

## Stocks

DGEN ▲ 1.94%  
2,517.04

CSCX ▲ 2.54%  
5,083.54

## Asian Markets

MUMBAI ▼ 2.78%  
8,839.87

TOKYO ▼ 1.35%  
8,397.22

SINGAPORE ▼ 2.44%  
1,690.23

SHANGHAI ▲ 1.25%  
1,894.62

## Currencies

Buy Tk Sell Tk

USD 68.40 69.40

EUR 85.00 89.60

GBP 103.04 108.07

JPY 0.71 0.75

SOURCE: STANDARD CHARTERED BANK

## Commodities

Gold ▼ \$795.50 (per ounce)

Oil ▼ \$51.01 (per barrel)

SOURCE: AFP

(Midday London Trade)

## More News

### Silver lining for Bangladesh



Bangladesh has the possibility of profiting from the global downturn if consumers switch to low-priced goods, says the treasury head of a foreign bank in Bangladesh. "Consumers may shift towards low-priced goods and Bangladesh has a very good track-record in this area," says Tarique I Khan, head of the treasury division of Hong Kong and Shanghai Banking Corporation (HSBC).

B-4

### Global crisis likely to hit LDCs hard: Aziz

Finance Adviser AB Mirza Azizul Islam said yesterday the global financial crisis is likely to cast a serious impact on exports, FDI, ODA and remittances of the least developed countries (LDCs) including Bangladesh.

B-3

## International

### German bank unveils 5,600 job cuts, mostly in Asia

The troubled German regional bank BayernLB said on Monday that it would shed more than a quarter of its workforce by 2013, with Asian operations slated to bear the brunt of a rigorous downsizing. A statement said BayernLB would eliminate 5,600 posts of a total 19,200 in a bid to save 670 million euros (850 million dollars) over the next five years.

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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](mailto:business@thedailystar.net)

# Local investment plans up

JASIM UDDIN KHAN

Riding on textile- and apparel-based sectors, local entrepreneurs placed over Tk 17,000 crore investment plans to the government in the first 10 months of the current calendar year.

Board of Investment (BoI) received 286 investment proposals worth Tk 1,966 crore in 2007, 519 project proposals worth Tk 4,566 crore in 2006 and 1,277 projects worth Tk 10,964 crore in 2005.

