

Stocks

DGEN ▲ 3.03%
2,653.11

CSCX ▲ 0.60%
5,274.74

(Week-on-week)

Asian Markets

MUMBAI ▲ 4.95%
8,756.61

TOKYO ▲ 5.15%
7,569.28

SINGAPORE ▲ 5.62%
1,577.52

SHANGHAI ▼ 0.24%
2,128.85

(Friday closings)

Commodities

Gold ▲ \$930.04
(per ounce)

Oil ▲ \$47.44
(per barrel)

(As of Friday)

More News

Lunch couriers of Mumbai



In Mumbai, lunch is set to a railway timetable. In a country where the habit of home-cooked food lives on, meals are delivered by 5,000 couriers: the Dabbawalas. They carry 200,000 custom-made lunches to different destinations every day -- mostly by train and bicycle -- with precision. Speed matters too.

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Fake TIN amnesty gets good response

The National Board of Revenue (NBR) has received "good responses" to the amnesty it offered to fake taxpayer identification number holders to legalise their TINs by April 30, the NBR chief said yesterday.

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International

Satyam gets 'adequate bid response'

The board of swindled Indian outsourcing giant Satyam said it has received an "adequate response" to its invitation for bids, as a newspaper said Saturday that IBM had joined the race.

G20 ministers discuss credit crunch fight, as split denied

Finance ministers from the world's biggest economies held talks Saturday trying to find common ground ahead of a vital G20 summit on April 2 -- but already the talk is of splits, not harmony. The world's richest countries -- the United States, Japan and China -- plus wealthy European nations and emerging powers like South Korea will bid to lay the foundations for a plan to pull the global economy out of its tailspin.

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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

Recession may spark social crisis

Fears commerce minister

STAR BUSINESS REPORT

Commerce Minister Faruk Khan yesterday vented fear that the return of migrant workers and a possible slowdown in exports amid global financial meltdown might create a social crisis in Bangladesh.

"We are being affected by the global recession. Our exports and inflows of remittances are suffering," said the minister at a workshop on Global Partnership for Development at Dhaka Sheraton Hotel.

Local research organisation Shamunnay, UNDP and Panning Commission organised the programme in a bid to outline global issues that have impact on poverty.

Faruk's remarks came as recession-hit migrant workers have been coming back home at an alarming rate for the last two months, threatening with a slowdown in the inflow of remittance, which is now the second biggest foreign currency earner after exports.

In February the number of returnees stood at over 8,000, an

almost double of the figure in January. The number of out-bound workers has also gone down with some countries like Malaysia blocking the entry of 55,000 Bangladeshis recently.

"It's painful for us although it is the crisis created by others," said Faruk.

"It's transforming into a social crisis," the minister said, explaining that the living standard of families of migrants improved earlier but their returns might force these families to slash their expenses drastically.

Since 2001 remittances have grown by on an average 17 percent rate and stood at 10 percent of GDP for fiscal year 2007-08.

Various exportable items like jute and frozen foods are already bearing the brunt of global recession with exporters of readymade garment, the driver of the economy, forecasting a gloomy future.

"It may result in shutdown of factories and layoffs," the minister said.

International Labour Organisation (ILO) earlier predicted that global recession might lead to a cut of as many as 51

million jobs worldwide this year. The ILO also said the crisis could push more than 140 million people in Asia into extreme poverty in 2009 amid rise in unemployment.

Dr Selim Jahan, director, Bureau of Development Policy of UNDP, said recession might impinge on poverty and women empowerment, as majority of more than 25 lakh RMG workers are women.

"These workers send a big chunk of their earned money to their families. A fall in their income will hurt these families," he said.

Selim Jahan said although the crisis was created in the developed world, both the developed and developing countries shoulder the responsibility to overcome it.

The commerce minister however is upbeat about tackling the recession fallout.

"We will tackle the crisis. We are going to form a taskforce this month taking representations from all," he said.

Among others, Atiur Rahman, chairman of Unnayan Shamunnay, and Selim Raihan, associate professor of economics at Dhaka University, spoke.



Foreign workers mainly from Bangladesh board a bus at the end of first shift at a construction site in Kuala Lumpur. Bangladesh has urged the Malaysian government to reconsider a decision to cancel work visas issued to 55,000 Bangladeshi workers.

