

International Business News

Tata seeks new sites for cheap car plant

AFP, New Delhi  
Tata Motors sought new sites for its cheap car plant Wednesday after protests forced it to suspend work on the project, a crisis seen as a big blow to India's effort to attract investors.

The company, which became globally known when it bought British luxury icons Jaguar and Land Rover earlier this year, hoped to have its cut-priced "Nano" model rolling off the production lines and in showrooms by October.

But analysts say the launch of the groundbreaking vehicle, conceived by Tata chief Ratan Tata to get poor Indians off motorcycles, would be delayed by months if the assembly line was moved to other Tata factories in India.

A Tata statement late Tuesday fell short of declaring the company was exiting Marxist-ruled West Bengal state in eastern India for good.

But it would be "highly optimistic to think of a (swift) return to normalcy at the Singur site," a senior Tata official told AFP.

The announcement shocked business leaders, who warned it would hurt India's image as an emerging economic superpower and viable investment destination.

Investor confidence will be "completely shattered," said Venu Srinivasan, chairman of leading Indian two-wheel seller TVS Motor Co.

IMF dismisses fears of second S Korean fiscal crisis

AFP, Seoul  
The International Monetary Fund on Wednesday dismissed fears of a second financial crisis in South Korea, saying the country's fundamentals are much stronger than in 1997.

Financial markets have been spooked by concerns of possible massive capital flight this month, when bonds worth 6.71 billion dollars held by foreigners mature.

The Korean won closed Wednesday at 1,148.5 to the dollar, down 14.5 from Tuesday and the lowest level since October 2004.

The IMF said some parallels had been drawn to 1997 given the rising external debt, a weakening currency and the current account moving into deficit.

"It is important to emphasise that these similarities are largely superficial, and the fundamentals of Korea today are much stronger than 10 years ago," said the IMF's resident representative Meral Karasulu.

She said much of the short-term foreign debt was linked to currency hedging by Korean exporters and investors abroad.



Indian commuters stand under a bus shelter decorated with the hoarding of an incense stick manufacturer on the first day of the ten-day long Ganesh festival in Mumbai yesterday. Corporates ranging from tobacco makers to cement and bottled water firms are cashing in on the festival putting up hoardings, banners and posters across the city.

Japan's clothing giant Uniqlo sets sights on Russia, India

AFP, Tokyo  
The Japanese clothing giant behind the Uniqlo brand unveiled plans Wednesday for new stores in Russia and India, aiming to triple its overseas sales over two years.

Fast Retailing Co. said it hoped to open a store in Russia as soon as possible as part of a global expansion that will also see it open the doors to the first Uniqlo outlet in Singapore in the first half of 2009.

The company is eyeing a foray into India while expanding in Vietnam and setting up an office in Bangladesh to oversee production there.

Fast Retailing founder and president Tadashi Yanai said the balance of power in the global economy was shifting to fast-growing developing economies such as China and India.

"No one can change this major global trend," he told a news conference. "You cannot achieve a global expansion without having production bases in countries like Bangladesh, Vietnam and India."

China regulator calls for more lending to small firms

AFP, Beijing  
China's banking regulator is calling on banks and other lenders to provide more loans to small enterprises, highlighting growing government concerns about the need to boost growth and create jobs.

Financial institutions must "make maximum use" of a five-percent increase in the loan quota, focusing the money on small enterprises, the China Banking Regulatory Commission (CBRC) said in a statement on its website.

They must also make sure that lending to those companies rises faster than overall loan growth, according to the statement, which was posted Tuesday.

Interest rates on the loans should be set at a level that limits risks but "supports the sustainable development of the small enterprises," it said.

The banks were also told to open more outlets where private business is active and provide more innovative funding channels, such as allowing equity shares and intellectual property rights as loan security for those enterprises.

SECURITY BUSINESS

Surveillance market surges

SAJJADUR RAHMAN

The nuance between safety and security emphasises being protected from dangers that originate from outside and avoidance of breach of security. Coupled with dependency on technology, people are turning irreversibly toward state-of-the-art security systems.

Security equipment is being used to protect airports, seaports, offices and other key points. Israel shields itself from Palestine attacks and monitors the movement of every Palestinian with its high-powered security system. The United States uses security systems to deter terror stacks.

