

## Stocks

DGEN ▲ 0.75% 2,824.03

CSCX ▲ 0.13% 5,657.61

## Currencies

	Buy Tk	Sell Tk
USD	68.10	69.10
EUR	95.42	100.00
GBP	118.46	123.38
JPY	0.63	0.66

SOURCE: STANDARD CHARTERED

## More News

Lighting up faraway homes



Housewife Fatema Begum has mastered the art of assembling and installing solar home system accessories, independently setting up solar lampshades and mobile battery chargers. Such technical know-how has opened a window of opportunity for her. She now generates a steady flow of income for herself.

B-4

Aziz for donors' accountability

Finance and Planning Adviser Dr Mirza Azizul Islam has urged the donors to establish a system of accountability of donors in an effort to make foreign aid effective. "There is no system of establishing accountability of donors," he told the ministerial session of the high level 'Forum on Aid Effectiveness' in Accra, Ghana on Thursday, according to a message received here yesterday.

B-3

Stocks trade upbeat

Dhaka stocks started the week on an upbeat note yesterday, with turnover also slightly rising. The benchmark index of the Dhaka Stock Exchange, DSE General Index, rose 21.06 points, or 0.75 percent, to 2,824.03 points.

B-2

## International

Thai political turmoil shakes tourists

The political turmoil playing out in Thailand's capital is damaging the kingdom's economy, hitting its thriving tourism sector and making investors wary, business leaders said. Analysts predict sliding stock prices and cancellations of tourist bookings will only worsen as anti-government protests and a state of emergency in Bangkok continue.

McCain backs govt takeover of mortgage giants

Republican presidential hopeful John McCain backed a government takeover of two mortgage giants Saturday while his Democratic rival warned that taxpayers should not bail out their shareholders.

B-4

## Contact Us

If you have views on Star Business or news about business in Bangladesh, please email us at [business@thedailystar.net](mailto:business@thedailystar.net)

# Wal-Mart wants rebate on garment orders

## Demand for 2pc discount may hurt exports

REFAYET ULLAH MIRDHA

Readymade garment (RMG) exports are likely to suffer yet another blow as Wal-Mart, the world's largest retailer of clothing, wants a 2 percent rebate on its current orders of Bangladeshi RMG products.

An export-oriented garment factory owner told The Daily Star that Wal-Mart had instructed him to give a 2 percent rebate on sales of RMG products.

Industry insiders said the US-based Wal-Mart buys RMG products worth \$1.7 billion a year from Bangladesh, adding that currently it buys the products from more than 200 garment factories in Bangladesh.

The major products that Wal-Mart purchases include T-shirts, shirts, polo shirts, pull-overs, home textiles, bed sheets and trousers.

Other major buyers of Bangladeshi RMG products are Tesco, JC Penny, Zara, GAP, H & M, Adidas, Puma, Marks and Spencer, PVH, G-STAR and S Oliver.

Iftaquer Hossain, the owner of Total Apparel, a local buying house, said Wal-Mart has asked for the rebate on its current orders.

"This rebate on sales to Wal-Mart may continue through next year as it continued in other countries," he said, adding that the rebate is yet to be fixed on the already-shipped

Industry people said the price index for exportable local apparel items declined by more than 1 percent over the last fiscal year, while the cost of doing business in Bangladesh,

would not be able to sustain such discount, industry people opined.

An apparel exporter said international buyers exploit the local RMG manufacturers' inexperience in international marketing by enforcing different conditions on exports of local garment items.

"Most of the RMG business is done through middlemen. We should develop our own marketing network," he said.

The continuing downward pressure by international buyers on clothing prices is hitting profitability in the RMG sector, which would ultimately undermine efforts to improve working conditions, industry leaders have warned.

At a meeting of Multi-stakeholders Forum-Bangladesh (MFB), held in June in Dhaka, local manufacturers pressed the major international buyers for increasing prices of RMG products.

Bangladesh earned \$10.699 billion through exports of woven and knitwear -- the two sub-sectors of RMG -- in fiscal year 2007-08, according to the Export Promotion Bureau.

reefat@thedailystar.net



RMG products.

However, a senior official at the Dhaka office of Wal-Mart told The Daily Star: "We do not know anything about 2 percent rebate or discount of Wal-Mart."

President of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) Anwar-ul-Alam Chowdhury Parvez said such rebate would further hamper the exports of local garment.

"Such rebate will hit the profitability of the local RMG suppliers," he said.

particularly in the RMG sector increased by 15 percent.

According to the industry, inadequate gas and power supply, higher freight charges in both the local and international markets, yarn price hike, implementation of the minimum wage for workers, higher transport costs and higher prices of capital machinery were the main reasons for higher cost of doing business over the last one year.

