

Stocks

DGEN ▼ 1.81% 2,571.62

CSCX ▼ 1.35% 5,268.56

Asian Markets

MUMBAI ▼ 0.70% 14,543.73

TOKYO ▼ 2.28% 12,865.05

SINGAPORE ▼ 1.75% 2,728.39

SHANGHAI ▲ 1.06% 2,344.47

Currencies

Buy Tk Sell Tk

USD 68.00 69.00

EUR 98.41 102.91

GBP 125.09 130.27

JPY 0.62 0.65

SOURCE: STANDARD CHARTERED

Commodities

Gold ▼

\$789.85 (per ounce)

Oil ▼

\$111.80 (per barrel)

SOURCE: AFP

(Midday London Trade)

More News

Cable operators fear collapse if pay channels digitalised

As the government moves to digitalise operations of pay channels, cable operators running on analogue system fear their business will collapse. Cable operators said they have invested crores of taka in their business, but if the pay channel operation is digitalised, their analogue infrastructure will be useless.

B-3

International

Indian tea tourism helps spread Darjeeling aroma



Eighty-seven Darjeeling tea gardens sport the Geographical Indication label that certifies that a product -- like Champagne and Bordeaux in France -- comes from a certain region and enjoys distinct characteristics of the area.

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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

Govt cuts jet fuel price

STAR BUSINESS REPORT

The government has cut jet fuel prices by about 5 percent to \$1.19 a litre from \$1.25 amid falling petroleum prices on the global market, triggered by recession fears in developed economies.

Also for the airlines operating on domestic routes, fuel prices came down 5 percent to Tk 90 from Tk 95 a litre, industry people said yesterday.

Local airlines however demanded a further price cut arguing that it would not help them heal what they said were wounds from months of losses.

"The fuel price should be reduced by at least 20 percent from the present level to allow us to keep afloat," said M Haider Uzzaman, chairman of Best Aviation, one of the newcomers to private aviation.

The government slashed the prices of jet fuel last week after raising the prices three times since January as the oil price continued to soar on the global market through mid-July 2008.

But worries of economic recession in the US and other developed economies have pushed the oil prices down. Oil hit a record high of \$147 a barrel on July 11. On Monday it slipped to \$114 a barrel.

A senior official of Padma Oil Company, one of the state-run petroleum marketing companies, said the prices of jet fuel were cut due to declining inter-



A file photo shows an aircraft of GMG Airlines. The government has cut jet fuel prices by about 5 percent to \$1.19 a litre from \$1.25 amid falling petroleum prices on the global market.

national prices. But the Best Air chairman said it would still remain in trouble despite cost reduction. "We are really passing a rough time," said the chief of Best Air, which posted a \$1.7 million loss in the last four months due to high fuel prices.

To pare down losses, the airline had cut its domestic flights earlier.

Best Air, one of the five local airlines that started passenger flights with a single leased Boeing 737-200 in mid-January 2008, aimed at profiting from the aviation industry that recorded about 7.5 percent growth a year.

While United and Aviana Airways also entered during the last one year, taking the number of airlines to five,

including state-run Biman Bangladesh Airlines and private GMG Airlines.

A hike in fuel prices put all airlines across the board in trouble. Most operators passed the price burden on to passengers.

"The increase in fuel prices has cost us an additional Tk 250 crore. We expect the government to adjust fuel prices in line with the global market prices," said a senior Biman official.

Referring to hajj flights, the official said the carrier would be hurt by lingering high prices.

However Nazrul Islam, a spokesman for GMG Airlines, said the price cut would help airlines get back some passengers who chose alternative

transports for domestic travel because of pricey tickets.

"If the downturn in fuel cost continues, it will benefit both airlines and passengers," said the official of GMG, the country's biggest private carrier that had earlier cut five international flights out of six amid an aircraft shortage and higher fuel costs.

Retired Squadron Leader Syed Habibur Rahman, managing director of Aviana Airways operating only on the domestic routes, said the fuel price had still remained high, considering their operating costs and passenger volume.

"It's like a tiny drop in a vast ocean. But a Tk 5 cut in fuel prices matters, really. It has helped us save about Tk 17,000 a day."

