

Star BUSINESS

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Lack of infrastructure holds back tourism

Say local tour operators

JASIM UDDIN KHAN

With domestic tourism getting popular in recent years, local tour operators have said lack of adequate infrastructure is holding back their business growth.

The number of local holidaymakers visiting popular destinations such as the Sundarbans, Kuakata beach, Bandarban and Sylhet will rise tremendously if the infrastructure is developed, they said as a three-day tourism fair organised by Tour Operators Association of Bangladesh (Toab) is going on in the capital.

The government needs to encourage public-private initiatives to set up more hotels and ensure other facilities such as internet and ATM booths of banks at popular tourism spots across

the country, said Hasan Mansur, president of Toab.

Mazhar Anwar Manna, managing director of a tour firm, said some hotel owners increase rent and other charges exorbitantly during the peak seasons, much to the frustration of tourists.

"As the hotel owners do not face any strict regulation in fixing rents, they increase service fees when they see tourist rush," he added.

He also said the tour operators have to face some security problems at Cox's Bazar. Tourists often fall prey to mugging, he added.

Industry people said around 20 lakh local tourists visit popular tourist destinations across the country a year.

Frequent pleasure and business trips to tourist destinations are also contributing to tourism

growth, said the tour operators. There have been around 200 tour operators in the country.

Industry people also estimated 20 percent annual growth in the business based on local tourists.

M Azam Koreshi, a sales executive of Safari Plus, said during Eid vacation, the tour operators experience rush of local tourists, who mainly want to visit Saint Martin's island, Cox's Bazar, the Sundarbans, Kuakata beach and hill district Rangamati.

Enayetur Raskin, manager of Mountain Tour, said tour operators charge around Tk 4,000 a person for four nights and three days package for Saint Martin's and Cox's Bazar visit.

Four nights and three days packages for Kuakata and the Sundarbans cost Tk 3,500 and Tk 7,500, he added.

Tata to launch \$2,500 small cars in mid '08

PALLAB BHATTACHARYA, New Delhi

The Tata Motors' much-hyped small car for about 2,500 dollars will hit the roads as per schedule in the middle of the year 2008, the company's Managing Director Ravi Kant has said.

Ahead of the proposed car's launching, it will be on display at an exhibition here in January next year when the model would be unveiled by the Tata Group Chairman Ratan Tata.

To keep the price of the car at 2,500 dollars, as announced by the company three years back, is going to be a big challenge to Tata Motors in view of high input costs, especially of steel and rubber, Kant said.

"It makes our job a little more challenging but you will see whether we are able to put it off or not only when we launch the car," he said.

There has been intense speculation about the proposed 2,500 dollar car which is expected to set off a price war in domestic small car market, automobile industry analysts said.

The Tata Motors' proposed small car is expected to give a tough competition to Maruti and Hyundai cars and French auto maker Renault SA and Japanese car manufacturer Nissan, which are believed to be looking at selling a joint venture compact car for less than 3,000 dollars.

Citibank tops Asiamoney cash management client polls

Citibank has won 95 awards in Asiamoney magazine's largest ever client polls of the Asian cash management business, says a press release.

Citibank was awarded Best Cash Management Bank for small, medium and large corporates in Asia Pacific, Best Cash Management Bank for US dollar cash management services for Financial Institutions in Asia Pacific and Best Electronic banking platform.

"These awards are welcome recognition for our staff across the region. I would also like to thank our clients who place their trust in us day in, day out, to handle their cash management needs," said Nigel Dobson, Asia Pacific head of cash management for Citi.

Around 1,500 cash management end-users were involved in the polls, making it the largest ever poll of the cash management industry in Asia Pacific. The results were announced in August.

In the editorial write-up that accompanied the awards, the editors of Asiamoney said, "The voters in our polls made one thing clear, for cash management, Citi is a tough house to beat. It boasts an unparalleled regional franchise."

Joseph Stiglitz, Colin Powell and Bangladesh business leadership

MAMUN RASHID

So far, I can take back from the scratch pad notes prepared during our economics or business school days -- the World Bank is one of the world's largest sources of funding and knowledge to support governments of member countries in their efforts to invest in schools and healthcare centers, provide water and electricity, fight disease and protect the environment. Not a 'bank' in the common sense, since its inception in 1944 as the International Bank for Reconstruction and Development, the number of its member countries increased sharply in the 1950s and 1960s when many countries became independent nations.

On the other hand, the work of the IMF (International Monetary Fund) is of three main types. Surveillance involves the monitoring of economic and financial developments, and the provision of policy advice, aimed especially at crisis-prevention. The IMF also lends to countries with balance of payments difficulties to provide temporary financing and to support policies aimed at correcting the underlying problems; loans to low-income countries are also aimed especially at poverty reduction.