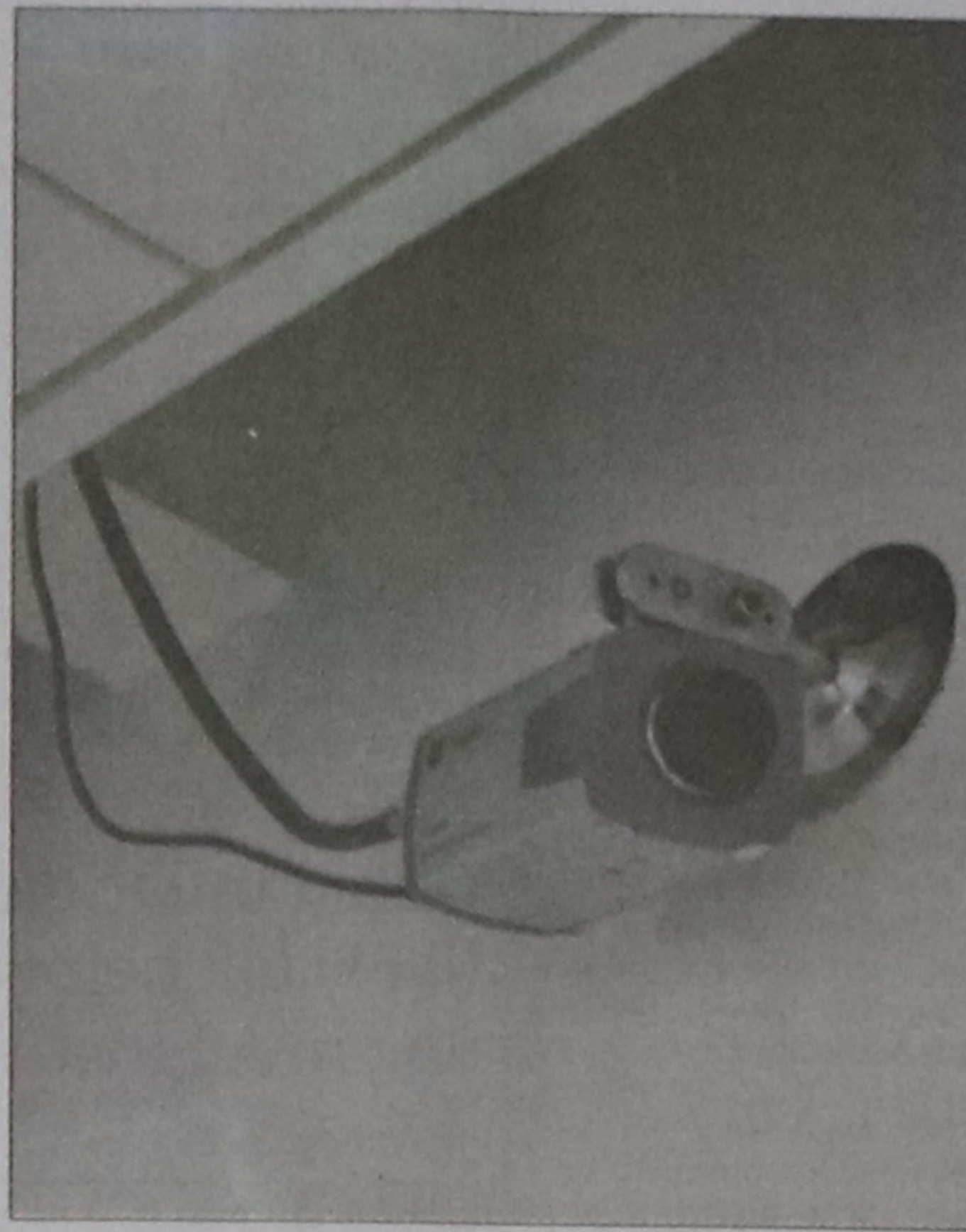
Bangladesh has joined the security bandwagon. The use of security equipment started gaining momentum soon after Jama'atul Mujahideen Bangladesh's rise and its countrywide bomb blasts in August 2005. Since then corporate offices that include banks, non-banks, embassies and foreign offices, garment factories, government offices and hotels are using different types of security equipment for protection.

