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## BB REFINANCE SCHEME IDLC to offer home loan at 10pc interest

IDLC Finance Limited (IDLC), a joint venture multi product financial institution and a leading home loan provider, has recently signed a participation agreement with Bangladesh Bank (BB) to extend home loan facility, says a press release.

The central bank has introduced the 'Bangladesh Bank Refinance Scheme for Housing Sector' to facilitate the lower and middle-income groups of borrowers to have increased access to owning homes.

The scheme offers an affordable interest rate of 10 percent per annum for maximum 20 years with repayment facility of monthly installment basis.

As per the scheme, the participating banks and financial institutions will provide home loans to individual borrowers in the six city corporations - Dhaka, Chittagong, Rajshahi, Khulna, Sylhet and Barisal along with four municipal areas of Tongi, Gazipur, Savar and Narayanganj for construction or purchase of house or apartments with unit size not exceeding 1,250 square feet.

Only those applicants, whose regular gross monthly income does not exceed Tk 30,000 may receive a maximum amount of Tk 15 lakh as home loan facility.

Applicants who have not taken any home loan previously from any bank or financial institution, and those who do not have any housing or apartment unit in their own or spouse or children's name in the above-mentioned areas are eligible for the home loan facility.

In case of salaried persons, employees not having any home loan facility with their present employer or organisation are also eligible to apply.

## HSBC launches evening banking in Ctg

The Hongkong and Shanghai Banking Corporation (HSBC) Ltd in Bangladesh has introduced evening banking at its GEC branch in Chittagong with effect from yesterday, says a press release.

Evening banking offers customers the flexibility of banking whenever it suits them. This service will be available from 5pm to 8pm and customers can avail of the limited banking facilities during the time, the release adds.

HSBC has introduced Day and Night Banking, Customer Service Centres, Easy Pay Machines for the benefits of its customers in the port city and the introduction of evening banking is a continuation of that effort, said Shafquat Hossain, head of Personal Financial Services of HSBC Bangladesh.

## State Bank of India eyes big overseas banks

India's largest commercial lender, State Bank of India is keen to acquire big overseas banks that will give it a "strategic fit" along with new products and access to cheaper capital, chairman Mr OP Bhatt said here today.

Engaged in the process of consolidation domestically by merging seven associate banks, SBI would not be keen on small foreign banks worth a few million dollars just for the sake of acquisition, Mr Bhatt said.

The philosophy of SBI, whose market capitalisation soared to over Rs 100,000 crore last week, is in tune with the global trend as major banks and financial institutions are growing internationally by mergers and acquisition route.

"In India we have no such plans (for acquisition). If at all we go, we will go for bigger banks (overseas) where we feel there is a strategic fit," Mr Bhatt said.

He said that the bank is not interested in buying \$3 million, \$5 million or \$10 million banks.

It may be recalled that the state-run lender had two years ago during the tenure of Mr Bhatt's predecessor acquired Giro Bank in Kenya and Indian Ocean International Bank in Mauritius for an estimated \$7.8 million each.

"I am not looking for more business, more branches. We are looking at a strategic fit bank in terms of ability to get new products, in terms of raising funds cheaply and easily and in terms of ability to have more capital," the chairman said.

# BB to amend monetary policy statement to encourage investment

### STAR BUSINESS REPORT

The central bank is going to amend its monetary policy statement after the Eid-ul-Fitr to encourage more investment.

Sources said the Bangladesh Bank wants to go for an expansionary policy instead of the tight policy that was announced in July.

The central bank plans to up the private sector credit growth target in the amended policy statement, the sources added.

The monetary policy statement announced in July 2007 said, "Statutory Liquidity Requirement (SLR) and Cash Reserve Ratio (CRR) of banks including Islamic ones have been unchanged since 2005. In view of the unfolding price developments, BB may review the rates."

SLR and CRR are tools that can be used by the central bank to control the monetary market. If the central bank raises the SLR and CRR it forces the commercial banks

to increase the amount of money they must invest in government securities and the amount kept as cash reserves.

However sources said the central bank may not now go for increasing the SLR and CRR rates.