Stock jitters linger

SEC sits with merchant bankers today

STAR BUSINESS REPORT

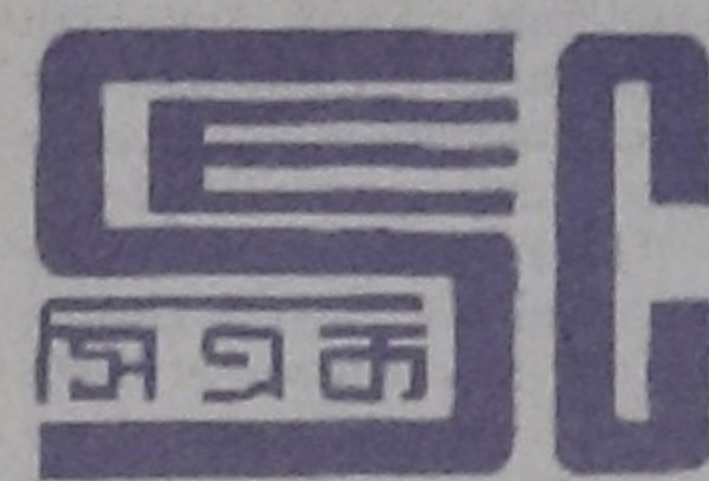
The capital market regulator sits with managing directors of seven leading merchant banks today to find ways of overcoming the ongoing bearish trend in the stock market.

In separate meetings, the Securities and Exchange Commission is set to discuss why the market has continuously remained in the red and how soon it may return from losses, officials said yesterday.

The SEC will also discuss capital market activities and margin loan facilities of the seven merchant banks, including Lanka Bangla, IDLC, AB Bank, Prime Finance.

The regulatory move came after a continuous slump in the stock market, which also ended lower yesterday.

The benchmark index of the Dhaka Stock Exchange, DSE General Index, fell 47.32 points, or 1.8 percent, to 2571.62 points. The DSE All Share Price Index dropped 39.21 points, or 1.73 percent, to



2215.47 points.

The market shed about 8 points in the first 10 minutes of morning trade, before gaining about 20 points within the next 20 to 25 minutes.

The next half-hour saw the market lose the gains as the index approached to 2608 points. The next hour was relatively stable and the market gained around 3 points.

For the rest of the session, the market continued to drop with a relatively constant rate. The day ended flat.

Most securities traded down on the Dhaka Stock Exchange. Of the 229 issues traded, only 28 advanced, 189 declined and 12 remained unchanged.

A total of 1,41,16,226 shares worth Tk 187.12 crore changed

hands on the premier bourse.

Total market capitalisation declined to Tk 91,307 crore from the previous day's Tk 92,553.93 crore.

The day's top ten turnover leaders were Titas Gas, Beximco Pharma, Beximco Limited, Keya Cosmetics, Square Pharma, Lanka Bangla Finance, ACI, Uttara Bank, BATBC and Islami Bank.

Titans Gas, the state-run gas distribution and transmission company, topped turnover leaders with Tk 18.44 crore in 5,18,500 shares.

Like the DSE, Chittagong stocks ended lower yesterday. The CSE Selective Categories Index fell 72.35 points, or 1.35 percent, to 5268.56 points, while the CSE All Share Price Index declined 104.37 points, or 1.26 percent, to 8115.39 points.

A total of 28,36,265 shares worth Tk 23.83 crore changed hands on the port city bourse. Of the 130 issues traded, only 15 advanced, 111 declined and four remained unchanged.

Bangladeshi workers in Kuwait end strike

STAR BUSINESS REPORT

Bangladeshi workers in Kuwait called off their strike after reaching a settlement with employers, said a Bangladesh Embassy official yesterday.

The settlement came after a Kuwaiti newspaper, Arab Times, yesterday reported that an estimated 6,000 workers of two cleaning companies had been on strike since Sunday.

Bangladesh Embassy Labour Counselor Shahriar Kader Siddiky told The Daily Star that they held meetings with one company yesterday and the other on Monday and resolved the issues regarding salary.

These companies said they would need some time to

implement the Kuwaiti government's decision of paying KD 40 monthly to the cleaning workers, Siddiky said, adding that the workers went back to work after the assurance of payment.

Thousands of Bangladeshi workers demonstrated in late July demanding pay hike and better working and living conditions prompting Kuwait to fix the minimum wage for foreign cleaning workers without any deductions from the salaries.

