

Stocks

DGEN ▼ 1.08% 2,853.83

CSCX ▼ 0.97% 5,613.42

Asian Markets

MUMBAI ▲ 0.52%
14,349.11

TOKYO ▲ 0.14%
13,353.78

SINGAPORE ▼ 0.43%
2,910.36

SHANGHAI ▲ 1.32%
2,903.01

Currencies

Buy TK. Sell TK.

USD 68.05 69.05

EUR 105.39 110.00

GBP 133.76 139.07

JPY 0.63 0.66

SOURCE: STANDARD CHARTERED

Commodities

Gold ▲
\$930.15
(per ounce)

Oil ▲
\$124.76
(per barrel)

SOURCE: AFP

(Midday London Trade)

More News

Banks not providing loans at 10pc interest

Women entrepreneurs in general are not getting loans at 10 percent interest rate, although the commercial banks are supposed to provide them with loan at 10 percent interest. The banks are also unwilling to provide women entrepreneurs with large-scale loans, the women entrepreneurs said.

Licences of two private ICDs cancelled

Chittagong Customs authorities yesterday temporarily cancelled licences of two more private ICDs (inland container depots) for failure to run business as per rules. Licences of Chittagong Container Transportation Company Limited Unit 2 and Iqbal Enterprise -- the private ICDs -- have been cancelled for violation of conditions set for them, according to Chittagong Customs.

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International

After boom years, inflation bites Vietnam



Hit with Asia's highest inflation rate and a surprise 30 percent hike in petrol prices last week, some Vietnamese are rediscovering bicycles and the frugal lifestyle of bygone years. Galloping consumer prices have rocked many countries, but few have been hit harder than Vietnam.

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Contact Us

If you have views on Star Business or news about business in Bangladesh, please email us at business@thedailystar.net

Private banks' credit grows 35pc in one year

Deposit growth only 23pc

SAJADUR RAHMAN

Private commercial banks (PCBs) witnessed an amazing 35 percent credit growth between June 2007 and June 2008.

Meantime, the deposit with PCBs grew 23 percent, showing a clear mismatch of 12 percentage points between credit and deposit growth, which the bankers termed 'not a good sign'.

A Bangladesh Bank (BB) report on scheduled banks' credit, deposit and liquidity position said an increased credit to retail consumers was the driving force of the growth.

It showed the bank credit reached Tk 190,840.47 crore up to June 26 2008, a 20 percent up from Tk 159,679.96 crore on June 28 2007.

Of the total credit, PCBs alone account for Tk 114,177.67 crore, state-owned banks Tk 48,135.82 crore, foreign commercial banks Tk 14,827.98 crore and specialised banks Tk 13,699 crore.

During the period, the overall growth of the banking sector was 20 percent.

Analysing the sectoral credit allocations, the BB report said credit for flat purchase increased to incredible 233 percent in March 2008 compared to such a growth in March 2007.

The rise in bank credit to transport and communication sector was 53 percent, followed by credit card 36 percent, industry 27 percent, working capital 25 percent and business 19 percent.

BRAC Bank Chairman Muhammad A Rume Ali sees the 35 percent growth in credit 'very high'.

"Credit growth is faster than deposit. There is a clear mismatch and banks have to use their capital to make up for this gap," he pointed out.

BRAC Bank's credit growth was 93 percent, highest among all banks. Its deposit growth was 80 percent, also the highest.

"If bank loans goes to the manufacturing sector, it is fine, but if it goes to consumers to facilitate purchases it may fuel the already high inflationary pressures," Rume Ali observed.

He said 233 percent credit growth for flat purchase appears to be unbelievable. In this context he pointed to the increased purchases of apartments, although construction costs went significantly high. The people intending to buy flats or apartment were greatly benefited by the new housing loans offered by some banks, and also by the central bank's housing refinance scheme, Ali pointed out.

Shahjahan Bhuiyan, managing director of United Commercial Bank Ltd, echoed Rume Ali's view on the mismatch between credit and deposit growth.

But Bhuiyan attributed the growth to the price hike of imported commodities. Higher commodity price is shrinking

the savings of the people, he added.

"People feel safe to invest their money in the housing sector rather than investing it to other sectors," said Bhuiyan, the immediate past managing director of Prime Bank, commenting on the huge credit for flat purchase.

The PCBs are running short of surplus money this year on the hike in the prices of imported commodities, he also pointed out.

When bankers say that they have been running short of cash for lending for the last three months, the International Monetary Fund earlier this month suggested a tight monetary policy to contain credit growth and the soaring inflationary pressure.

However, Bangladesh Bank preferred an expansionary policy for promoting the private sector-led economic growth.

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Top 5 PCBs in terms of credit growth in percentage

	Total Credit (Figure in taka crore)		
	26-06-2008	28-06-2007	Growth rate (%)
BRAC Bank	4,505	2,335	93
Standard Bank	2,189	1,334	64
Shahjalal Bank	2,578	1,630	58
Trust Bank	2,259	1,453	56
UCBL	4,095	2,784	47

Top 5 PCBs in terms of absolute credit figure

	Total Credit (Figure in taka crore)		
	26-06-2008	28-06-2007	Growth rate (%)
Islami Bank	18,626	13,664	36
Prime Bank	6,803	4,798	42
Pubali Bank	5,282	4,773	24
Southeast Bank	4,937	4,086	21
AB Bank	4,886	3,431	42

Emerging nations demand compromises on WTO deal



AFP

World Trade Organisation (WTO) Director General Pascal Lamy enters the WTO headquarters for a trade talks session yesterday. WTO negotiations over a long-sought global trade pact head into a second week.