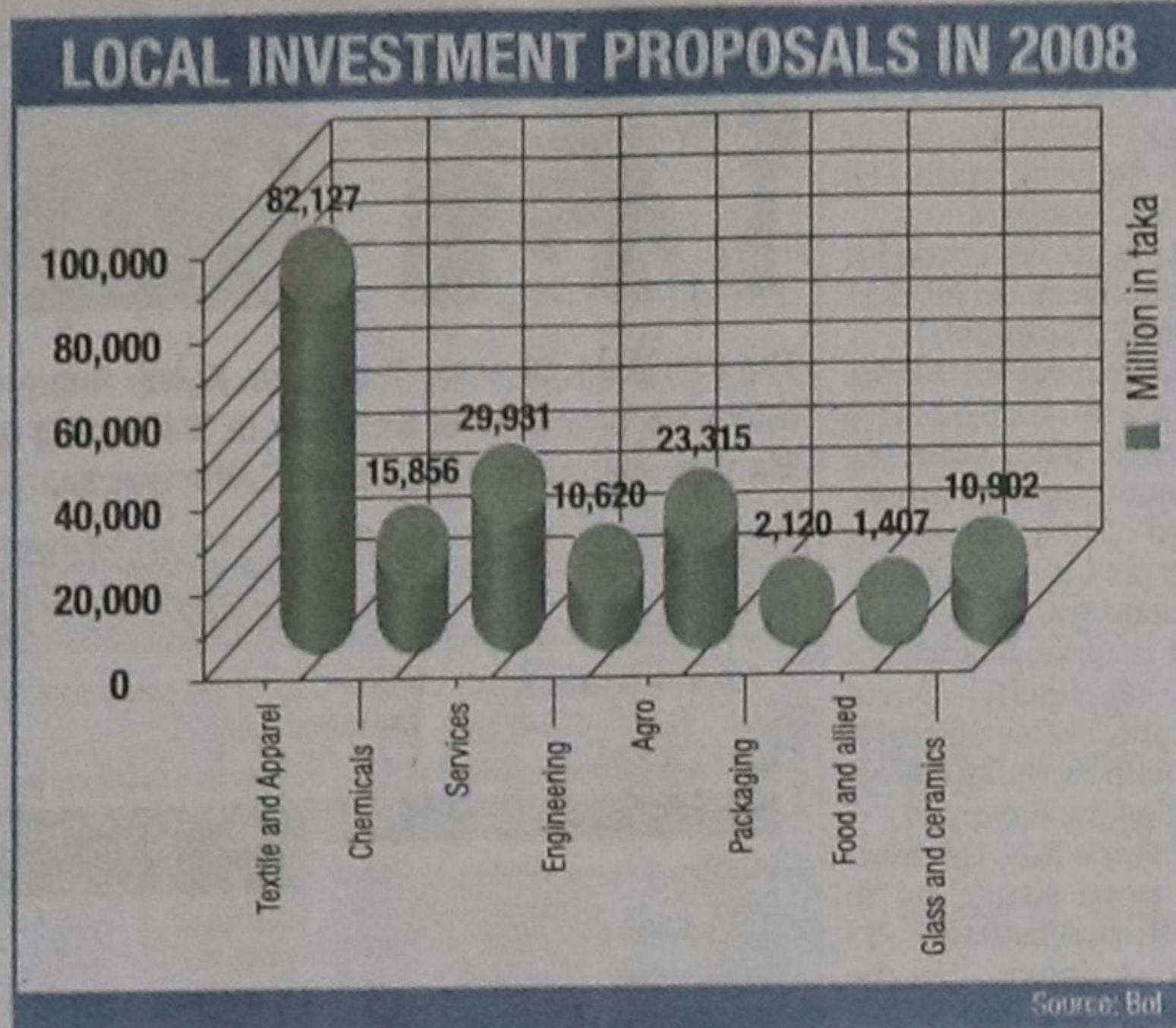
Officials said it received 1,217 project proposals in the first 10 months of 2008. Of them, around 953 projects have been placed for textile and apparel based industries.

Of the proposed apparel based industries, 643 are textile, 177 chemical and 133 service sectors.

According to industry people, most of the industrial units in the chemical and services category are considered as backward and forward linkages industries of apparel sector.

The remaining proposed 264 industrial units are of engineering, agro, packaging, food, glass and other categories.

"The desires by local entrepreneurs to establish more textile and apparel based factories reflects that



Bangladesh is receiving more responses from international buyers to outsource clothing," said Anwar-ul-Alam Chowdhury Parvez, president Bangladesh Garments Manufacturers and Exporters Association (BGMEA).

However, industry insiders observe that more registration with the BoI does not mean that all those plans would be imple-

mented, but the trends show the country's strength and competitiveness in the apparel sector.

"It is a very good indicator for industrial development of the country as the backward linkage industries are growing very fast," said Fazlul Hoque, president of the Bangladesh Knitwear Manufacturers and Exporters Association.

In this context, he pointed to the fact that persistent energy and power crisis might impede the implementation pace of those industrial plans.

Haq added that the BoI statistics also indicated that how the country is becoming more depended on the single textile and apparel sector.

BoI Executive Chairman Kamaluddin Ahmed said government initiatives, including formation of Better Business Forum and Regulatory Reforms Commission as well as trade facilitation at customs and port helped the country's business back on track.

Asked about how the BoI would overcome infrastructure bottlenecks, especially gas and electricity crisis, in setting up industries, Kamaluddin hinted at a policy shift to promote 'less gas-consuming' industries, encourage investment in infrastructure and focus on services sector, particularly information technology.

