

Economy performing reasonably well: Aziz

STAR BUSINESS REPORT

Bangladesh economy is performing reasonably well compared to its neighbouring economies, despite facing several internal and external challenges over the last few months, observed the finance adviser, at the monthly luncheon meeting of Foreign Investors' Chamber of Commerce and Industry (FICCI) in Dhaka.

The domestic challenges arose from the two devastating floods, followed by a cyclone, and coupled with the global shoot up in prices of fuel, food and fertiliser, said Mirza Azizul Islam.

However he added, "Despite the challenge, the recent macro economy has been doing reasonably well, compared to the neighboring economies."

"I highly appreciate those who produce food and retain the supply and especially those

who helped bring about the bumper 'Boro' production," he said at the luncheon meeting in a local hotel in Dhaka yesterday.

Wali Bhuiyan, president of FICCI stressed the need for proper implementation of the budget. He also said the high bank rate translates into high costs of doing business in Bangladesh.

Countries like China or India, that have emerged as giants in the global economy, will be experiencing more than 1 percent slow down in the economic growth in the current year.

"So if you compare Bangladesh's performance with the neighboring economies, you will see that our performance is certainly not dismal. It is satisfactory," Aziz said.

Regarding inflation, one of the major indicators of macro economic health, the adviser

said inflation has become a global phenomenon.

Bangladesh's current rate of inflation is over 10 percent. In India it was reported that on June 28, the Indian inflation reached 11.9 percent, which was 11.6 percent a couple of weeks ago.

Not only in India, for some other countries facing food surplus, like Vietnam and Pakistan, their inflation rate is 25 percent and around 9 percent respectively, he said.

"This is definitely a dark cloud for us although we are accustomed to see dark cloud in our country," Aziz added.

Referring to the social safety net programmes in the current budget for the poor people, he said, "I am fully conscious that inflation hurts the poor group."

The current year budget has taken massive safety net programmes. The intention is to generate purchasing capac-

ity and at the same time attempt to contain the inflation, he said.

Aziz said that he has heard that Bangladesh's budget is claimed to be 'ambitious'. In economics related terms, he said Bangladesh budget of 2008-09 projects government expenditure of GDP ratio at about 16 percent, which is quite low by international standards. From that point of view, the national budget cannot be termed as ambitious, he claimed.

He however said there is not doubt that Bangladesh needs better governance. "But I do not agree with those who say that Bangladesh needs a smaller government. For better infrastructure and for better services you should have a bigger government."

"As a whole, I am optimistic about the economy and so we should look forward," the adviser said.

Horlicks re-launched

STAR BUSINESS DESK

Horlicks, a nourishing malted food drink, was re-launched in Dhaka yesterday with new formulation.

Mahbub Jamil, special assistant to the chief adviser, was present as chief guest at the re-launching ceremony of Horlicks, while Dr Meharban Singh, former professor and head of department of Pediatrics & Neonatology Division in All India Institute of Medical Sciences, was present as special guest, said a press release.

The release said the new formulation of Horlicks is proven to make children 'Taller, Stronger and Smarter'.

Debashis Mukherjee, country manager SmithKline Beecham Bangladesh, Arup Ray, general manager of Eastern India, GlaxoSmithKline (GSK), Ashesh Bose, head of Medical Detailing of GSK, and Mutual Group chairman Azimuddin, Director Ittekar Azim and Deputy General Manager Akhtaruzzaman were also present at the function.

Citi appoints new GTS head in Bangladesh



Citibank, NA Bangladesh has recently appointed Parvez Murshed to head its Global Transaction Services (GTS) business in Bangladesh, says a press release.

As head of GTS, Murshed will be responsible for managing the bank's transaction services business for corporate and institutional clients.

