

## Stocks

DGEN 2.32%  
2,684.69

CSCX 2.36%  
5,334.05

## Currencies

	Buy Tk	Sell Tk
USD	68.45	69.45
EUR	85.74	90.19
GBP	108.51	113.29
JPY	0.69	0.72

SOURCE: STANDARD CHARTERED BANK

## Commodities

Gold 730.75  
(per ounce)

Oil 64.50  
(per barrel)

SOURCE: AFP

(As of Friday)

## More News

### Reformatting global system



These are some of the regulatory "quick fixes", on which there is already broad agreement. But they amount to little more than band-aids applied to the gaping holes created or at least exposed by the crisis, and such band-aid solutions are clearly inadequate to prevent the next crisis.

B-4

### Stocks start in red

Dhaka stocks started the week yesterday with a big slump in all indices, as some top merchant banks sold off a huge volume of shares from their own portfolios. According to insiders, the market fell sharply due to heavy selling pressure from some top merchant banks.

B-2

## International

**Brown believes Saudis will boost IMF bailout fund**  
British Prime Minister Gordon Brown said on Sunday he believes Saudi Arabia will give more money to expand the IMF's capacity to bail out nations hit by world economic chaos.

### ECB to cut lending rate sharply this week

The European Central Bank is set to cut its main lending rate sharply this week as inflation is falling fast and the eurozone economy badly needs a monetary shot in the arm, analysts say. "We look for the ECB to reduce rates by 50 basis points at its November meeting, and to follow up with a further 50 bp cut no later than January," Bank of America senior economist Holger Schmieding said.

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)

# World crisis cuts GDP outlook

3 get DCCI awards

BSS, Dhaka

## STAR BUSINESS REPORT

Deep uncertainty in the global financial system has forced Bangladesh Bank (BB) to make a cautious forecast for this year's GDP growth, BB chief economist Dr Mustafa K Mujeri said yesterday.

"We want to be relatively cautious because we do not know about the possible impacts of the global financial meltdown on our economy," Mujeri told reporters at a briefing on the publication of BB quarterly report for July-September 2008 at the central bank's headquarters.

The BB quarterly projected a GDP growth rate ranging from 6.2 percent to 6.5 percent although the government estimated the growth in the budget for 2008-09 at 6.5 percent.

Bangladesh's economy grew 6.2 percent in fiscal 2007-08 despite the political turmoil and erosion in business confidence.

