



DHAKA SUNDAY SEPTEMBER 28, 2008

Stocks

DGEN ▲ 4.52% 2,966.82

CSCX ▲ 2.23% 5,796.73

(Week-on-week basis)

Asian Markets

MUMBAI ▼ 0-03% 13,140.83

TOKYO ▼ 0.94% 11,893.16

SINGAPORE ▼ 1.34% 2,411.46

SHANGHAI ▼ 0.16% 2,293.78

(Friday closing)

Commodities

Gold ▼ \$873.00 (per ounce)

Oil ▼ \$103.54 (per barrel)

SOURCE: AFP (As of Friday)

More News

\$2.05b remittance in Q1

Bangladesh expatriates sent US\$ 2054.64 million home during the first quarter (July-September) of the current fiscal. The wage earners' remittance in September totaled to US\$ 512 million, while it was US\$ 721.92 million in August and US\$ 820.71 million in July, according to a recent Bangladesh Bank statistics.

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Stocks pass bullish week

Stocks passed a bullish week amid buying spree of investors ahead of a nine-day Eid vacation. Prior to a long time break starting from Friday, investors, especially the retailers, remained busy rearranging their portfolios, while many others were selling their shares in view of expenditures on the occasion of Eid, market operators said.

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International

US storm sucks in 'littie guy'



The biggest US bank to fail in history still promised dreams Friday. All clients demanded was to know whether they still had any money.

Bradford & Bingley may be nationalised

British mortgage lender Bradford & Bingley, which has been hit by a housing downturn and weakness in the wider economy, may be nationalised, newspapers reported Saturday. The Daily Telegraph and Daily Mail newspapers both reported, citing unnamed sources, that government ministers were considering a nationalisation of the troubled bank, little more than a year after the collapse of Northern Rock, which was eventually nationalised earlier this year.

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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

Local investment plans spike

SAJJADUR RAHMAN

Domestic investment proposals, both in terms of numbers and volume, are set to surpass all records this year although foreign investment has witnessed a broad decline, Board of Investment (BoI) officials said.

This year's trend shows that local businesses have regained their confidence that they had lost in the middle of 2006 when political chaos gripped the country with the scheduled national polls at the heart of it. Private domestic investment suffered the most from fears of a change in the political

regime.

According to statistics of BoI, 1,055 domestic investment proposals worth Tk 13,706 crore, equivalent to \$1.63 billion, have been registered with the BoI in the first nine months of 2008.

In 2007, some 286 proposals, worth \$441 million, were registered with the BoI. The number of proposals and the total volume of investment were 519 and \$1.12 billion, respectively, in 2006.

"Proposals registered with the BoI are set to break all previous records in terms of value and numbers of projects," a senior BoI official told The

Local investment registration				
Year	Projects	Investment		Employment
		(Crore taka)	(Million \$)	
2008	1,055	13,706	1,634	180,101
2007	286	1,966	441	56,412
2006	519	4,556	1,125	99,159
2005	1,277	10,964	1,601	254,858
2004	840	9,226	1,176	171,087
2003	1,703	9,664	1,680	189,122

Source: BoI

Daily Star yesterday. "This is a sign of an improvement in the country's overall investment climate," he said. "We are confident that 2008 will be a booming year for domestic invest-

ment," the BoI official said. During the launch of the global investment report last week, BoI Executive Chairman Kamaluddin Ahmed said: "The trend shows a sharp rise in

domestic investments this year."

BoI recorded \$1.68 billion worth of domestic investment proposals in 2003. The number of projects registered in 2003 was 1,703, a record high expected to be surpassed this year.

Textiles, services, chemical, ceramics, light engineering, food and allied, pharmaceuticals and leather and tannery are the major sectors in which this year's domestic investments have gone into, according to BoI statistics.

The interim government, led by Fakhruddin Ahmed, formed Bangladesh Better

Business Forum and the Regulatory Reforms Commission last year to help the businesses back on track.

The government held a series of meetings with different stakeholders in business, placing dozens of recommendations in the process.

However, Zaid Bakht, an economist, said the increase in registration of domestic investment does not mean that real investment has increased.

"There is a huge gap between real investment and registration of proposals," Bakht, also the research director of Bangladesh Institute of Development Studies (BIDS),

told The Daily Star. He however said businesses are getting their confidence back.