Talking to journalists at his office yesterday in Dhaka, Governor Dr Salehuddin Ahmed also hinted the central bank would not increase the CRR and SLR rates.

He also pointed out that although there is huge excess liquidity in the banking system, Bangladesh Bank does not withdraw the money by reserve repo in order not to hamper investment.

"The Bangladesh Bank will revisit its monetary tools after the upcoming Eid," the governor said, adding that central bank will go for an accommodative stance instead of its earlier cautious position.

Domestic credit growth was down to 14.9 percent in June 2007 compared to 20.45 percent in the corresponding period of FY2006.

Private sector credit was down to 15.1 percent in June 2007.

The sources said considering the present economic situation, the central bank may re-fix the private sector credit growth rate target to between 16 to 17 percent for the period of December.

The central bank has encouraged the commercial banks to reduce interest rate by decreasing the spread rate to encourage investment, the sources said.

The average rate of interest of the commercial banks was 12.78 percent in June 2007, whereas the average spread was 5.93 percent.

Bangladesh Bank wants to down the existing spread rate to below 5 percent so that the overall interest rate go down below 12 percent. To implement the plan, the central bank already met with chairman and managing directors of 27 commercial banks.

The discussion will be reviewed again after the Eid to examine what decision will be taken by the banks.

# AirAsia operates flights from Bangladesh this month

### AFP, Dhaka

Budget airline AirAsia will begin operating from Bangladesh this month after the authorities adopted a three-month "open sky" policy allowing foreign airlines more flights, an official said Monday.

From October 1 to December 31, Bangladesh hopes to clear a backlog of 150,000 people who have jobs waiting abroad but no flights to get them there.

"AirAsia has availed the opportunity and we have allowed them to fly five flights a week from the port city of Chittagong to Kuala Lumpur," Bangladesh civil aviation authority chief Shabbir Iqbal Khan Majlish said.

"They said they would operate Airbus A330 aircraft with a capacity of 312 passengers. They would start flights from the middle of October,"

he said.

The airline had also been given permission to continue flights after December 31, he added.

AirAsia will be the second budget airline to operate from Chittagong, the country's second biggest city with a population of around five million.

Sharjah-based Air Arabia was the first to operate budget flights six months ago and they have gradually increased their weekly flights from three to seven.

AirAsia, which was launched as a budget carrier in December 2001 with just two aircraft, has become a significant player in the industry and been imitated by national carriers along with a host of new low-cost entrants.

AirAsia operates from a dedicated low-cost terminal at Kuala Lumpur International Airport and

boasts southeast Asia's biggest low-cost fleet. It also operates in Thailand, Indonesia, the Philippines and China.

Majlish said the entry of AirAsia into the market would help clear the backlog. Some 150,000 people who have found jobs in Malaysia and the Middle East have been unable to fly because of a shortage of flights.

Money sent home by Bangladeshi expatriate workers underpins the economy of the impoverished nation of 144 million people.

The government's manpower export department pleaded for the open sky policy for a limited period to meet demand after a record 520,000 people went abroad for work in the first eight months of 2007, a 123 percent increase over the same period a year earlier.

# Monga feared to linger on high inflation, floods

## Concerted plan suggested to eradicate the menace in 5-6 years

### STAR BUSINESS REPORT

High inflation and floods would cause a prolonged 'monga', a famine-like situation, in northern districts this year and it could turn severe, feared speakers at a workshop in Dhaka yesterday.

They suggested concerted action plan to avert such a seasonal recession.

"Two spells of flood and soaring inflation are mounting pressure on livelihoods, which will make 'monga' more acute," said economist Professor Wahiduddin Mahmud, who chaired the inaugural session of a two-day workshop.

The workshop styled 'Jatiya Niti Karmashala: Mora Kartik to Bhora Kartik' (national policy workshop: from off-harvest period of Bangla month Kartik to on-harvest period of the month) is being organised to review the problems of monga-prone areas and take a coordinated programme from a single platform to fight the menace.