Major economic indicators

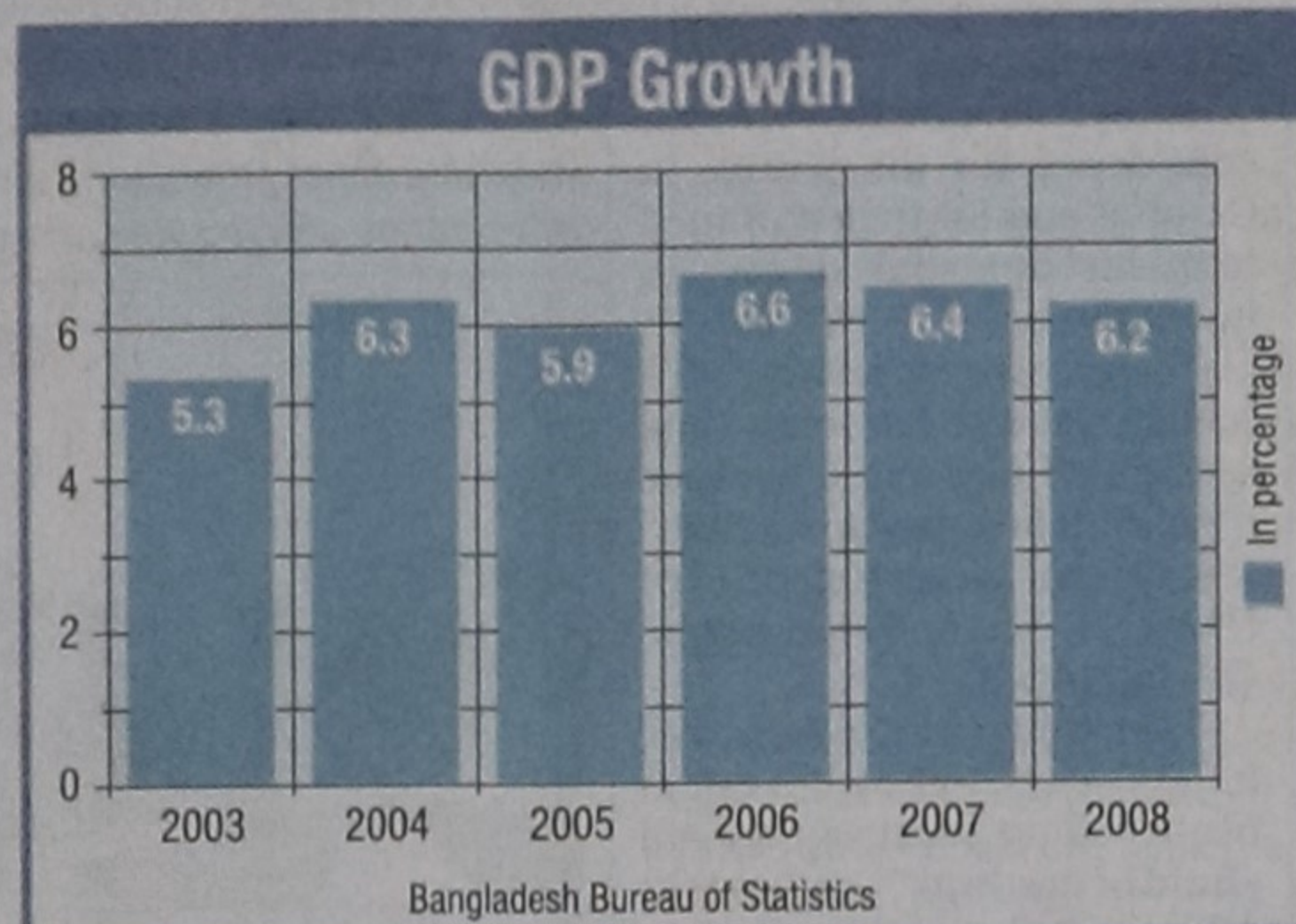
in the first quarter of the current fiscal year show positive signs, which actually started in the second half of the last financial year, the report revealed.

Despite a clear indication of continued upturn in economic activities, the central bank has made a relatively lower GDP growth rate because of what it said current global turmoil and uncertainty.

"The impact of the global crisis on our economy is still unclear. We will be able to assess the impacts once the BB completes its study," Mujeri said. "We are yet to know what will be the impact on our export and remittances."

The Policy Analysis Unit (PAU) of the central bank is conducting a study to diagnose the possible impacts of the present global situation.

The quarterly is a flagship publication of the central bank, which analyses the performance of different macroeco-



## Major economic indicators

	Q1FY09	Q1FY08
Private sector credit growth	Tk 2,170bn	Tk 1,753.3bn
Farm credit disbursement	Tk 15bn	Tk 12.2bn
Revenue earnings	Tk 112.6bn	Tk 94bn
Forex reserves	\$5.8bn	\$6.2bn
Remittances (July-August)	\$1.5bn	\$1.1bn

mic indicators and makes a short-term economic outlook.

Habibullah Bahar, economic adviser of BB, was also present at the briefing.

The BB report also forecasts that food inflation will decrease this year following a downward trend in the prices of commodities in the international market. But it cannot assure a decline in non-food inflation due to strong demand pressure and high private sector credit growth.

The chief economist also predicts that the national polls scheduled for December 18 will push personal expenditure up and create inflationary pressure.