Third, the IMF provides countries with technical assistance and training in its areas of expertise.

In recent years, as part of its efforts to strengthen the international financial system, and to enhance its effectiveness in preventing and resolving crises, the IMF has applied both its surveillance and technical assistance works to the development of standards and codes of good practice in its areas of responsibility, and to the strengthening of financial sectors.

In Bangladesh, the WB is currently working in the areas of economic management, education, energy and mining, environment and natural resources management.

education, healthcare, infrastructure, communications and many other purposes. All support to a borrowing country is guided by a single strategy that the country itself designs with help from the WB and many other donors, aid groups, and civil society organisations.

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United Airways flies to Cox's Bazar, Jessore

STAR BUSINESS REPORT

United Airways (Bangladesh) Ltd, a private sector airline founded by non-resident Bangladeshis, yesterday launched two new flights to Cox's Bazar and Jessore.

The airline operates a Canadian made 37-seat Dash-8 aircraft on the new routes, Dhaka-Cox's Bazar-Dhaka and Dhaka-Jessore-Dhaka.

Return ticket fare has been fixed at Tk 5,290 including tax for Jessore and Tk 8,890 including tax for Cox's Bazar.

Besides, the airline also flies to Chittagong and Sylhet. Barisal and Rajshahi will be two new destinations of the airline soon.

At the new flight launching

programme, Tasbirul Ahmed Choudhury, chairman and managing director of the airline, said United Airways handled over 6000 passengers in the last seven months.

He also said the company will add two new aircraft to its fleet by the next month to launch more domestic routes.

The company has already invested Tk 50 crore in the airline business. With Tk 100 crore authorised capital, the company is also planning to invest Tk 2000 crore by the next five years in the domestic routes.

Choudhury also invited local investors to invest in the United Airways.

Presently, GMG Airlines, a private sector carrier, has the domestic market share of more than 60 percent.

Indian inflation falls to 16 months low

AFP, New Delhi

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India's annual inflation has fallen to a 16-month low helped by lower food prices, data on Friday showed, fuelling expectations that the central bank will loosen its monetary policy.

The wholesale price index, India's closest watched cost-of-living monitor, showed annual inflation slowed to a lower-than-expected 3.79 percent for the week ended August 25, down from 3.94 percent a week earlier.

"Some relaxation of the tight monetary stance" by the central bank "makes some sense as inflation is hovering below four percent," said economist Shashank Bhandari at the National Council for Applied Economic Research, India's top economic research think-tank.

"It is only a question of timing now," Bhandari said.

The latest official data showing inflation below four percent for a second straight week came as welcome news to India's Congress-led government as inflation has emerged as a major political issue because of the burden it imposes on the nation's millions of poor households.

Annual inflation stood at 5.27 percent during the corresponding week earlier a year ago.

Food price hike may lead to 'social tension'

Warns UN food chief

AFP, London

Increases in the prices of basic food products could spark "social tension" in developing countries, the head of the UN Food and Agriculture Organisation (FAO) said in an interview published Friday.

Speaking to the Financial Times business daily in Rome, FAO Director-General Jacques Diouf said that soaring prices for wheat, corn and milk had the "potential for social tension, leading to social reactions and eventually even political problems."

"If we continue to see an increase in their (food) prices and in their import bill for food, there is a serious political situation."

He said that food prices would likely continue to increase because of a variety of factors: rising demand

from developing countries; rising populations around the world; frequent floods and droughts; and increasing demand for grains from the biofuel industry.

"That combination of factors would most likely lead to increases in food prices," he said, adding: "The biofuel industry is a new factor creating demand for food for a non-food use."

Diouf told the FT that while food represented between a tenth and a fifth of consumer spending in developed countries, that figure rose to about 65 percent in developing countries.

ZIMBABWE ALLOWS ANOTHER PRICE HIKE

Another report from Harare adds: The Zimbabwean government has authorised all retailers to raise prices by 20 percent, in a bid to

ease widespread shortages, reports said Friday.

The price hike comes two weeks after government allowed retailers and manufacturers to increase prices on basic commodities such as sugar, cooking oil, chicken and soap.

The country experienced mass shortages after President Robert Mugabe's government launched Operation Dzikisa (Reduced Prices), forcing shops and businesses to halve their prices as part of a controversial crackdown on so-called profiteers.

Obert Mpofu, the country's industry minister, told the state-run Herald that the prices of all goods and services that were not part of the initial review could now be increased.

Gold prices hit highest level since May '06

AFP, London

The price of gold broke through 700 dollars per ounce here on Friday, reaching the highest level since May last year on a variety of supportive factors, analysts said.

On the London Bullion Market, the spot price of gold touched 700.08 dollars per ounce, which was last seen on May 17, 2006.

