

# Star BUSINESS

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## Producers urged to diversify jamdani Fair begins

STAR BUSINESS REPORT

Textiles and jute ministry adviser yesterday called upon the jamdani saree manufacturers to diversify and modernise their products and products' designs to attract more attention of the local and international markets.

"If you diversify your products, buyers from both domestic and international markets will show more interest to jamdani saree, and the sales will increase ultimately," Geetara Safiya Choudhury said.

She also urged the government and non-government organisations to come forward to provide training for the jamdani manufacturers so as to safeguard the interest of the industry.

She was speaking as chief guest at the inauguration of "Jamdani Export Fair 2007" on Bangladesh Shilpkala Academy (BSA) premises in Dhaka. Starting from yesterday the fair of jamdani and handloom products will continue until Eid-ul-Fitr.

A total of 180 companies through 200 stalls are participating in the show, which is open for all from 9am to 10pm everyday without any entry fee.

"I have urged the BSCIC (Bangladesh Small and Cottage Industries Corporation) chairman to make arrangement for providing training for the jamdani makers and I am also calling on BGMEA (Bangladesh Garment Manufacturers and Exporters Association) to work for their training," Geetara said.

Former BGMEA president Annisul Huq said a total of 25,000 people are involved in this sector that earns around Tk 25 crore a year through export.

Given the reputation and potential of the jamdani sector, this earning is very minimal and this could be increased through taking proper measures, Annisul said.

BSA Director General Kamrul Hassan, among others, was present at the inauguration.

## India's life insurance market set for boom

AFP, New Delhi

Wealthier, aging Indians will help transform the country's largely untapped life insurance market into one of the world's fastest growing over the next five years, a global consultancy says.

Life insurance is already the most popular financial product among Indians because of the tax benefits and income protection it offers in a country where there is no social security.

But with household earnings accelerating in the fast-growing economy, the life insurance income premiums market could double from 40 billion dollars to 80 billion or even 100 billion dollars by 2012, said McKinsey Co in a report.

"All factors are in place for the Indian life insurance industry to blossom into one of the fastest-growing financial services markets in the world," said report co-author Tilman Erhbeck.

"At the size of the market we're talking about and potential the only one with similar potential is China," he told AFP. "The next five years will be very exciting."

Key to insurers' enthusiasm about India is its increasing affluence, aging population and low penetration of insurance coverage at a time when the market in industrialised countries is relatively saturated.

The potential in the country of 1.1 billion people can be seen from the fact the ratio of life insurance premiums to GDP — a common measure for penetration — is 4.1 percent, far lower than developed market levels of 6-9 percent.

"This will change as India sees strongly accelerating household income and a more favourable demographic profile over the next two decades," Erhbeck said.

Household disposable income is seen rising by 5.3 percent annually, much more than the 3.6 percent annual growth over the past two decades.

"With increased GDP growth there will be more income for consumers to put into life insurance," said Erhbeck.

"Our research suggests the life insurance industry could witness a rise in insurance sector premiums to between 5.1 and 6.2 percent of GDP in 2012 from 4.1 percent."

## NON-FUNDED LOANS

# Banks now need to keep 0.5pc provision this year

STAR BUSINESS REPORT

The central bank yesterday relaxed the provision of keeping 1 percent provision against non-funded facilities such as letter of credit (L/C) and bank guarantee for the commercial banks.

Now the banks will have to keep 0.5 percent provision against non-funded loans within December this year, while those should keep 1 percent provision by December next year.

Earlier on August 8, the Bangladesh Bank in a circular gave

a directive to all the commercial banks to keep 1 percent provision against non-funded facilities, in addition to the existing provisioning arrangement for classified loans.

It had come to the central bank's notice that a considerable amount of off-balance sheet exposure is being converted into funded facilities, part of which becomes overdue and classified.

The Bangladesh Bank felt it urgent to address such irregularity, the circular said.

Banks were advised to maintain

1 percent overall provision against off-balance sheet exposure in addition to the existing provisioning arrangement, the circular said, adding that this general provision will be treated as supplementary capital.

The amount of off-balance sheet exposure, required provision and actual provision have to be shown in separate sheets and submitted along with classified loans statement on quarterly basis, according to the circular.

## StanChart to buy American Express Bank

AFP, London

British bank Standard Chartered said Tuesday it had agreed to acquire American Express Bank for about 860 million dollars (620 million euros) in cash.

AEB, which is present in 47 countries, focuses on serving financial institutions and wealthy individual investors, a joint statement said.