The country's RMG sector with frequent labour unrest and higher cost of production

# New car sales regain steam

## Rangs launches campaign

STAR BUSINESS REPORT

Sales of brand-new cars have regained momentum after a downturn since January 2007, said Rangs Limited, the sole distributor of Mitsubishi vehicles in Bangladesh, yesterday.

"The automobile industry during the first six months of 2007 was panic stricken. But now, the trend looks fine," said Romo Rouf Chowdhury, managing director of Rangs Limited.

Chowdhury was speaking at a press conference on the occasion of announcing 'Eid Bonanza', a promotional offer for the prospective Mitsubishi buyers.

Chowdhury said the company's sales were not bad compared to its rivals in the local market last year. "But the sales was not up to the mark."

Under the promotional campaign, buyers of Mitsubishi Ex and Lancer will get free services and spare parts up to 50,000km of running. Free services will be available at Rangs workshops in Dhaka and Chittagong.

Traders of reconditioned cars dominate the car market in Bangladesh, industry insiders said.

Chowdhury said his company sells 700 brand new cars a year, adding that customers prefer low-priced cars to luxury



STAR

Rangs Limited unveils a promotional campaign, 'Eid Bonanza', for prospective Mitsubishi buyers yesterday.

ones. "Customers are unlikely to buy luxury cars like Mercedes-Benz," he said.

Rangs is also the sole distributor of Mercedes-Benz in Bangladesh.

With over 50 percent market share, Japanese Toyota is the market leader in Bangladesh followed by Mitsubishi, Suzuki, and Nissan.

The anticorruption drive launched by the caretaker government is thought to have dampened the spirits of prospective car buyers.

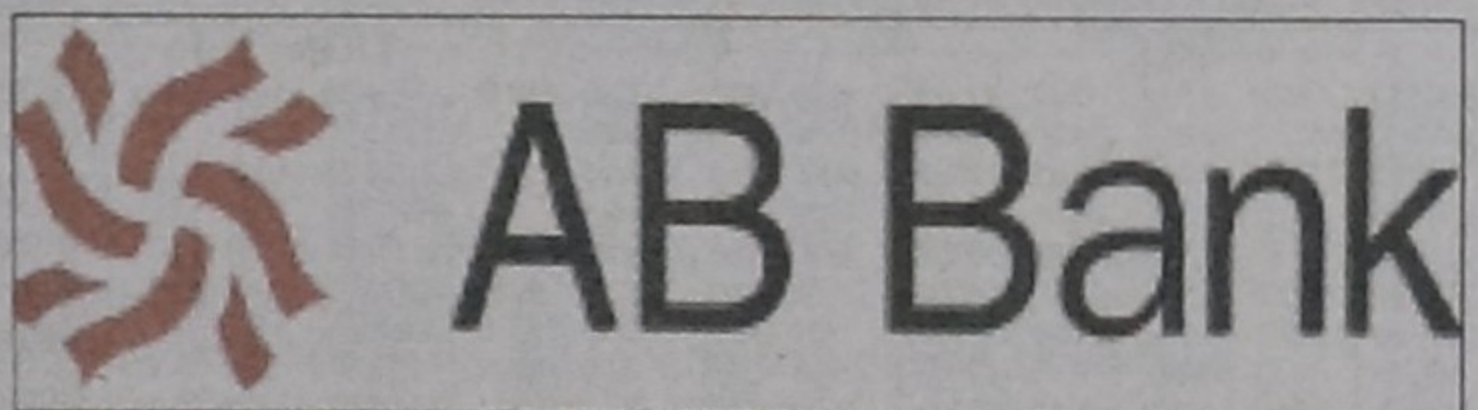
Businessmen showed reluctance to import new

cars as their sales dropped significantly in the local market. No BMW, Mercedes-Benz and Volvo cars were sold in 2007, according to media reports.

Chowdhury said the prices of Mitsubishi Ex and Lancer are a maximum of Tk 25 lakh and Tk 16 lakh respectively. Last year Rangs sold 100 units of Mitsubishi Ex and 175 units of Lancer in Bangladesh.

The 'Eid Bonanza' campaign will attract customers, as they will get at least four-year after-sales services for free under the offer, he said.

# Uncertainty looms over AB Bank ATM project



SAJJADUR RAHMAN

AB Bank's hunt for partners to set up a Tk 100 crore automated teller machines (ATM) network is yet to get proper response from banks despite its relentless efforts over the past one year, officials said.

Al-Arafah Islami Bank Ltd, one of the four banks that are supposed to forge partnership for the project, has already backtracked from its earlier commitment for what it said AB Bank's non-transparency and slow progress in the proce-

dures.

The other three banks are: United Commercial Bank Limited (UCBL), South East Bank Limited and state-owned Agrani Bank Limited.

"AB Bank is far behind the schedule. The bank did not tell us on the progress of the project despite our requests," Abdus Samad Sheikh, managing director of Al-Arafah Bank, told The Daily Star.

He said: "We have decided not to join the network."