During the ten months in 2008, local entrepreneurs registered investments worth Tk 17,684 crore, of which Tk 8,212 crore has been planned for textile and apparel industry, Tk 2,993 crore for service industries and Tk 1,585 crore for chemical industries.

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# Govt mulls commodity stock exchange

BSS, Dhaka

The government is going to set up a commodity stock exchange in Dhaka considering price volatility of major international commodities, said Commerce Secretary Feroz Ahmed yesterday.

Ahmed said the commerce ministry already initiated a study to examine it in the backdrop of the ongoing global financial crisis and the continued price instability of essentials, which could be a major concern for Bangladesh.

Feroz Ahmed was presiding over the Memorandum of Understanding (MoU) signing ceremony between the Indian Institute of Foreign Trade (IIFT) and the Bangladesh Foreign Trade Institute (BFTI) in Dhaka.

The MoU is meant to establish a long-term collaborative relationship between the two institutions, enabling them to develop collaboration in trade related research, training and academic interchanges.

IIFT Director KT Chacko and Chief Executive Officer of BFTI Professor MA Taslim signed the agreement on behalf of their respective sides.

The MoU signing ceremony was followed by the inauguration of a two-day training workshop on "International Commodity Trading and Risk Management" jointly arranged by the IIFT and BFTI for the public and private sector trade officials.

Indian High Commissioner in Dhaka Pinak Ranjan Chakravarty and President of Bangladesh Textile Mills Association (BTMA) Abdul Hai Sarker also spoke on the occasion.

Pinak Chakravarty hoped that the collaboration between the two institutions will contribute to the trade related growth and development in this region.

High officials of different ministries and executives from the private sector, including banking and financial institutions and diplomats were also present.

# Sales of reconditioned cars on the rise

KAWSAR KHAN

Sales of reconditioned vehicles have climbed in recent months following the government's approval to import vehicles aged up to six years, tied with a fall in the prices of used cars in the Japanese market.

According to the Bangladesh Reconditioned Vehicle Importers and Dealers Association (Barvida), around 12,000 units of reconditioned vehicles were imported in the country in fiscal 2007-08. The trend shows that over 20,000 units of reconditioned vehicles will be imported in the country this year, which means about 60 percent growth over the previous year.

"Prices of used cars have decreased in the local market because their prices have dropped by \$1,000 to \$3,000 in the Japanese markets, in recent times, despite the Japanese currency appreciating against the dollar," said Abdul Haque, president of Barvida.

He said the average price of each vehicle has decreased at least by Tk 1 lakh, due to the price reduction.

Currently, a reconditioned Toyota Corolla is available at around Tk 10 lakh in local markets, which was priced at around Tk 12 lakh last year. Similarly, the prices of minibuses have decreased by Tk 1.5 lakh to Tk 3 lakh, thanks to a drop in prices

in the Japanese market, said Haque.

"We guess that this year around 20,000 reconditioned vehicles will be imported, as demand has increased following the price fall," said Abdul Hamid Sharif, secretary general of Barvida.

This year, the government has also changed its policy regarding import of old cars, allowing traders to import up to 6-year-old vehicles, while they could previously import a maximum of 4-year old vehicles.

"Inflow of reconditioned vehicles increased in the country after the decision was made effective because earlier it was difficult to import old cars as people in Japan typically use a new car for five to six years," said Haque.