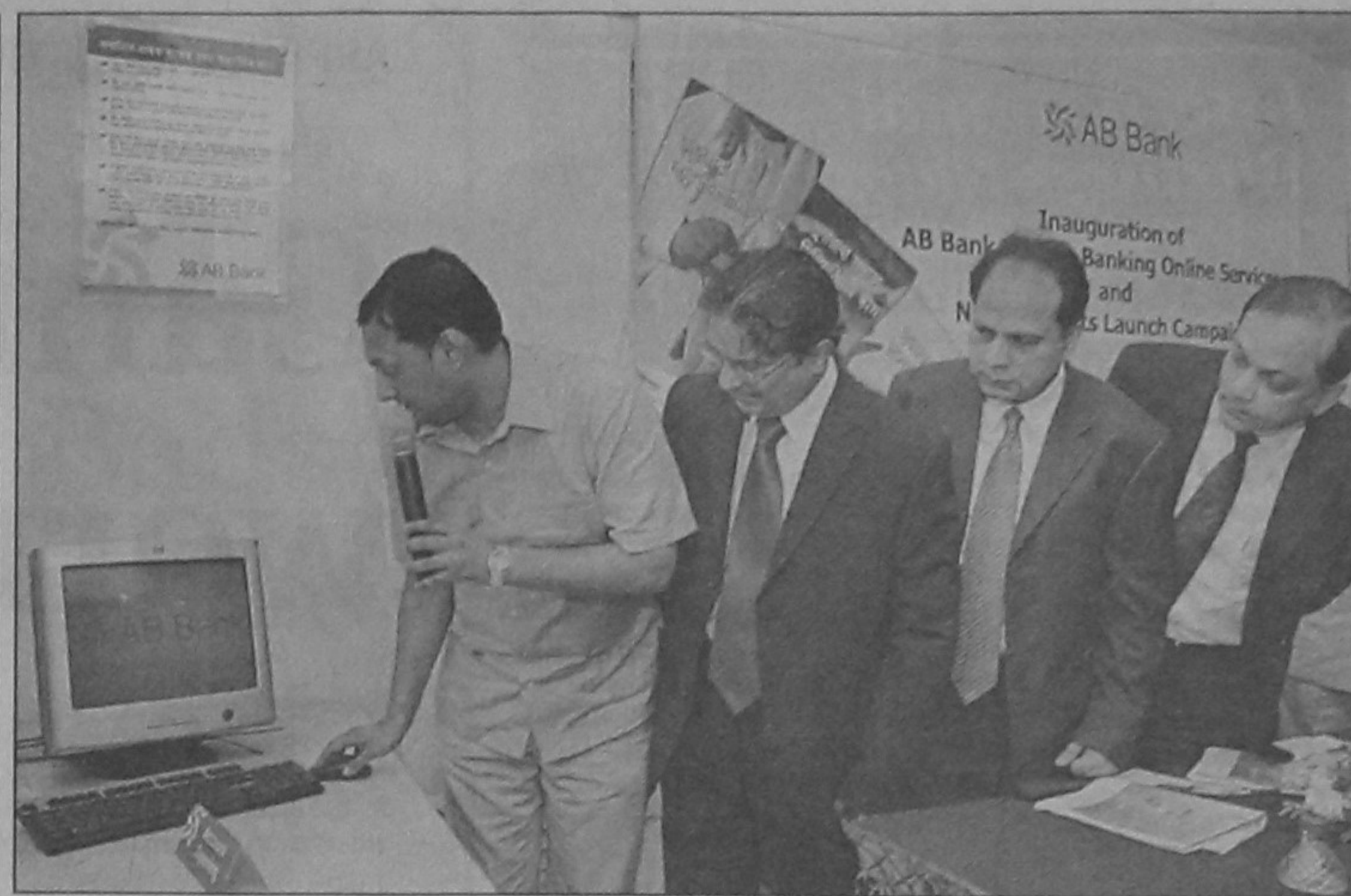
Murshed, a seasoned Citi resource, joined Citi in July 1999, as management associate and has served the bank in multiple roles including cash and trade operations, cash products and GTS sales.

Iran discovers billion barrel oil field

AFP, Tehran

Iran on Sunday said it has discovered a new oil field in the hydrocarbon-rich province of Khuzestan with more than one billion barrels of crude in place.

Oil Minister Gholam Hossein Nozari said the oil field held 1.1 billion barrels of sweet crude oil, of which 233 million was recoverable, the oil ministry's Shana news agency reported.



AB Bank Islamic banking branch went online yesterday. Sajedur Seraj, vice chairman of AB Bank, inaugurates the services as Kaiser A. Chowdhury, president and managing director of the bank, among others, looks on.

ADB urges govt to formulate food policy

STAR BUSINESS REPORT

The government needs to formulate a national food policy to ensure food security, said outgoing country director of the Asian Development Bank (ADB).

"The government needs to formulate a national food policy with aims to increase agricultural productivity, to ensure food security," said Hua Du, country director of ADB.

She was addressing a roundtable meeting on 'Peoples' Expectation and South Asian Union' jointly organised by the Media Foundation for Trade and Development and Equity and Justice Working Group, at the National Press Club.