Singapore backs healthcare to heal financial trauma



People walk across the Cavenagh bridge at the financial district in Singapore. The city-state now focuses on attracting more international patients to its world-class hospitals.

PORIMOL PALMA, back from Singapore

As the global recession hits Singapore's manufacturing and shipping business, the government of the city-state now focuses on attracting more international patients to its world-class hospitals with competitive price offer to help maintain its economy.

"Singapore has fixed the target of attracting 1 million international patients annually by 2012," said Dr Tyrone Goh, executive director of National Health Group, a leader in public healthcare in Singapore.

The cost of healthcare in Singapore is 50 to 100 percent lower than that in the USA and UK, he told a group of journalists of different countries during their recent visit to Singapore. Singapore Tourism Board arranged the media trip.

"We don't believe in the best and latest building only. At the end, it's the care, compassion and environment around that," said Stuart D Rowley, chief executive officer of Prince Court Medical Centre in Singapore.

The country has already become the leading healthcare services hub in the region by providing globally accredited services to the international patients.

Of the 19 hospitals and national healthcare centres in Singapore, 13 are considered public sector facilities. Although wholly owned by the government, they operate as private entities to achieve the efficiency of the private sector.

Most of the hospitals are accredited by Joint Commission International that provides recognition for international healthcare standards.

In 2006, around 410,000 patients travelled to the country to get healthcare services, showing tremendous potential of the sector in Singapore, a state free of

political chaos.

Most international patients visiting Singapore for healthcare are from Indonesia, Malaysia, Bangladesh and the Middle East countries. Patients from the developed countries like the USA and UK also come to the medical hub.

"Patients choose Singapore because the service here is faster, better and cheaper. Clinical outcome in our hospitals is excellent," said Tyrone Goh.

This is the reason why global recession has not affected the healthcare sector of Singapore although it hit the manufacturing and shipping sectors prompting the government to unveil a multi-billion-dollar plan to boost spending and cut taxes.

Singapore has slashed its 2009 growth forecast, saying its economy could shrink by as much as five percent since the global demand for the country's exports fell.

Healthcare specialists in Singapore said the global economic crisis is prompting people to save more money, but healthcare cannot be avoided. People will certainly seek cheap rate with quality medical services.

"Demand and overseas interest in Singapore healthcare is growing," Stuart D Rowley told journalists on the sidelines of Global Healthcare Congress 2009 organised by International Medical Travel Association from February 23-26.

Josef Woodman, president of Healthy Travel Media, said: "As healthcare service in Singapore is cheaper, patients from the developed countries are also preferring to come here."

He said not only Singapore, other Asian countries such as Malaysia, South Korea, the Philippines, Thailand and India are also becoming important destinations for the patients from Europe and the US.

Bankers unsure of benefit from repo rate cut

SAJJADUR RAHMAN

Bankers have reacted cautiously to the possible gains from the central bank's recent repo rate cut move and said consumers will not be benefited if demand for money does not increase.

They said demand for money is declining as the global economy is going through a tough time and the impacts are also seen on Bangladesh as its income banks heavily on the demands of the trouble-ridden western economies.

"We have to see whether the market has any demand for credit. If the market has surplus liquidity, the move won't benefit the customers," said Muhammad A Rume Ali, former deputy governor of Bangladesh Bank (BB) and now the chairman of BRAC Bank.

The central bank on Wednesday announced a cut in the repo rate, its key short-term lending rate, by 25 basis points to 8.50 percent. The reverse repo (at which BB purchases money from the banks) has been left unchanged at 6.75 percent.

The rate cut initiative is a contrary move from the central bank's policy stance, as it said just two months back that the domestic credit is growing at a very high rate (27 percent) and it needs to be controlled.

Now a senior BB official says: "The rate cut will help stimulate domestic consumption and hopefully investment demand also."

Domestic credit increased by Tk 4.8 crore or around zero percent to Tk 270,407 crore during December 2008 compared to the previous month. However the credit went up by Tk 21,639.20 crore or 8.70 percent during the July-December period of 2008 against an increase of Tk 20,906 crore or 10.16 percent during the same period of the previous year.

The rise in domestic credit during the period was mainly due to an increase of credit to the public sector by Tk 7,242.4 crore or 12.35 percent

compared to the increase of Tk 5,118 crore or 9.57 percent in the same period of the previous year.