Mujeri was also quizzed why the prices of essentials do not come down in the local market despite its significant fall in the international market.

"There is no reflection of this price fall in the local market. The pass-through takes time and I hope consumers will benefit from early next year," he said.

He said prices were reduced following a decline in demand in the western nations, but supply-side constraints remain unchanged.

The chief economist also blamed the poor market structure for not benefiting the consumers from the price fall in international markets.

Mujeri stressed the need for prudent government intervention and careful regulation for an effectively supervised and regulated financial system.

"The priority for Bangladesh is to improve the quality of information that banks and other financial institutes put," he said, adding, "Bangladesh needs to plug those gaps in order to avoid any systemic distress."

Analysing the performance of the first quarter (July-Sept) of FY 2008-09, the BB quarterly said the real economy performed well despite the adverse effects triggered by both global and domestic situations.

## Ban sees potential for development

OUR CORRESPONDENTS, Sirajganj and Bogra

United Nations Secretary General Ban Ki-moon yesterday said Bangladesh could be a prosperous country if the huge resources it had could be used properly.

Speaking at a view-exchange meeting with the beneficiaries of an UNDP-funded project in Sirajganj, the UN chief said Bangladesh had enormous potentials for economic development.

Ban said poverty of Bangladesh would go to museum if people of the country had worked together for development.

NDP, a local NGO implementing an UNDP-funded project at Charpanagari in Kazipur Upazila, organised the event.

Referring to the death of children worldwide due to poor sanitation, lack of necessary food, pure drinking water and health care, the UN chief said poor and disaster-affected people should stay prepared to protest against any move that worsens the climate.

Ban asked the people to make their children educated and groom them as efficient citizen.

Wife Madam Yoo (Ban) Soon-taek and UN's country coordinator Renata Lok Dessallien accompanied the



UN Secretary General Ban Ki-moon talks to the residents of the houses built for the flood affected people in Sirajganj with the UNDP assistance.

UN chief.

Ban visited different projects financed by the UNDP.

Ban also visited the microcredit programme of Grameen Bank at Chupinagar village in Bogra district, where Grameen Bank established an association for landless women and removed their hardship.

Our Bogra correspondent

reports: Ban said the UN would boost help in sanitation sector of Bangladesh.

The UN chief talked to the members of the Chupinagar's association and enquired them about how microcredit helped them to become solvent.

During the visit, Ban said the UN wanted the development of poor people.

Sadia Afrin, a student of

Dinajpur Medical College, who took loan from Grameen Bank to cover her academic expenses, told the UN chief how microcredit had created an opportunity for her to continue her study.

Deepal Chandra Barua, deputy managing director of Grameen Bank, briefed Ban on the bank's programme for beggars.

## Asia's 'biggest' mall launches sales campaign in Dec

### STAR BUSINESS REPORT

Jamuna Future Park, which is said to be the biggest shopping mall and entertainment complex in Asia, will kick off its sales campaign in December with a plan to open it for public by July 2010.

Sprawling over 33 acres of land in Baridhara, the park won the clearance of the city development authority, known as Rajuk, on October 21 after a six-year long legal battle.