AFP, Geneva

Emerging economies dug in their heels at WTO talks on Monday, insisting on their proposals as ministers slogged into a second week of efforts to break deadlock on a global trade pact.

In the light of talks late into another night on Sunday, progress seemingly made at the end of last week appeared to be snagged on new setbacks.

Ministers from developing nations said a draft on the table remained unbalanced, and that compromises had to be found.

Indonesian Trade Minister Mari Elka Pangestu said: "We'll see what happens today. A number of major developing countries and groupings still have major reservations on

parts of the text."

Pangestu, who leads the G33 group of developing countries said that parts of the draft did not reflect "a development round yet".

He said: "We still feel there's an imbalance, ... there has to be a level of compromise."

Delegates leaving a late night meeting on Sunday said much remained unresolved. The United States also began pointing its finger at emerging economies for hampering progress.

US Trade Representative Susan Schwab said after the talks that there was a path "for a successful outcome on Friday night", and that while it was not perfect, it was delicately balanced, with a strong endorsement.

"Unfortunately a few emerging markets have

decided that somehow they want to re-balance it in favour of one or another issue," she said.

"That was a very delicate balance that was struck. You pull one thread, it threatens to unravel."

As if to prove her point, key African and Caribbean banana producers threatened on Sunday to torpedo any deal if the European Union and Latin American states went ahead with a plan to cut EU banana import tariffs.

"We will block the (WTO) negotiations if our latest counter-proposal is not accepted," Cameroon's Trade Minister Luc Magloire Mbarga Atangana, spokesman for the African, Caribbean and Pacific (ACP) trade grouping, told AFP.

His comment referred to the ACP's bid to amend an agreement by the European Union to lower banana import tariffs for certain Latin American states, which ACP countries fear will harm the competitiveness of their banana industries.

When asked early on Monday if the Doha Round could fall down on the banana issue, Ivory Coast Ambassador Guy-Alain Gauze said: "I hope not."

Gauze was speaking just before heading into talks with all 153 members of the WTO.

Optimism had grown after a perceived breakthrough on Friday in deadlocked talks on farming and industrial products, followed by further encouraging signs from key players after discussions on the services sector.

But as negotiators began picking through the finer details on Sunday, a split opened up among emerging nations, underlining the vast differences in their interests.

India stuck to its hard line of protecting its small-scale farmers, claiming that it had rallied 100 countries to its cause, but other developing economies said they opposed India's stance on the issue.

Commerce Minister Kamal Nath told reporters Sunday night's meeting was "constructive" but said there was still disagreement on the persistent sore points of agricultural import tariffs and sector-specific proposals for industrial goods.

Motorcycle sales drop 30pc in FY 08

MD HASAN

Motorcycle sales dropped by 30 percent in the 2007-08 fiscal year due to soaring fuel prices and erosion in consumers' buying capacity.

"The recent fuel price hike, increased bike registration costs and overall economic slowdown in the last fiscal year are the main reasons behind sales drop," said Kazi Abul Bashar, general secretary of Bangladesh Motor Cycle Dealers Association (BMCDA).

He said, "Motorcycle sales dropped by 30 percent in last two years, compared to previous years."

He also said along with automobiles the sales of motorcycles have been experiencing a slump since January 2007 when the present caretaker

government took over. "The government's anti-corruption drive has slowed the sale of the motorcycles," he added.

The latest petroleum price hike on July 1 was a fresh blow to the Tk 700 crore industry when the industry had just started showing signs of recovery, said Bashar.

Bangladesh's motorcycle market is mainly dominated by brands such as Honda, Hero Honda, Yamaha, and Bazzaz. According to the BMCDA, around 1 lakh (0.1 million) units of motorcycles are sold a year in the local market.

Sonargaon Motor's monthly sales figure was 40 in FY 2006-07 but the average monthly sales of the dealer came down to 15-20 in FY 2007-08, said an official of Sonargaon Motor's on New Eskaton Road, Dhaka's

motorcycle sales hub.

Officials of Halim Brothers, another motorcycle seller, also said they are experiencing sales drop.

Representatives of pharmaceutical companies, shrimp and agro-businessmen are the major buyers of motorcycles. Industry insiders said ahead of the national elections, sales of motorcycles grow. Political party activists use motorcycles during polls campaigns.

A high official of Atlas Bangladesh Ltd, one of the country's major market players of the two-wheeler auto industry, said mainly lower middle class and middle class people are the buyers of the bikes.

Fuel price hike has become a 'headache' for them, preventing them from buying motorcycles, he said.

He also said his company used to sell 4000 motorcycles a month but now the sales came down to around 3000.

The average price of a motorcycle ranges from Tk 60,000 to Tk 150,000 in the local market.

As per the government's latest petroleum price adjustment announcement, the price of diesel and kerosene is Tk 55 a litre from Tk 40 a litre.

The price of octane is Tk 90 a litre against Tk 67 a litre. Petrol is now Tk 87 a litre, up by 34 percent or Tk 22 from its previous price of Tk 65 a litre.

The industry insiders said motorcycle registration fee has been increased to Tk 13,000 from Tk 11,000 by the Bangladesh Roads and Transport Authority (BRTA) recently.

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A photo shows motorcycles at a showroom. Sales of motorcycles dropped almost 30 percent due to soaring fuel prices and erosion in consumers' buying capacity.

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