Credit to the private sector also increased by Tk14,396.8 crore or 7.57 percent during the July-December period of 2008 compared to the increase of Tk 15,788 crore or 10.37 percent in the same period of the previous year.

Although global economy has been going through a tough time for the last couple of quarters, initially the local people including exporters did not see much impact on economy and business. But slowly the global recession started to show up on local investors and consumer sentiment in Bangladesh as well.

People are now worried on the economic front as there are sufficient concerns over growth prospects in the wake of slowdown in exports, remittances and revenue collection.

Many countries are taking measures, such as cutting lending rate and offering stimulus packages to spur their economic growth. Bangladesh also plans to declare a package to support the export sector, which is feared to be affected by the crisis.

Although Bangladesh followed other countries in cutting the lending rate, still the country's repo rate is higher than that in many countries, including India, where the rate is now at 8 percent. Other countries such as China, Hong Kong, Taiwan, Saudi Arabia and South Korea have reduced their repo rates recently.

Saudi Arabia slashed its repo rate to 2.5 percent from 3 percent. The lending rate in Malaysia and Thailand is 6.5 percent and in China 7.2 percent.

Shahjahan Bhuiyan, managing director of United Commercial Bank, said: "The repo rate cut is certainly a welcome move that signals a focus on ensuring sufficient liquidity to support growth."

He said the demand for credit has declined in the recent months because

of slow demand of the garment and textile industries and the reduction in commodity prices in the international markets.

According to officials in some commercial banks, currently many banks have surplus liquidity. A top official of a private commercial bank said his bank had around Tk 420 crore in cash earlier last week, which he said a 20 percent higher than in the normal period.

Mahmud Sattar, managing director of The City Bank, said: "Yes it is a help for the banks, but will not bring any major change in the credit market."

To restore business confidence and maintain the economic growth, he said: "It needs fiscal measures. Monetary measure alone is not enough to stimulate the economy."

Sattar, also the president of Association of Bankers Bangladesh, said the central bank has chosen the time for the rate cut because the inflationary pressure is at the lowest level now. Inflation hovers around 7 percent now from a double-digit level throughout last year.

Helal Ahmed Chowdhury, managing director of Pubali Bank, said a cut in repo rate means reduction in borrowing cost, which ultimately benefits the private sector.

Chowdhury said: "Now we will get better returns from our investment in other areas than that in the central bank."

He said the latest move would help the private sector come up with new investment projects.

The Cash Reserve Requirement for the scheduled banks with the central bank is at 5 percent of their total demand and time liabilities.

The Statutory Liquidity Ratio for the scheduled banks, except banks operating under the Islamic Shariah and the specialised banks, remains at 18 percent of their demand and time liabilities, excluding inter-bank items.

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2009 'very dangerous' for economy: WB chief

AFP, London

World Bank president Robert Zoellick said Friday that 2009 was turning into "a very dangerous year" for the economy but warned G20 members against protectionist policies to fight the downturn.

"2009 is shaping up to be a very dangerous year," he told reporters ahead of Saturday's G20 finance ministers meeting on how best to tackle the worst economic slowdown in decades.

"I believe it will be a positive sign if the G20 supports extended IMF resources, condemns protectionism and supports practical solutions," Zoellick said.

The G20 includes the Group of Seven industrialised countries -- Britain, Canada, France, Germany, Italy, Japan and the United States -- the European Union and leading developing nations including Brazil, China and India.

Finance ministers and central bank leaders from the United States and Europe go into Saturday's meeting deeply divided on whether stimulus packages or tighter regulation of the finance sector should be the way forward.

Saturday's gathering in Horsham, near London, is expected to lay the groundwork for a G20 heads of state summit on April 2.

"If the leaders feel they are running out of constructive tools, they might start to point fingers and take protectionist and isolationist actions and those are the negative spiral of events you saw in the (19)30s," Zoellick added on Friday.



Afghan United Bank is a commercial Licensed Bank incorporated in Afghanistan, and looking for Muslim Banking professionals for key senior management positions such as CFO, COO, Head of Risk, Head of Credit, Head of Compliance & H.R. Head. Since AUB is converting to full scope Islamic banking, therefore, professionals with some experience in Islamic Banking will be preferred.

Please email your CV's before
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