"Businessmen have started on their investment plans this year. They had stopped making any progress in their investment plans last year because of a changing political situation and massive anti-corruption drive," Bakht said. He also said present political uncertainty is not affecting the investors.

Bangladesh is a poor performer in terms of investment as percentage of GDP, which is only around 25, with about 80 percent of which coming from the private sector. sajjad@thedailystar.net

Seagull plans Tk600cr hotel in Teknaf



A scenic view of Seagull Hotel in Cox's Bazar. The management of Seagull Hotels Limited plans to set up another five-star hotel in Teknaf.

REFAYET ULLAH MIRDHA

Seagull Hotels Ltd, the owning company of five-star Seagull Hotel in Cox's Bazar, is going to set up another five-star hotel in Teknaf, a southern resort and coastal area, 500 kilometres away from Dhaka.

The company management has already initiated process to purchase land in Teknaf to set up the hotel to be completed within next three years at a cost of around Tk 600 crore, said Managing Director of Seagull Hotels Masoom Iqbal.

Seagull Hotel started its journey in 2002 and reached the break-even point last year. "We have a target of buying a stretch of 60 bighas land in Teknaf for the hotel as the number of foreign and local visitors is increasing rapidly there," he said.

Masoom said the proposed hotel will have golf course,

theme park, ropeway, marine aquarium and marine drive facilities.

He urged the government to formulate a befitting policy for the important tourist spots so the places in the coastal districts can be used properly as tourist spots.

He also called upon the government for making available an air landing space, bus and good railway communication facilities near Teknaf so that tourists can go there easily at cheaper costs.

Many small hotels are springing up in Teknaf and some other important tourist spots in the southern coastal districts, which will not be helpful for sustainable tourism development, Masoom said.

Development of hotels and motels in an unplanned and scattered manner will not help grow tourism business, as this will evolve a chance of damag-

ing greenery, which is the main attraction of the tourist spots, he added.

"We have the potential of US\$5-10 billion worth tourism business a year from Cox's Bazar, Teknaf, Sonadia and St Martin's coral island," he said.

The flow of local and foreign visitors increased manifold over the last few years as people are increasingly becoming aware of the scenic beauty of Cox's Bazar, Kuakata, Sonadia, St Martin's and Teknaf, the Seagull MD said.

According to unofficial statistics reported in media, in 2007 arrivals of foreign tourists in Bangladesh grew by 35 percent over the previous year.

In 2007, 2.7 lakh tourists came to Bangladesh, while the number was 2 lakh in 2006. However, the number of visitors was 2.8 lakh in 2003.

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United takes off Barisal route today

The airline now flies to four domestic destinations

STAR BUSINESS REPORT

Private airline United Airways is set to open its fifth domestic route flying to Barisal today.

"We are happy that we are going to connect the country's southern part with Dhaka," said its spokesman Md Kamrul Islam.

With the entry of this carrier, the airport at the divisional headquarter goes into operation after it remained idle for over one and half years.

Two other local airlines -- Biman Bangladesh Airlines and GMG Airlines had earlier suspended their flights on the route due mainly to poor traffic, industry insiders said. The United Airways how-



This file photo shows an aircraft of United Airways. The private airline is set to open its fifth domestic route flying to Barisal today.

ever expressed its optimism about attracting passengers, especially those who had switched over to other transport systems such as water and roads. It also expects to receive some corporate passengers.

"We believe we will be able to bring back the passengers," the company official said.

The two-fleet carrier went global by flying on the Dhaka-Kolkata route last week.

Three local carriers --

Biman, GMG Airlines and Best Air are also operating flights on the global routes including Dubai, one of the busiest destinations.

United Airways, a venture of non-resident Bangladeshis, launched operation in July 2007 to grab the country's potential aviation market, which grows about 7.5 percent a year.

The airline now operates flights to four domestic desti-

nations -- Chittagong, Sylhet, Cox's Bazar and Jessore. The Dhaka-Chittagong route is its main source of revenue, it said.

"We will operate three flights a week to Barisal," he said, adding that flights will be operated on Sunday, Tuesday and Thursday.

According to the official, the one-way fare for each passenger will be Tk 4,495, while the return fare will be Tk 8,990.