The acquisition, which is subject to regulatory consents, is expected to be completed by the end of March 2008.

## Airlines to face credit, oil turbulence in 2008: IATA

AFP, Montreal

The world's airlines are poised to make higher-than-expected profits this year, but credit market turmoil and high oil prices may clip them in 2008, an industry association predicted Monday.

The International Air Transport Association (IATA) said it had revised upward its financial forecast for the world's airlines to 5.6 billion US dollars in net profit for 2007, up from the 5.1 billion dollars forecast in June.

The average oil price for 2007 was revised upwards to 67 dollars per barrel from 63 dollars, said IATA, which represents more than 240 airlines comprising 94 percent of international scheduled air traffic.

However, it said that higher oil prices were more than offset by stronger than expected demand for passenger traffic and a general improvement in airline financial performance.

"While we are more optimistic for 2007, the continuing high price of oil combined with turmoil in credit markets is a cause for concern in 2008," said IATA director general and chief executive, Giovanni Bisignani.

IATA slashed its 2008 net profit forecast for the airline industry to 7.8 billion dollars, down from the 9.6 billion predicted in June.

"The impact of the credit crunch puts some question marks over the industry's performance next year and the continuing high price of fuel will become more difficult to mitigate with efficiency gains," said Bisignani.

## Hong Kong unemployment rises to 4.2pc

AFP, Hong Kong

Hong Kong's unemployment rate has risen slightly to 4.2 percent in the three months to August, although there are still a record number of workers in the territory, official figures showed Tuesday.

This compared with a 4.1 percent in the three months to July, a nine-year low.

Total employment rose by 10,100 to an all-time high of 3.5 million during the period, while the labour force also increased, by 18,500 to another record high of 3.67 million on the back of the growing number of new graduates and school-leavers.

forward to all possible relief to help cope with the rising Rupee which has appreciated by more than eight per cent since January this year.

This was the second round of sops for exporters after the Finance Ministry had in July this year provided a package of Rs 1,400 crore to them, especially to textile, handloom, handicraft and other labour-intensive industries to cushion the impact of Rupee appreciation.

However, the Federation of Indian Export Organization (FIEO) wants more from the government. "The Finance Ministry statement hardly meets the bonafide demand of trade and industry for zero tax rate on exports", said FIEO President Ganesh Gupta.

The government hopes that since the refund of service tax would help exporters save a sizable amount paid as service tax basically on the movement of goods through roads, ports and railways and the export target of 160 billion dollars in 2007-8 would be met.

The Finance Ministry's latest incentive for exporters came at a time when the latter are looking

# 10pc import tax on rental power plant equipment

STAR BUSINESS REPORT

The National Board of Revenue (NBR) yesterday fixed 10 percent flat tax on import of machinery and equipment for rental power plants.

The decision was taken following a written proposal from the power ministry to flatten all taxes, involving rental power, to six percent by following the same practice in Pakistan and Sri Lanka. The NBR will soon issue a circular in this regard.

The government's Power Cell recently prepared fresh bid documents to set up six power plants with

a total production capacity of around 300 megawatt on three-year rental terms to meet rising power demand in the next summer.

The cell recently finalised a draft request for proposal and a draft contract to set up four 50 MW rental plants at Fenchuganj, Kumargaon, Shahibazar and Ashuganj and two 20 MW rental plants in Bogra and Bhola.

Now, power plants builders have to pay around 30 percent taxes at different levels, which include advance income tax, customs duty and value added taxes.

## New president of chartered secretaries, managers' instt



Itrat Husain

Itrat Husain has been elected president of the Institute of Chartered Secretaries and Managers of Bangladesh (ICSMB) for 2007-2008 term.

Prior to this election, Itrat was senior vice president of the institute, says a press release.

Besides, Feroz Iqbal Faruque, Md Shahid Farooqui and M Naseemul Hye were elected senior vice president, vice president and treasurer of the ICSMB.

## Board to choose new IMF chief next week

AFP, Washington

The International Monetary Fund's executive board will choose a new managing director next week to succeed Rodrigo Rato, according to people close to the situation.

This IMF board this week is interviewing Frenchman Dominique Strauss-Kahn, the European Union's candidate, and Josef Tosovsky, a former Czech prime minister and central bank chief proposed by Russia, said the sources, who requested anonymity.

The IMF was not immediately available for comment Monday.

The current managing director, Rodrigo Rato of Spain, is expected to step down after the IMF's annual meeting, in late October. The former Spanish finance minister announced in June his decision to end his mandate nearly two years early, citing personal reasons.