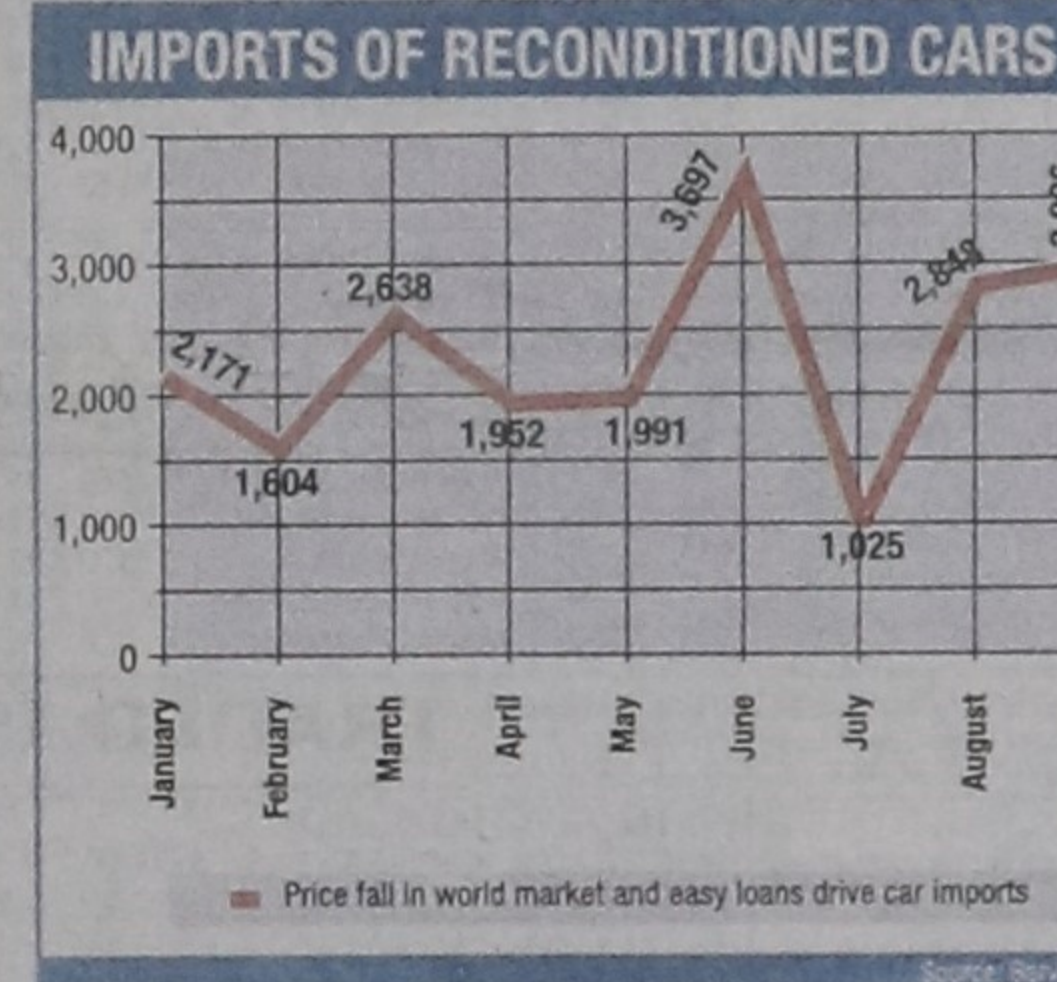
As old cars, aged four years, were rare, prices were also higher, he said.

Another strong reason behind the surge in car imports in the country is because of the availability of car loans.

"Now a vehicle importer can easily manage loans for importing cars that is also fuelling the purchase of vehicles," said the Barvida secretary general.

Now a customer can easily manage a car loan from banks, which was not so easy in the past, he added.

The vehicle importers, however, criticised the government policy on the existing depreciation



rates. Now the government allows year-wise depreciation rates 5, 10, 20 and 30 percent respectively on one, two, three and four to six-year old vehicles.

"Though the government has allowed imports of six-year-old vehicles, it has not increased the rate of depreciation on them," said Haque. Prices of old vehicles would have further decreased if the government increased depreciation on 6-year old vehicles.

Now the government allows 30 per cent depreciation on both four-year and six-year old vehicles, which importers said is illogical.

The vehicle importers also urged the government to settle the controversy over vehicle age, as, according to them, the existing age counting system discriminates the duty structure.