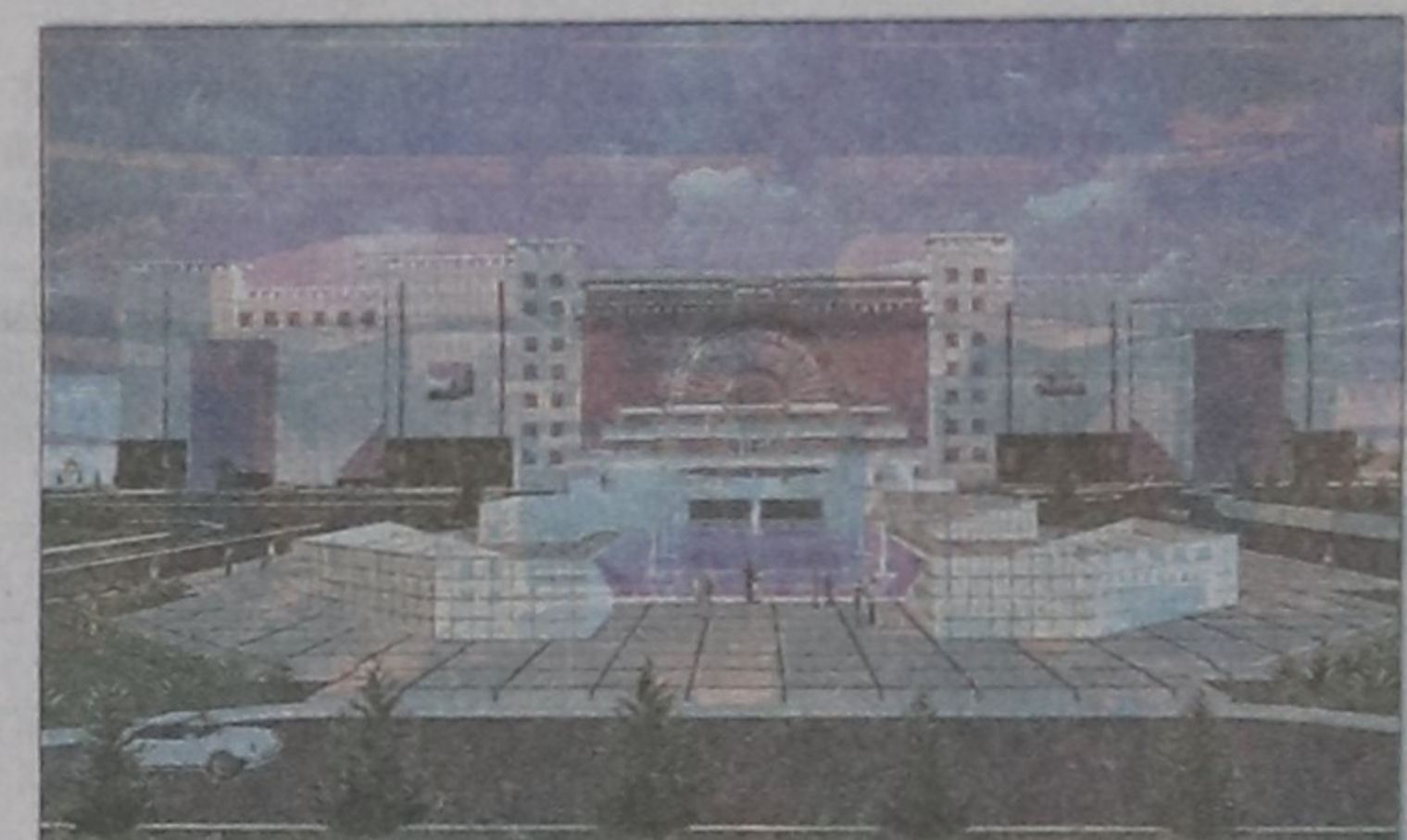
One of the key objectives of the establishment of the park is to reduce the number of people going abroad for shopping and treatment, Nurul Islam Babul, chairman of the Jamuna Future Park, told a press conference in Dhaka yesterday.

It would rather attract foreign businessmen and tourists to Bangladesh, he hoped.

The park's projected annual turnover is Tk 40,000 crore.

Babul said space at the park would be relatively expensive, with each square foot costing up to Tk 60,000.

"Small vendors will not be able to afford a shop at the JFP as it will be meant for higher and higher-middle-class people," he said, expressing his high hope that the gorgeous park would escalate the economy of Bangladesh.



The model of Jamuna Future Park, which is said to be the biggest shopping mall in Asia.

"As the twin tower has improved the image of Malaysia, the world will know Bangladesh by Jamuna Future Park," said Babul.