According to several people with knowledge of the situation, Tosovsky was to have a series of bilateral meetings Monday with several directors of the board that represents the 185 member nations of the Washington-based financial institution. He is to be formally interviewed Tuesday morning.

## KL pushing for gas price hike

AFP, Kuala Lumpur

Malaysia's state energy firm Petronas is pushing for gas prices to be hiked, after paying out subsidies worth 50 billion ringgit (14.3 billion dollars) over the past decade, a report said Tuesday.

Fuel costs are a touchy subject in Malaysia, after a series of petrol price increases triggered widespread anger, and the government has repeatedly said it will keep fuel at existing levels despite surging global oil prices.

However, the Sunday Star quoted Energy Minister Lim Keng Yaik as saying the government will review Petronas's proposal next Monday.

"Petronas is screaming for an increase," he told the daily, adding that it paid out 14 billion ringgit in subsidies last year alone.



PHOTO: STAR

Textiles and Jute Ministry Adviser Geetara Safiya Choudhury visits a stall at 'Jamdani Export Fair 2007' on Bangladesh Shilpkala Academy (BSA) premises in Dhaka yesterday. The show will continue until Eid-ul-Fitr.

# WB, UN back nations to recover assets pilfered by corrupt leaders

AFP, United Nations

The World Bank and United Nations on Monday threw their backing behind developing nations seeking to recover assets pilfered by corrupt leaders, unveiling a scheme to lend muscle to their claims.

"There should be no safe haven for those who steal from the poor," World Bank chief Robert Zoellick said, adding the Stolen Asset Recovery (Star) Initiative was a warning to corrupt leaders "that they will not escape the law."

The World Bank estimates the global flow of illegal funds from crime, corruption and tax evasion at more than a thousand billion dollars each year, with billions squirreled away in secret bank accounts.

"The initiative will foster much needed cooperation between developed and developing countries and between the public and private sectors to ensure that looted assets are returned to their

rightful owners," said UN Secretary General Ban Ki-moon.

World Bank officials estimate that 25 percent of the gross domestic product of African states is lost to corruption every year, costing for some 148 billion dollars, while a further 20 to 40 billion dollars is spent on bribes to public officials in the world's poorest countries.

"Each 100 million dollars recovered would be sufficient to finance full immunizations for four million kids, provide water connections for 250,000 households or provide HIV/AIDS treatment to 600,000 people a year," World Bank vice president for poverty reduction and economic management, Daniel Leipziger, told a briefing before the launch.

Under the initiative, the World Bank would work with the UN Office on Drugs and Crime (UNODC) to help developing countries set up institutions to detect and deter the illegal flow of funds ... to make it less likely that these funds would be stolen,"

Leipziger said. The Bank would also bring pressure on financial centers in developed nations to adopt "the highest standards of behavior in terms of money laundering," Leipziger said.

Former Nigerian finance minister, Ngozi Okonjo-Iweala, who helped recover 500 million dollars' worth of assets looted by former military dictator Sani Abacha, said the Star Initiative marked a first step towards "rebalancing" responsibilities in the fight against corruption.

"There has to be a rebalancing on the issue of corruption," said Okonjo-Iweala, who was a key player in getting the initiative off the ground.

"Developing countries need to fight corruption and stem the flow of illicit funds, and developed countries must make sure there is no safe haven for those funds in their countries," she said.

"If the two sides cooperate, the people who are corrupt will know that any money that goes out will

be sent back to the country from which it came."

Recovering assets is a time-consuming effort. It took the Philippines 18 years to recover some 624 million dollars of money funneled away by former dictator Ferdinand Marcos into Swiss bank accounts.

But the Star Initiative shifts the focus of recovered assets from a bilateral effort between two countries to one with the muscle that comes from having the backing of international conventions and organizations.

Okonjo-Iweala called on all countries in the Group of Eight and Organization for Economic Cooperation and Development (OECD) to ratify the UN anti-corruption convention, UNCAC, which came into force at the end of 2005.

UNCAC signatories are obliged to return money to the country from which it was looted. The World Bank and UN must push for full ratification of UNCAC, Okonjo-Iweala said.



Kazi Md Shafiqur Rahman, managing director of Mutual Trust Bank Ltd, and AV Bramma Rao, general manager of Trust Exchange WLL, Doha, sign an additional remittance agreement recently. Under the deal, expatriate Bangladeshis in Qatar will be able to send their money home through the branches of the bank.