Now the government counts a car's age on the basis of its first registration date, while until the present year, vehicles' age was counted on the basis of the manufacturing date inscribed on the vehicle's chassis.

"If vehicle's age is counted on the basis of its manufacturing date, all vehicles manufactured in a certain year will be under the same duty slab. But if vehicle's age is counted on the basis of the first date of registration, a vehicle of one-year-old and another one of 13 months will be under a different duty structure, although they were manufactured in the same year," said Haque.

The present age counting method creates a difference on duty between Tk 40,000 to Tk 70,000, manufacturers said.

However, the high court stayed the new regulation for three months on Sept 3 on a writ petition filed by the association.

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# SEC chief sees bright time for stocks



Faruq Ahmad Siddiqi, chairman of the Securities and Exchange Commission, third from left, speaks at a meeting with the members of Dhaka Stock Exchange yesterday.

## STAR BUSINESS REPORT

The country's capital market will surely witness significant growth over the next two years irrespective of the nature of the next elected government, the Securities and Exchange Commission (SEC) chairman said yesterday.

Floitation and off-loading of shares by the companies from the telecom and other sectors on expectations that the next government will be market-friendly, and introduction of book-building, a modern pricing method for IPO, will definitely contribute to expected growth and depth of the market, Faruq Ahmad Siddiqi said.

Siddiqi was speaking at a discussion between the SEC and members of Dhaka Stock Exchange in the DSE Members' Club.

Chaired by DSE President Abdul Haque, the discussion was attended by SEC Member Mansur Alam and Executive Director Farhad Ahmed, DSE Senior Vice-president Saiful Islam and Chief Executive Officer Salahuddin Ahmed Khan.

The SEC sat with DSE members yesterday in a second move in as many days to keep the market stable. Earlier on Sunday, the SEC held a meeting with merchant bankers and DSE management to discuss the market situation.

"Draft of book-building method will be published in the national dailies at the end of this month," he said hoping that the alternative mechanism of IPO pricing will attract more good companies to list their enterprises on the stock exchanges.

Grameenphone will list on the stock market in next three to four months

followed by other companies in the telecom sector, the SEC chief said.

He said amendments and necessary corrections in the rules will be made to make the existing dysfunctional merchant banks active. Efforts are also under process to inject professionalism and institutional efficiency into the merchant banking activities, he said.

Emphasising awareness programmes for the investors, the DSE market regulator said most of the investors are not well aware of the fundamentals and basic issues of companies, but it is necessary to make them aware.

The key index of the DSE closed higher yesterday. The DSE General Index rose 48.12 points, or 1.94 percent, to 2,517.04 points. The DSE All Share Price Index gained 40.53 points, or 1.98 percent, to 2,080.73 points.

# India says economy in safe hands after attacks

AFP, New Delhi

India's government reassured the nation Monday the economy was in safe hands after a cabinet reshuffle following the deadly assault by Islamic militants on the financial capital Mumbai.

Premier Manmohan Singh took on the finance portfolio Sunday after shifting Palaniappan Chidambaram to the home ministry to bolster India's fight against the threat of militancy. More than 170 people died in the Mumbai attacks.

Chidambaram, who steered India through a record nearly nine percent growth for four years, described Singh as the best person to tackle a slowing economy and the fallout from the attacks and the global economic slowdown.

"I am more than reassured that the prime

minister has decided to keep the portfolio to himself," Chidambaram told reporters before leaving his finance ministry office for the last time.

However, a slew of gloomy data Monday underlined the challenges facing Singh who, as finance minister in the 1990s, initiated the sea change that opened up an inward-looking economy to the world.

India's exports in October tumbled by 12 percent, hit by slumping demand in its main US and European consumer markets amid a widening global downturn, ballooning the country's trade deficit by 60 percent.

It marked the sharpest year-on-year fall in exports in a decade.

"External demand looks to have fallen off the proverbial cliff," said HSBC economist Robert Prior-Wandesforde, based in Singapore.

# Star Business

## JOIN THE DEBATE

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