She said that Bangladesh is now facing a temporary food crisis due to the two floods and cyclones, subsequently, the cyclone Sidr last year.

Expressing hope that Bangladesh will overcome the crisis, she said the country's agricultural productivity has increased by 34 percent in the last year.

She said Bangladesh contributes less than 0.1 percent to global climate change and is one of the countries worst affected by global warming. So, the country needs to be compensated by the developed countries.

She suggested Bangladesh could mitigate the affects of climate change by adapting an infrastructure for fighting natural calamities, such as flood, cyclone and earthquake. Kholiquzzaman Ahmad, president of Bangladesh Economic Association (BAE), said every year, floods and cyclones directly affects climate change, causing huge loss in human life and agriculture in the country.

"Natural disasters produce major problems, such as food shortages and price hike of essential commodities, which increases social discrimination among the people in the country," he said.

He said that several tariffs and non-tariff barrier should be removed from the South Asian countries to ensure food security.

The roundtable widely discussed the consequences of climate change and its effects on the food security of the South Asian countries, especially Bangladesh and suggested forming a South Asian Union.

QAMA Rahim, former SAARC secretary general and Professor Moniruzzaman Mia, former vice chancellor, were present at the roundtable, among others.

Air India Express to launch Dhaka-Kolkata flights on July 20

STAR BUSINESS DESK

Indian government owned Air India's economy carrier Air India Express will launch six flights a week from Dhaka to Kolkata with effect from 20th July 2008, according to a release.

This was announced by SR Premkumar, country manager, Air India Express, Bangladesh, at a press conference yesterday at Dhaka Sheraton Hotel.

"Besides lower fares, an important feature of Air India Express is the internet based reservations system. Interested

persons may visit www.airindiaexpress.in for reservation and information," said Premkumar while addressing the press.

The flights will arrive in Dhaka at 04-15 hrs (local time) and depart for Kolkata at 05-50 hrs (LT), reaching Kolkata 06-00 hrs (LT).

The flights will offer convenient connections to Bangkok and Singapore. Flights to Bangkok will operate three times a week on Tuesdays, Thursdays and Sundays. Passengers will arrive in Bangkok at 11.00 hrs (LT).

The flights will also offer convenient connections to Singapore, operate three times weekly on Mondays, Wednesdays and Fridays, arriving at Singapore at 13.30 hrs (LT).

Additionally there will also be one direct flight weekly to Mumbai, on Fridays, departing at 19.30 hrs and arriving at 21.50 hrs (LT).

Dhaka is the 14th international destination of Air India Express, which like all other destinations will be served with state-of-the-art Boeing 737-800 aircraft.

Farming activities seem rewarding to rural population: Brac study

STAR BUSINESS REPORT

A section of farmers, who rent out their lands a few years back and switched to non-farming activities, are switching back to non-farming activities, following the surge in profits in the sector in recent years, a Brac study on rural economy says.

"Though market profitability of agriculture produces remains the key reason, the current bad shape of rural infrastructure, especially frequent power disruption, is another key factor for this change," Dr Mahabub Hossain, Brac Executive Director (ED), said yesterday.

The survey stressed the need for providing agricultural credit to small farm owners so that they can continue farming.

The Brac ED was presenting the survey findings on the trends of landownership and livelihood at a seminar titled

'Two decades of Rural Development: Changes and Challenges' at Brac Center in Dhaka. The survey was conducted in 1987-88, 1999-2000 and again in 2008, among households in 62 union parishads (UP) across the country.

While presenting the findings, Dr Mahabub said only 12 percent of the rural households rented out land in 1998, which shot up to 29 percent by 2004. "But since then, market profitability has led more and more households to switch back to cultivating their own land," he said.

Similarly, the share of owners-farms declined from 37 percent in 1988 to about 26 percent in 2004, the survey said, adding that the land owned by them also decreased from 68 percent to 52 percent. But within a few years, the share of this group went up from 29 percent to command about 60

percent of land, said Mahabub.

Talking to The Daily Star, he said, "We're already noting that non-farm occupations are at a disadvantage because of the frequency in power failure and silt in development work. The government is concentrating more on supplying power to the urban areas."

Now the households, which were involved in trading a few years ago, reduced in numbers. "The situation will remain unchanged if prices of agricultural products remains high or goes up," Dr Mahabub noted.