Experts say sensational robberies that take place in banks and jewelry shops across the country can be prevented if security systems, such as intruder alarms, are used.

Sixty unfortunate locker renters of the Dhanmondi branch of BRAC Bank still recall the miseries of when their precious possessions were robbed from the bank's premises. The memories still haunt them.

One man's sorrow is another man's business. Growing consciousness among people regarding safety measures has created a new window of opportunity for others, a new arena for business.

According to market players and analysts, the market for security equipment grows at 25 percent, notable since the end of 2005. They expect the



A security system kitted with a camera, left, and a monitor operates in a building in Dhaka. Growing militant activities have widened the market of security equipment.



SYED ZAKIR HOSSAIN

growth rate to continue for several years to come.

The market has transformed itself from almost nothing to Tk 200 crore in five years.

"The tables have now turned and people now pursue us, instead of the other way round. We are sought out to install security and safety equipment at offices and homes," said Omar Faruk, sales and project manager of ICEL Private Ltd, a leading security service provider in Bangladesh.

"I have successfully negotiated with three corporate offices on a single day last week, for installation of CCTV for surveillance of their premises," Mohammad Wahidul Islam, a security specialist and independent supplier and installer of the product, said, citing the present demand of the CCTV.

Iqbal Hussain, managing director of Magnum Engineering and

Construction, said now individuals want their buildings secured and risk-free. "Use of security systems is growing rapidly."

A lot of investment is pouring into infrastructure, such as office buildings, luxury apartments, roads, corporate houses and factories, airports and seaports, so demand for advanced security and safety equipment and systems are growing in the country, he said.

The security surveillance market that includes fire alarms and detection, access control, video surveillance or transmission, intrusion alarm and automatic gas suppression system, was little known in 2000 in Bangladesh.

Growing militant activities widened the market of security equipment in the country.

"Since the countrywide bomb blasts in August 2005, the sales of security equipment started booming," said Abdul Gaffar Molla, who runs a

wholesale business of the products at the Stadium Market.

"We sold hundreds of metal detectors soon after the 2005 bomb blasts by JMB," Yasin, a retailer at the Baitul Mukarram market, said.

Multinationals and factories in the export processing zones are also obligated to install security items to ensure global standards.

Rapid development of technology is changing the use of security equipment. Market demand is now switching to highly sophisticated equipment, such as intruder alarm, high-powered cameras, etc, according to analysts.

Internet Protocol (IP) networking is rapidly replacing the analogue security systems. Closed-circuit television (CCTV), fire alarms and detection and access control equipment hold the reins to the Bangladeshi market.

Access control equipment that includes hand-held and

door detector and scanners are used most commonly in Bangladesh. The products are made in China and cost less than the products made in Europe, US and Korea. The minimum and maximum price of a hand-held detector is Tk 3,000 and Tk 30,000, door detectors range from Tk 2-8 lakhs. A good quality scanner costs at least Tk 6 lakh.

The major players in the market for security equipment are ICEL, Group-4 Securicor, MPL, Pixel, Hi-Tech and Dells.

Currently, ICEL and G4S have around 200 and 300 clients respectively, including banks and foreign offices. They provide total security solutions to their clients, plus maintenance.

"Floating tender by corporate groups to procure security equipment is also a new trend in Bangladesh. Earlier, corporate offices installed the services by bilateral discussions, now they obtain services by competitive bidding," Shariful

Islam, manager, technical services division of G4S, said.

According to industry people, the CCTV market is gaining momentum and is emerging as a big opportunity for local market players to make money. Now the CCTV market accounts for a major share of the total security surveillance market in Bangladesh, followed by the metal detectors.

Although intruder alarms are relatively new, it is gaining popularity as it helps avoid robbery and burglary at corporate offices, especially banks and residences, Shariful Islam said.

Abedur Rahman Sikder, head of marketing and corporate affairs of BRAC Bank, said all local offices of the bank have already been protected by sophisticated security systems, including intruder alarm. "Other branches will soon also come under the system."

"The rise in the sale of fire detection and protection system and CCTV, is proportionate to the increasing number of high-rise buildings in Dhaka," Wahidul Islam said.

"We have progressed steadily and now hold about 30 percent market share in Bangladesh. We aim to consolidate this and extend our market coverage to become a leading electronic security system provider," said Abul Ehsan, general manager (operations) of ICEL.