Ministry of Agriculture, Palli Karma Sahayak Foundation (PKSF), Local Government Engineering Department (LGED) and Power and Participation Research Centre (PPRC) are jointly organising the workshop at LGED Building at Agargaon.

The Department for International Development (DFID) is supporting the programme.

Almost all the development organisations including CARE, Brac, Grameen Bank, Practical Action, RDRS, who are working on 'monga', and Union Parishad representatives and Upazila Nirbahi Officers (UNOs) are participating in the workshop.

"As two spells of flood hit the country, it may persist for more than two months, causing much more plights for the affected people," economist Ataur Rahman anticipated.

Usually, 'monga' starting from October prevails until November (Aswin and Kartik-two Bangla



Economist Professor Wahiduddin Mahmud addresses the inaugural session of the two-day workshop on 'monga' in Dhaka yesterday. PPRC Executive Director Hossain Zillur Rahman and PKSF Managing Director Mosharrar Hossain Khan are also seen.

months) mainly in five districts of greater Rangpur-Dinajpur area.

This famine-like situation is basically an absence of agriculture-based employments. On a good harvest of paddy, the situation improves.

Prominent economist Wahiduddin Mahmud sees 'monga' as a type of silent poverty, which, according to him, prevails until proper steps taken to uproot the main causes of the chronic form of poverty.

Eradication of this menace is possible through a private-public concerted plan, Mahmud suggested.

"The government and other development organisations should provide soft loan, food grains and advance payment for works in a short term and should develop infrastructures, including market, transport and road, in a long term to mitigate the effects of 'monga'," he added.

On eradication of 'monga', MG Niogi of Rangpur Dinajpur Rural Services (RDRS), a non-

governmental organisation (NGO), said, "Evolving new high-yielding variety of crops can show a way to overcome the October-November 'monga'."

He, however, expressed his happiness that the March-April 'monga' was averted due to a number of pragmatic steps taken during that period.

The NGO official also suggested that the government should distribute khash lands among the most-affected group to eliminate 'monga'.

"Presently, there are 90,628 acres of khash land in greater Rangpur area, while the number of monga-hit workers is 0.6 million. So, a big number of the affected people can be brought out of such a menace through distribution of the lands among them," Niogi added.

PPRC Executive Director Hossain Zillur Rahman said, "If concerted action plans are taken, it is possible to get rid of 'monga' within the next 5-6 years. But for that, the development organisations will have to work together."

## Dollar hits new low against euro

### AFP, London

The dollar fell to a fresh record low against the European single currency on Monday before pulling back slightly ahead of key US data this week.

The euro rose to an all-time high of 1.4283 dollars in Asian trading.

Later in European deals, the euro stood at 1.4239 dollars, compared with 1.4266 dollars in New York late on Friday.

With the euro extending its recent record-breaking streak, traders will pay careful attention to remarks from top world finance chiefs at a Group of Seven meeting later this month to see if they try to talk up the dollar.

The Australian dollar meanwhile pushed through the 89.00 US cent level Monday for the first time in 18 years, fuelling speculation it will reach parity with the greenback for the first time since it was floated.

"Investors will stay bearish to the dollar in the short term if US data continues to disappoint," said Geoffrey Wu, a currency strategist at UBS.

Focus this week is likely to be on Friday's US jobs report to see if last month's surprise fall in jobs is repeated.

Traders were looking ahead to the US non-farm payrolls data for fresh leads on the impact of credit market and housing woes on the economy.

## Japan's business confidence weathers financial storm

### AFP, Tokyo

Japan's top executives remain upbeat despite recent financial market turmoil, with business confidence holding steady close to a two-year high, a central bank survey showed Monday.

Companies also upgraded their plans for spending on new factories and equipment slightly, helping to keep the overall economic recovery on track.

But while major manufacturers remained more optimistic than expected, non-manufacturers and smaller companies turned more cautious, according to the Bank of Japan's (BoJ) closely watched Tankan survey of over 10,000 firms.

Business confidence among large manufacturers was stable at 23, close to last December's two-year high of 25, indicating sentiment remains generally upbeat. But the manufacturers forecast a drop to 19 by December.