The JFP will house over 4,000 shops of local and international brands, a food court with the capacity of 3,000 persons, a well spacious exhibition hall, a cineplex with seven hall rooms and an amusement park.

In addition, a 22-line bowling alley, health club, gymnasium, swimming pool and a banquet hall with the capacity of 500 persons will attract people from home and abroad, the journalists were told.

A five-star hotel and a hospital will be built on the JFP premises.

The centre will have parking spaces for 5,000 cars and is surrounded by a 26-foot ring road in order to allow customers to bring their own vehicles.

The JFP will set up its own power plant with a capacity of 45 megawatts to ensure uninterrupted power supply inside the complex.

An automatic system along with CCTV, auto alarm, surveillance and guard patrolling would ensure security.

Construction of the JFP started in 2001, but political disputes delayed the process.

In February 2007, Babul was arrested under the emergency power rules for anti-state activities and land grabbing. He was released on bail in December.

## Light engineering comes to fore

SAYEDA AKTER

Bangladesh's light engineering sector has flourished from almost nothing to a multi-crore taka business now since the country's independence in 1971, with the sector's development coming about mainly at an informal cottage status.

The sector makes products ranging from automated teller machine (ATM) frames to pharmaceutical packaging machines, from machinery for garment sector to rice mills, from automobile spare parts to power looms, and from ammunition boxes for Bangladesh Army to machinery for paint industry.

It also produces machinery for making ballpoint pens, furniture, bakery equipments, flourmills, CD and DVD covers, plastic baskets and carriers, and many more.

The sector mainly involves three kinds of works: making complete machinery, producing spare parts and repairing

old machines. It also does the maintenance works of different machinery, said Abdur Razzaque, president of Bangladesh Engineering Industry Owners Association.

"The sector was dominated by the non-Bengalese before 1971, and later local people replaced them by purchasing their year-old businesses," he said.

"The sector came to the fore after 1971, with many entrepreneurs who earlier worked as mainly mechanic and helper taking interest in establishing their own businesses," he said.

In 1984 the government recognised the sector bringing it under industries ministry. Finally the government in its latest industrial policy in 2005 put more focus on light engineering sector.

Currently, there are around 40,000 small-scale light engineering enterprises across the country with six lakh people directly involved, as per Board

of Investment statistics.

Now the sector manufactures around 10,000 types of items worth \$120 million a year for the local industries.

Razzaque said the annual turnover of the sector accounts for Tk 20,000 crore per year. He said most of the light machinery used for tea plantation and processing are made locally.

Sakiba Engineering Works at Dholakhal in Old Dhaka makes ATM body frame. "We have already made 10 ATM body frames," said Saker Ali, assistant director of the company.

In Dhaka, the sector has mainly developed in some specific areas including Dholakhal, Tipu Sultan Road, Demra, Lalbagh, Mohammadpur and Shialbari in Mirpur.

The sector exports such products as bicycle, iron chain, dry cell battery, generator, instant power supply (IPS) device, copper wire, telephone

set, fishing reel, garments cutting table, light garment machinery, electric fan, and GI pipe.

According to Export Promotion Bureau (EPB) data, the country's light engineering sector posted an export earning of Tk 1,507 crore in 2007-08 fiscal year.

Bicycle, generally an import item, is also made locally, and in FY2007-08 an amount of Tk 450 crore was earned by exporting bicycle.

Junayed Engineering, a local UPS device maker at Shialbari in Mirpur, exported 10 UPS units to Assam in April, and is preparing to export 30 pieces to Nepal by the year-end. Junayed Ahmed, owner of the company, started making UPS devices three years ago.

Industry experts say the light engineering sector will flourish further if necessary infrastructure and adequate finance can be assured.

[sayedak@thedailystar.net](mailto:sayedak@thedailystar.net)



A worker mans a machine in a light-engineering firm in Dhaka. The sector has flourished over the last few years.