AB Bank Ltd and Euronet Worldwide, a global provider

of electronic payment services, announced in July last year that they would set up a joint venture company in Bangladesh to install 505 ATMs and 10,000 point-of-sales (POS) centres in three years by 2010 at \$17 million equivalent to Tk 117.3 crore. The bank also formed a company named Cash Link Bangladesh Ltd (CBL) to this end.

Of the 505 ATMs, 100 were supposed to be installed by this year.

Meanwhile, the UCBL is also going ahead to set up its own ATM network, although the bank still has interest for the AB Bank-led network.

"The work is going slow. I have told them to expedite the process," said Shahjahan Bhuiyan, managing director of UCBL.



Officials in the four banks said they fear that their entry into the AB Bank-led ATM network may cost their business for the latter's image crisis.

The present government has fined AB Bank several hundred crore taka after detecting dubious transactions in the bank and also with its merchant banking. The Bangladesh Bank has recently ordered AB Bank to stop activities of the AB Bank Foundation as it has been formed illegally.

However, Reazul Islam, who is the head of IT at AB Bank, is still hopeful of the project's success.

"This is a tedious exercise and takes time to materialise it," he said, admitting that an agreement among all the

intending parties was supposed to be signed in February 2008.

"AB Bank is still hunting partners. But banks are preferring its own networks," said Mahub Patwary, chief executive officer of the CBL.

"We are looking for partners because the proposed ATM network will not be viable for the AB Bank only," Patwary said.

AB Bank as the initiator of the network proposed to own 30 percent stakes in the CBL. AB Bank offered all commercial banks in Bangladesh to join its ATM network in July last year. But only four banks responded, one of which has already retrieved.

sajjad@thedailystar.net

# Nuclear waiver promises to widen India's investment scope

PALLAB BHATTACHARYA, New Delhi

India's leading chambers of commerce and industry yesterday welcomed the historic decision of the Nuclear Suppliers Group (NSG) to lift a 34-year-old ban on global atomic trade with the country.

The business leaders said it would unlock huge business opportunities and potential investment to the tune of billions of dollars in the domestic nuclear power generation sector.

The Federation of Chambers of Commerce and Industries (FICCI) said the clearance by 45-nation NSG will enable India to get imported nuclear fuel and uranium for all its nuclear power plants which have been running at almost half the capacity so far.

According to an estimate, capacity utilisation of India's 4,120MW nuclear power plants had declined steadily from 90

percent in 2001-2 to 54 percent in 2007-8 because of the sanctions imposed by nuclear supplier countries after India tested a nuclear device in May 1998.

The NSG green light is expected to facilitate transfer of nuclear technology, including reactors, and fuel supplies and push up the installed capacities of Indian atomic power plants to 20,000MW by 2020 from 4,120MW now.

The waiver gives India a lot of options to diversify its energy sources, said Prof CN R Rao, scientific adviser to the prime minister. India can buy uranium from various sources and other countries can come to India and set up nuclear reactors, he added.

The Confederation of Indian Industry the NSG decision will open tremendous business opportunities for India besides meeting its energy requirements to fuel the economic growth.

CIIDirector General Chandrajit Banerjee said it would provide opportunities to Indian manufacturers to supply spares and components to global makers of nuclear power plants.

However, private players -- domestic and foreign -- will have to wait until India amends its Atomic Energy Act of 1962 to allow them in the nuclear power sector.

Among the foreign companies keen to tap the Indian nuclear power sector are General Electric and Westinghouse of the United States, Areva and Alstom of France, Toshiba and Hitachi of Japan and companies from Russia. Representatives of the companies have already visited India a number of times in the last two years to explore the scenario of big projects and joint ventures with Indian companies both in public and private sectors.

Among the Indian firms looking to benefit from the NSG

decision to grant a waiver to India to go into nuclear trade are state-owned Nuclear Power Corporation of India Limited (NPCIL), power generation major National Thermal Power Corporation (NTPC) and Bharat Heavy Electricals Limited (BHEL), both in the public sector, and private players like Larsen and Toubro, Reliance Power, Tata Group and the Jindal Power.

Once the joint venture is formed, they would also tie up with BHEL for producing super-critical boilers.

GE Energy is in talks with some Indian equipment suppliers, including BHEL, to help their business set up nuclear power plants from a global standpoint.

The Jindal group is planning to either enter into joint venture or a technology tie-up with a foreign company in the nuclear power sector.

## U.S. FRANCHISE EXPANDING IN BANGLADESH

Leading Management Training Company  
Seeking Master and Unit Franchisees.

\$45,000 USD Investment Required

Contact Mr. Charles Parsons

WWW.CRESTCOM.COM

tel: +1-303-267-8200

email: info@crestcom.com

Crestcom materials available in more than 50 countries.

Initial interviews will be held in Mumbai, India

October 09, 10