After-sales service is an important feature of this business, market players said. Most companies provide one-year free services and after that, services cost 5 to 7 percent of the total project cost.

According to A and S Group, an integrated security service provider based in China's Taiwan, the global security surveillance market was \$62 billion in 2007, which is to reach over \$90 billion in 2012. The group says the Asia-Pacific demand for security equipment will surge to \$24.7 billion by 2012.

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INFLATION

Indonesians cutting back Ramadan spending as prices soar

AFP, Jakarta

Families across Indonesia are tightening their belts during the Muslim holy month of Ramadan, as rising food and fuel prices limit spending power for the nightly festivities which break the daily fast.

The world's most populous Muslim-majority country has seen a spike in the cost of food in the lead-up to the fasting month, putting pressure on families already hit hard by sharp rises in subsidised fuel prices.

Prices for essentials such as eggs, meat and cooking oil surged in the week leading up to the start of Ramadan on Monday, as people stocked up for the feasts which end the dawn-to-dusk fasting period.

Jakarta housewife Nina Handayani, 31, said her family would have to forsake traditional Ramadan treats so she could save money for basics like children's clothes.

"No meat, no chicken dishes, just vegetables. And old clothes for me," she said.

"I've saved enough for the children's new clothes. It may be hard times for us now but we won't drag our children along."

Mother-of-six Nena said that to break the fast every

night, she used to offer a traditional desert made with palm sugar and coconut milk and flavoured with banana, sweet potato or cassava.

"I used to serve dessert for my family to break the fast before we had the main meal consisting of rice. But as everything has become very expensive we can't afford it anymore," she said.

"Our Prophet Mohammed advised us to break the fast with sweet things but I have to think rationally. It's more important to have proper food on the table than sweets, so we can continue to perform the fast until the end of Ramadan."

Inflation is hovering around 12 percent after fuel prices were hiked an average 28.7 percent in May to save the budget from a ballooning subsidy bill.

The fuel price hike was applauded by economists but triggered protests across the vast archipelago, giving a political edge to this year's Ramadan as campaigning swings into gear for next year's elections.

President Susilo Bambang Yudhoyono is seeking a second term in June's polls but his popularity ratings have slumped in favour of his main rival, former president

Megawati Sukarnoputri.

"The president doesn't care about us, he only makes empty promises and causes suffering," said street food seller Umi Lestari, 35, in Jakarta.

"What's the point of protesting and holding strikes if prices don't come down? We need better leaders."

Lestari said she was spending 24,000 rupiah (2.50 dollars) more every month on cooking gas, or a quarter of her monthly earnings.

"Whatever profit I get now will be spent on cooking gas, when previously I could use the extra to buy clothing and snacks," she said.

Her husband, Muhammad Padil, 34, drives a bemo, a three-wheeled transport vehicle. His daily earnings tumbled 200,000 rupiah to 120,000 a day after the government hiked fuel oil prices.

Families across Lestari's neighbourhood of north Manggarai, a poorer Jakarta district, are in the same boat.

Her neighbour, Suswanti, 36, said rising gas prices had crushed her hopes of reopening her food stall which she had to shut last year because she could no longer make ends meet.

The housewife and her three young children have



A food stall in Jakarta, Indonesia where families are cutting back as rising food and fuel prices limit spending power. Indonesia's annual inflation rate rose to 11.85 percent in August after month-on-month growth of 0.51 percent, Central Statistics Agency chief Rusman Heriawan said.

been reduced to scouring Jakarta's polluted streets for plastic bottles to sell.

"One kilo (2.2 pounds), 25,000 rupiah. Very little," she said.

"We skip breakfast and halve the usual portion for lunch and dinner. I have

slashed my children's pocket money and make them walk instead of taking the bus to school. If prices rise further, I may be forced to pull them out of school."

Motorcycle taxi driver Mohammed Awi, 27, said he took home only about 10,000

rupiah a day, or 5,000 rupiah less than a year ago. He owes his landlord five months' rent.

"To the rich, 5,000 rupiah is nothing but for poor people like us it's a big deal. It's the difference between eating and starving," said his 26-year-old wife, Eti Nurhayati.