"Manufacturing industries offered glimpses of recovery, and the overall corporate sector is tracking nicely with the soft landing scenario envisioned by the BoJ," noted Morgan Stanley economist Takehiro Sato.

## Aarong extends new floor of Wari outlet

With a touch of fresh look, Aarong, a leading fashion house, extended a new floor of its Wari outlet on Thursday, says a press release.

MA (Rumee) Ali, managing director of BRAC Enterprises, inaugurated the new floor. Tareque Aziz, GM (retail and infrastructure) and Khaleda Roufina Nahar, manager of Wari Outlet, were also present.

The new floor displays a huge range of collection in men's wear such as kurta, shirt and dhoti, children's apparels, and household accessories.

Wari Aarong outlet is located on Rankin Street, Dhaka.

## Emirates' latest UK destination now more attractive

Emirates' latest UK destination has just become even more attractive after the airline launched an enticing offer for complimentary hotel accommodation for its passengers travelling to Newcastle, says a press release.

From October 1st, Business and Economy passengers will be entitled to one night's free accommodation when they arrive in Newcastle, where Emirates has been flying to daily from Dubai since September 1.

The offer is particularly attractive as it applies to both Business and Economy passengers, and is valid on journeys until 20th December 2007. It covers single or double room occupancy.

# UK-Bangla firm to start lingerie manufacture

## Move towards high value products

### STAR BUSINESS REPORT

A UK-Bangladesh joint venture is to begin manufacturing lingerie for the British market, marking an important step in Bangladesh's attempts to gain a foothold in high value garment production.

SQ Group, a local apparel manufacturer, and Quantum Clothing Group Limited, a garment manufacturer based in the United Kingdom, have recently formed the joint venture based at Valuka, Mymensingh.

The new Bangladesh based entity, SQ Quantum Clothing Limited, capitalising US\$15 million of partner investments over the next two years, will initially manufacture high-end garment products exclusively for Marks & Spencer (M&S), the UK's largest lingerie retailer.

Bangladesh has made a name for itself as an exporter of simple readymade garments, however

lingerie requires more skilled labour and higher quality finishing. Due to this, manufactures have traditionally been able to charge more.

Although a few foreign owned companies have attempted to produce lingerie in the Export Processing Zones, this is the first time a Bangladeshi company has entered the market on a large scale, according to Shah Nawaz Md. Sabbir, a senior manager at SQ.

He said lingerie is a highly designed and fashionable product and skilled workers are needed to manufacture it. "As there is a lack of such skilled workers, an expert team of Quantum will be here in Bangladesh to train up our workers for lingerie production," he said.

The new project is expected to be operational by February 2008 with an initial production capacity of 15 million pieces undergarment. The joint venture also plans to produce 2 million shirts per annum.

A joint venture agreement was signed between the two companies in Dhaka recently by M Ghulam Faruq, chairman of SQ Group, and Mike Shotton, chairman of Quantum Clothing Limited.

Under the terms of agreement, Quantum will bring in technical expertise and modern shop floor management systems, while SQ will provide the infrastructure in its Supply Chain City situated at Valuka, Mymensingh. The joint venture project will generate some 2,000 employments.

The venture marks Quantum's first strategic partnership in Bangladesh. Quantum is an international company with factories and resources all over the world including Sri Lanka, Vietnam, Morocco and Indonesia.

SQ has been in the sweater manufacturing business for over a decade and describes itself as one of the "market leaders and trendsetters in this industry."

# Trust Bank shares rocket on first day of trade

## DSE benchmark index at all time high

### STAR BUSINESS REPORT

Shares in Trust Bank rocketed by more than 700 percent on their debut on the Dhaka Stock Exchange (DSE) yesterday, pushing the benchmark index to a new all time high as investors who missed out on the recent IPO scrambled to get hold of the banking stock.

Trust Bank floated a total of 4,666,700 shares through initial public offering (IPO) to raise a total of Tk 70 crore including a premium of Tk 23.34 crore. The face value of a share was Tk 150 each, including a premium of Tk 50.

