins Kumarasiri.

"No matter how good the wash, the detail or the label, if it doesn't look good on your behind, it won't sell."



Sri Lankan RMG workers pack denim jeans for a top international label at a factory in Avissawella.

New MD of Central Ins



Md Zahid Anwar has been recently promoted as the managing director (MD) of Central Insurance Co Ltd, says a press release.

Prior to his new assignment, he served the company from various capacities.

Upon completion of higher studies in Management from Rajshahi University, he joined the company in 1987 as assistant manager.

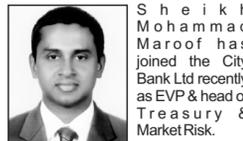
New DMD of Dhaka Ins



He joined the company in 2005 as general manager, says a press release.

Nadeem graduated from Dhaka University in 1987 and started his career with United Insurance Co Ltd in 1988.

The City Bank's new head of Treasury & Market Risk



Prior to joining City Bank, he worked as head of Treasury of Eastern Bank Ltd, according to a press release.

Sheikh Maroof started his banking career with American Express Bank in 1995 as a management trainee.