WaMu collapse stokes market jitters

AFP, Washington

The collapse of Washington Mutual, the nation's biggest bank failure ever, and the sale of its assets to JPMorgan Chase highlighted the deep troubles of the sector amid a fast-moving US financial crisis.

The collapse of WaMu, one of the largest US savings and loans, late Thursday came as the government and lawmakers battled over a 700-billion-dollar rescue of troubled financial firms.

WaMu, heavily exposed to bad mortgage investments, was closed by the Federal Deposit Insurance Corporation. The Seattle, Washington-based thrift had 307 billion dollars in assets.

It was the largest bank failure in US history, dwarfing the

collapse of Continental Illinois Bank, with 40 billion dollars in assets, in 1984.

JPMorgan Chase bought WaMu's deposits, assets and some liabilities for 1.9 billion dollars. JPMorgan Chase said Friday it plans to sell 10 billion dollars in common stock to raise capital, two billion dollars more than it announced late Thursday.

Its shares leapt 2.39 percent to 44.50 dollars in midday trading. WaMu shares were virtually worthless, sinking 90.3 percent to 16 cents.

JPMorgan Chase said in a statement late Thursday its purchase of WaMu, which had about 188 billion dollars in deposits, creates the largest US depository institution with more than 900 billion dollars in

customer deposits.

"This deal makes excellent strategic sense for our company and our shareholders," JPMorgan Chase chairman Jamie Dimon said in the statement.

The takeover marked the second time in six months JPMorgan Chase has swooped into a government-engineered buyout of a failing bank.

In March, it snapped up Wall Street investment bank Bear Stearns for a bargain one billion dollars.

The FDIC, which insures all US bank deposits up to 100,000 dollars, assured WaMu customers that their money was safe.

"For all depositors and other customers of Washington Mutual Bank, this is simply a combination of two banks,"

FDIC chairwoman Stella Blair said late Thursday.

"For bank customers, it will be a seamless transition. There will be no interruption in services and bank customers should expect business as usual come Friday morning."

But the bank failure rang alarm bells as President George W. Bush's administration and Congress wrangle over how to help troubled banks in the worst financial crisis since the 1930s Great Depression.

"The government-brokered sale of Washington Mutual is the latest sign of the perilous situation facing our financial system and our economy," Democratic presidential candidate Senator Barack Obama said late Thursday.

Yunus spells out lessons for bankers

STAR BUSINESS DESK

Nobel Peace Prize laureate Muhammad Yunus has said philanthropy has to change from a system where people receive charity to one where they learn how to empower themselves.

Yunus put forward the lesson to world leaders as he spoke at former US President Bill Clinton's global summit in New York on Friday amid unfolding woes of Wall Street giants collapsing one after another.

The three-day summit came to a close on Friday with Clinton's appreciation of microfinance investors who helped "real people" make a "real rate of return" in poor nations. It was suggested that the

financial giants look to the world's humblest lenders.

"We have to get out of this mindset that the rich will do the business and the poor will have the charity," said Yunus, founder of Grameen Bank, which provides small business loans to people who cannot get traditional loans.

The Clinton Global Initiative brought together global leaders to develop and then implement workable solutions to some of the world's most pressing challenges.

Yunus, the "banker to the poor," won the Nobel in 2006 for inspiring a global microfinance movement that has lifted millions out of poverty by granting tiny loans.

Unlike Wall Street, which is reeling from a flood of loans that may never be paid back,

Grameen Bank has a recovery rate of more than 98 percent, according to media reports.

In his speech, Clinton cautioned against allowing the US financial crisis to undercut anti-poverty aid.

As congressional leaders try to hammer out a \$700 billion bailout plan to buoy US financial markets, Clinton said lenders for small-scale businesses in impoverished nations were "smart people" making money with a "real economy based on real people doing real things for a real rate of return."

Clinton unveiled 250 new commitments worth \$8 billion and aimed at improving living conditions for about 158 million people as his annual conference ended in New York.



Nobel laureate Muhammad Yunus (C) speaks as Steve Gunderson (L), president and CEO, Council on Foundations and Rick Warren (R), Pastor, Saddleback Church listen, at the Clinton Global Initiative (CGI) in New York on Friday.