While agriculture provided employment to 68 percent of the rural employment in 1988, it went down to 52 percent by 2000. However, due to a rise in the prices of agricultural produce, the employment share in this sector again increased to 55 percent in 2008, he pointed out.

Since most households are small and they have marginal

farms, they need credit support to continue farming, Dr Mahabub said, showing that the increase in the prices of fertiliser, diesel and other things needed for cultivation, contributed to the need for support.

Besides, a large proportion of the households will not have any surplus from farming due to the small farming land space and the high costs of farming, he noted.

"This trend has blossomed because they found engagements in rural non-farm activities much more remunerative than farming, at least until the recent rise in agriculture prices," said the Brac ED.

Prof Abdul Bayes conducted the analysis of the data and Dr Mahabub was also present at yesterday's seminar, which was part of a series of seminars where they will present their findings of the survey.

Post Office launches money transfer service of Western Union

STAR BUSINESS REPORT

The Bangladesh Post Office (BPO) yesterday formally launched the money transfer service of Western Union (WU), a USA based money transferring company, by using its infrastructure and manpower.

Initially BPO will provide the service through 450 out of about 10,000 post offices of the state owned organisation across the country, however, more post offices will be brought under these services in the future, the launching ceremony was told.

Under the services provided, the selected post office will distribute remittances of the WU, that is, the money the expatriates send from different parts of the world through WU.

At the inaugural function, Special Assistant to the Chief Adviser for Post and Telecommunications Ministry Brigadier General MA Malek (ret'd) urged the BPO officials to work sincerely so that the new service becomes a success.

He also urged the officials of BPO to provide services that were harassment-free and corruption-free.

"The duty of you (BPO officials) is to serve the citizens of the country, and it bears no justification to employ you if the people do not get proper services," he said.

He felt that the Bangladesh post offices are the most neglected among the other south

Asian countries.

"People remit money through different sources since they can not transfer money quickly and safely through the legal channels," said Mobassher ur Rahman, BPO director general.

The credibility and long time service experience of BPO will make the venture a success, he expected.

In the outgoing fiscal year, Bangladesh received \$ 790 crore through formal channels, which was around \$200 crore more than the previous fiscal year, Bangladesh Bank Governor Dr Salehuddin Ahmed said.

"It is an excellent initiative taken by the BPO," he said urging the WU and BPO to transfer money at the lowest possible cost and in the shortest period of time.

He also stressed on the need to make citizens conscience in regards to how they spend the remitted money. They may be efficiently used to create sustainable income generating sources, in the greater interest of all.

The American company, with its presence in more than 200 countries, provides service in Bangladesh through 2,200 locations.

The new venture will establish the presence of WU in different rural and remote parts of the country.