"Some companies, however, could not implement the government decision, saying they needed more time because they had to make banking arrangements," the labour counselor said.

Siddiky said many workers

however are under the impression that they might be deported, but Kuwait's labour department assured that the country will not allow any victimisation of the innocent workers.

Abdul Hameed, a cleaner participated in the strike, said his company has not been paying salaries to workers for over two months and creating pressures to make them pay the insurance and residency fees, reported the Arab Times yesterday.

Quoting an official of the Bangladesh Embassy, Arab Times said the residency permit of about 170 Bangladeshi workers of a cleaning company expired and the company refused to renew them.

10.48pc rise in default loans

REJAUL KARIM BYRON

Default loans increased by 10.48 percent, or about Tk 2,373 crore, in the six months to June due to poor loan recovery performance of some of the commercial banks during the period.

According to the Bangladesh Bank (BB) statistics, default loans till June of this year reached Tk 24,997 crore. The amount was Tk 22,624 crore at the beginning of the year.

"A sharp rise in default loans of state owned Sonali Bank and few other private commercial banks is the primary cause of the recent increase in the overall default loans," a high official of the central bank noted.

Nevertheless, the default loan recovery performances have improved remarkably, the official said.

Of the government-run banks, Sonali Bank recorded an increase of Tk 1,687 crore in default loans, while Janata Bank's default loan increased to Tk 62 crore. Agrani Bank and Pubali Bank managed to reduce their default loans during the period by Tk 186 crore and Tk 44 crore respectively.

Sonali Bank's default loans in June stood at Tk 8,546 crore, which is 44.35 percent of the bank's total outstanding loan.

Finance Adviser AB Mirza Azizul Islam expressed his dissatisfaction last week after reviewing Sonali Bank's loan recovery performance.

According to the central bank, default loans increased by Tk 832 crore and Tk 36 crore in the private and foreign com-

mercial banking sectors respectively.

Default loan as percentage of total loan is below five percent in 27 private banks. However, default loans of ICB Islamic Bank, Bangladesh Commerce Bank, and Uttara Bank amount to 69.37, 28 and 9.36 percent of their total loans.

Bangladesh Bank sources said the percentage of ICB's default loans of its total loans is very high, adding that the bank is now performing very well under its current management.

Of the Tk 1,92,037 crore outstanding loans, the volume of classified loans stood at Tk 24,997 crore or 13.02 percent on June 30 of this year, compared to Tk 22,624 crore or 13.23 percent on December 31 of last year. Classified loans in state-owned banks stood at Tk 15,289 crore or 33.13 percent of outstanding loans, which had been Tk 13,791 crore or 29.27 percent on December 31, 2007.

Default loans in private commercial banks added up to Tk 5,753 crore or 4.94 percent of outstanding loans in June 2008, which was Tk 4,921 crore or 5.01 percent in December 2007.

Classified loans in specialised banks stood at Tk 3,725 crore or 26.21 percent of outstanding loans in June '08, compared to Tk 3,716 crore or 28.58 percent in December 2007.

The size of default loans in foreign commercial banks stood at Tk 230 crore or 1.51 percent of outstanding loans in June against Tk 194 crore or 1.43 percent in December of last year.

Banks face deadline to appoint depositor directors

STAR BUSINESS REPORT

Bangladesh Bank set September 30 as the deadline for the appointment of two directors in each of the banks from their depositors, said a circular issued yesterday.

The BB circular also said the banks must fill up the vacancy in both or any of the two positions within two weeks.

According to Bangladesh Bank directive, all banks are supposed to appoint two directors from the depositors. But the directive leaves foreign banks outside its purview.

There have been a lot of talks in recent months over the central bank's directive for recruiting two directors in each bank from their depositors. Bankers have opposed the move, saying selection of two directors from lakhs of depositors may end in chaos. They also said there is no such instance in other countries.

The BB however remains firm on its decision and issued a circular yesterday, fixing the timeframe for the appointment.

Earlier, the central bank set criteria for appointing directors from the depositors.

The appointed depositor-director of any particular bank must be a depositor at the bank.

The depositor-director must be a graduate, but preference will be given to those with higher education in economics, commerce and business administration.

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