However the shares opened yesterday at Tk 698, and rose as high as Tk 859.50 before closing at Tk 849.25. On the Chittagong Stock Exchange (CSE), Trust Bank shares opened at Tk 701, closing at Tk 850 after hitting a high of Tk 865.

A total of 1,013,800 Trust Bank shares worth Tk 82.45 crore were traded on the DSE, while 210,350 shares worth Tk 17.1 crore were

traded on the CSE.

Traders said the interest in the share reflected the large demand for the IPO which had led to it being 11 times oversubscribed. Banks, which make up more than 50 percent of the DSE's capitalisation, are also regarded as attractive investments.

Trading was so intense that the share broke the record set in January by Brac Bank in terms of the value of shares traded on a single day.

The huge levels of trading in Trust Bank also pushed the benchmark index of the Dhaka bourse to close at an all time high at 2627.02 points.

The DSE General Index shot up by 78.83 points, or 3.09 percent, crossing the 2600 mark for the second time. On September 10, the index closed at 2600.63 points.

The general index was introduced on November 27, 2001 with a base of 817.62 points. The index, which excludes companies of 'Z' category, is calculated on the basis of price movement of individual

stocks under 'A', 'B', 'G' and 'N' categories.

DSE officials said the trading of the huge number of Trust Bank shares also pushed the turnover to cross Tk 200 crore after 14 trading days.

Behind Trust Bank, the turnover leaders were AB Bank, Heidelberg Cement, Square Pharma and Phoenix Finance and Investment.

On the DSE yesterday, a total of 15,475,744 shares worth Tk 233.97 crore changed hands. Of the issues traded, 120 advanced and 57 declined with 12 unchanged.

The price indexes on the CSE closed higher. The CSE Selective Categories Index rose by 36.7423 points, or 0.86 percent, finishing at 4278.8 points, while the CSE All Share Price Index increased by 52.71 points, 0.8 percent, ending at 6572.3 points.

A total of 1,594,903 shares worth Tk 29.34 crore changed hands on the CSE. Of the issues traded, 58 advanced and 30 declined with eight unchanged.



MA (Rumee) Ali, managing director of BRAC Enterprises, inaugurates a new floor of Aarong's Wari outlet on Thursday.

# New IMF chief attacks nomination process

### AFP, Paris

New IMF chief Dominique Strauss-Kahn attacked Monday the system for deciding the top jobs at the International Monetary Fund and World Bank.

Under a longstanding agreement, the United States names the head of the World Bank and Europe places its candidate at the top of the IMF - a carve-up that has irked other members of the multilateral institutions.

"The tacit agreement between the Americans, who reserve themselves the management of the World Bank, and the Europeans, who place one of their own at the head of the IMF, has no reason to exist anymore," he told French newspaper Le Monde.

"A candidate from any one of the 185 members states must be able to direct the Fund if he has the competency," Strauss-Kahn, known in France

by his initials DSK, was Monday to outline his plans to reform the IMF at a press conference here at 1400 GMT after meeting French President Nicolas Sarkozy earlier in the day.

Although he criticised the jobs carve-up between the EU and US, he is seen as having benefited from the system and he was the subject of attacks from some commentators.

Sarkozy hailed his nomination on Friday as "a great victory for French diplomacy."

The IMF, created in 1944, is seeking to redefine its role in a globalising world reshaped by the rising economic clout of developing countries like China, India and Brazil.

Strauss-Kahn, 58, has pledged to implement immediate reforms of the institution, which bails out countries in crisis but faces its own crisis of relevancy and legitimacy in a world flush with cash and

access to capital.

The new managing director, a former Socialist French finance minister, is in favour of overhauling voting practices in the institution to increase the influence of emerging countries.

He has proposed that a handful of crucial decisions be taken with double majority voting to ensure they command unquestionable support from all members.

Under the current system, decisions are approved with a simple majority of votes, but this favours rich countries because of a quota system that awards votes based on the amount of money contributed to the IMF.

Double majority voting would mean one round of voting using the quota system and one in which every country was equal and cast only one vote.

Strauss-Kahn also favours diversifying the IMF workforce to include more personnel from Africa, Latin America and Asia.