Civil Aviation Authority of Bangladesh			
Office of the Chief Engineer			
Headquarter, Kurmitola, Dhaka-1229			
Tender Notice			
Sealed tenders are hereby invited for the following work as per the terms and conditions stated below.			
S. No.	Name of work	Estimated money	Extra eligibility of contractor
a)	Concrete overlay on Taxiway at ZIA (S.H. Re-construction of damaged slab of south taxiway ch. 1+00 to 3+00) at ZIA, Kurmitola, Dhaka	1,40,000/-	Who have successfully completed rigid pavement work amounting to Tk. 25.00 (twenty five) lac in a single work order within last 5 years.
b)	Concrete overlay on Taxiway at ZIA (S.H. Re-construction of damaged slab at central taxiway ch. 17+00 to 18+25) at ZIA, Kurmitola, Dhaka	1,50,000/-	Who have successfully completed rigid pavement work amounting to Tk. 25.00 (twenty five) lac in a single work order within last 5 years.
c)	Concrete overlay on Taxiway at ZIA (S.H. Re-construction of damaged slab of north taxiway ch. 51+27 to 53+00 ch. 55+25 to 58+00 and ch. 59+25 to 59+50) at ZIA, Kurmitola, Dhaka	1,80,000/-	Who have successfully completed rigid pavement work amounting to Tk. 30.00 (thirty) lac in a single work order within last 5 years.
d)	Concrete overlay on Taxiway at ZIA (S.H. Re-construction of damaged slab of north taxiway ch. 0+00 to 2+25 and ch. 4+75 to 6+25) at ZIA, Kurmitola, Dhaka	2,90,000/-	Who have successfully completed rigid pavement work amounting to Tk. 50,000 (fifty) lac in a single work order within last 5 years.
e)	Concrete overlay on Taxiway at ZIA (S.H. Re-construction of damaged slab of north taxiway ch. 8+25 to 9+25 ch. 12+00 to 13+00, ch. 30+25 to 31+00, ch. 35+00 to 36+00 and ch. 44+00 to 44+50) at ZIA, Kurmitola, Dhaka	2,15,000/-	Who have successfully completed rigid pavement work amounting to Tk. 35.00 (thirty-five) lac in a single work order within last 5 years.
f)	Re-construction of Passenger Apron at ZIA (S.H. Re-construction of damaged slab at Passenger Apron Bay No. 7	2,75,000/-	Who have successfully completed rigid pavement work amounting to Tk. 50,000 (fifty) lac in a single work order within last 5 years.
2.	Source of fund	CAAB (self)	
3.	Time for completion of work	60 (sixty) days.	
4.	Eligibility of tenderers	A) Special and above class (civil) contractor of CAAB/govt./semi-govt./autonomous organization for Package No. 213, 214, 215, 216, 220 and A class and above for only Package No. 212.	
5.	Price of tender documents	Tk. 1,000/00 (one thousand) only (non-refundable)	
6.	Name of address of the officers selling the tender document	a) PA to Member (Ops. & Plan), CAAB HQ, Dhaka. b) PA to Chief Engineer, CAAB HQ, Dhaka. c) PA to Superintending Engineer, Civil Circle, Dhaka. d) Executive Engineer, Civil Division-I, Dhaka. e) Cash Section, CAAB HQ, Kurmitola, Dhaka.	
7.	Name and address of the receiving tenders	Office of the Chief Engineer, CAAB Headquarter, Kurmitola, Dhaka.	
8.	Name and address of the office opening tenders	Office of the Chief Engineer, CAAB Headquarter, Kurmitola, Dhaka.	
9.	Last date and time for selling tender document	05-08-2008 up to 12:00 hours	
10.	Last date and time for submission of tenders	07-08-2008 up to 12:00 hours	
11.	Date and time for tender opening	07-08-2008 at 12:30 hours (in presence of tenderers or their authorized representative if any)	
12.	Special conditions	a) If communication is disrupted on the date of receiving and opening the tender, tenders will be received on the next working day. b) Other terms and conditions will remain unchanged. c) The authority reserves the right to accept or reject any or all the tenders without assigning any reason whatsoever.	
CAAB/PR-88/2008/521 Date: 8-7-2008 GD-3205		Harunur Rashid Bhuiyan Chief Engineer (CC) Civil Aviation Authority of Bangladesh	

IndyMac bank seized by US amid mortgage crisis

AFP, Los Angeles

Federally-seized IndyMac Bank was due to reopen Monday after suffering one of the biggest bank closures in US history, as the troubled US mortgage industry struggles to stem further meltdown.

The regulatory Office of Thrift Supervision (OTS) announced Friday it had placed the California-based bank, worth an estimated 32 billion dollars, under the control of the Federal Deposit Insurance Corporation (FDIC).

The mortgage lender, which will reopen as IndyMac Federal Bank, marked the largest bank failure in a year of mortgage and foreclosure crisis highlighted by a surge in defaults and a plunge in housing prices which are rippling through the US economy.

The FDIC stressed Saturday that it was seeking to return the bank to private operation

within a few months.

"When we reopen Monday, we will begin the process of marketing this bank to try to get it back into the private sector. We expect that to take about 90 days," FDIC spokesman David Barr said on CNN television.

Barr said the FDIC had already fielded more than 9,000 calls from panicky customers wondering if their money was safe.

FDIC guarantees 100 percent of personal investments up to 100,000 dollars.

The bank was the fifth FDIC-insured failure of the year, and is expected to cost the FDIC between four and eight billion dollars, wiping out as much as 10 percent of its 53-billion-dollar Deposit Insurance Fund.

"The institution failed today due to a liquidity crisis," OTS director John Reich said Friday.

The decision had been anticipated after IndyMac's share price collapsed. The bank's stock, which traded at more than 28 dollars per share one year ago, closed Friday at just 28 cents per share.

The company announced in the past week it had halted lending and was planning to shed 3,800 jobs, more than half of its work force.

At its peak in 2006, the company, which had been reeling under the foreclosure crisis, employed 10,000 people. The latest layoffs would have reduced the work force to around 3,400.

IndyMac's woes came as US mortgage finance giants Fannie Mae and Freddie Mac were being pushed to the brink as a meltdown in their share prices in the past week raised fears of a government bailout.