This week, gold has won support from the falling US dollar, global geopolitical jitters, rebounding demand and ongoing concern about world financial markets.

A falling US currency ramps up demand for dollar-denominated commodities, such as gold, as they become cheaper for buyers holding stronger currencies.

Geopolitical concerns in the Middle East have also attracted buyers to the precious metal, which is regarded as a safe-haven investment in times of uncertainty.

On top of that, gold has drawn strength from strong oil prices.

Gold is energised by higher crude prices, which increase the risk of inflation. In turn, that increases the attractiveness of the precious metal as a defence against the erosion of the value of money.

The price of gold is not far off last year's peak. On May 12, 2006, the metal climbed to 730.40 dollars per ounce -- which was the highest level since 1980.



Visitors crowd a stall at the three-day 'Bangalink Bangladesh Travel and Tourism Fair 2007' at Bangladesh-China Friendship Conference Centre in Dhaka yesterday. The show comes to a close today.

Visitors throng travel and tourism fair

STAR BUSINESS REPORT

Visitors thronged 'Bangalink Bangladesh Travel and Tourism Fair' 07' at Bangladesh-China Friendship Conference Centre in the capital yesterday, the second day of the country's tourism extravaganza, as tour operators offered a wide range of packages.

The tour packages include almost all spots of the country known for scenic beauty besides foreign spots.

"The country's tourism is becoming popular as high and mid-income urban people, bored with the city life, now want to have the warmth of nature," said Suhravardy Hossain of Keari Tours and Services Limited.

"We offer three different packages from Dhaka to Saint Martin's island, Rangamati and Kaptai," he added.

The three nights and four days package of Saint Martin's island, which includes stopovers in Cox's Bazar and Teknaf, costs around Tk 5,650 a person, said Suhravardy at the fair, organised by Tour Operators Association of Bangladesh (Toab). Mobile phone operator Bangalink is the sponsor of the show.

About 80 stalls of tour operators, travel agents, hotels, resorts, airlines and travel magazines have been set up at the fair, which is open to the public from 10:00am to 9:00pm. The entry fee has been fixed at Tk 20 a person.

Tour firms from Nepal, Thailand, Malaysia and India's Assam are taking part in the fair.

The visitors, who include students and professionals, were enthusiastic about tour offers at the fair that ends today.

"I like to travel with my family members but managing the whole journey on my own is difficult. The tour operators are really making our travel plans easy," said Ekmamul Haque, who came to the show from Mohakhali, Dhaka.

Shefali Islam, a housewife from Mirpur area in the capital, said, "The offers are really attractive but costly."

The tour operators should offer packages considering capabilities of mid-income people," she added.

Travelon Tours Ltd is providing



Al-Arafah Islami Bank Ltd has signed a remittance agreement with UK-based remittance service providing company JAP Financial Services Ltd. Under the deal, Bangladeshi expatriates will be able to send their money home through the branches of the bank. Senior Vice President of the bank ANM Abdus Shahid and Vice President AW Shamsuzzoha, Chairman of JAP Financial Faruque Ahmed and Managing Director Syed Shaiful Ahad, among others, were present at the signing ceremony held recently in Dhaka.

that they didn't quite like the WB idea of further trade liberalisation, shutting down the loss-making jute mills or even privatisation!!!).

A portion of Bangladesh intelligentsia has been protesting or challenging WB and IMF's role in Bangladesh for long. They possibly have a strong philosophical basis for this as they always question the integrity of 'market-led growth'. Nothing wrong in that and I have complete respect for their views even though I am not always inclined to agree with them. However, the other portion of the intelligentsia was found to be never standing on a philosophical stance, rather most of the time was swayed by flimsy popularity or populist approach. Their speeches or notes never had any depth or were backed by homework and therefore could never earn respect or cognizance even from a serious student of economics. This became more alarming, when corridor discussions revealed that the press releases from some of the chambers might have been influenced by some of the people or houses, belonging to the lateral group. The characteristics of this group are that they only speak about things that can arrest headlines in the media or attention of the people, who do not have adequate time or reason to get into the depth of an issue. They very conveniently use WB documents or a paragraph in a document to speak against the WB, or even resort to blatant lies, when

the funding issue of their projects/research works is being raised.

As mentioned, I don't have a single line debate with the people, who do not subscribe to 'market-led growth' philosophy, thereby protesting the WB and the IMF stance on further reforms or liberalisation. My problem is rather with the people who subscribe to 'market-led growth', 'competition theory' or continuous market and institutional reforms but would always shy away from these issues when they fear that they would be marginalised due to their inefficiency when reforms and liberalisation would take place. The very people who are supposed to argue for deregulation and liberalisation are blaming the Bank and the Fund for advocating that only because that would hurt their vested interest. They are blaming the same policy for our dysfunctional development process, which ought to be the key