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DGEN ▼ 0.23%
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CSCX ▼ 0.40%
4,912.39

Asian Markets

MUMBAI Closed

TOKYO ▲ 0.54%
8,964.11

SINGAPORE Closed

SHANGHAI ▲ 2.70%
2,443.23

Commodities

Gold ▼
\$880.50
(per ounce)

Oil ▲
\$54.06
(per barrel)

SOURCE: AFP

(Friday closings)

More News

Aviation sector's demand gets no response

Airlines Association of Bangladesh (AAB), which recently sought a Tk 1,000 crore stimulus package to overcome the fallout of the global recession, has failed to draw attention of the government. The AAB, grouping GMG Airlines, United Airways, Best Air and Aviana Airways Ltd, recently urged the government for sanctioning among others Tk 1,000 crore interest-free loans and waiver of tax.

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International

No job, no problem



It's not unusual for shoppers to get their money back when something doesn't work or fit. But now companies are throwing refunds at customers for a new reason: They've lost their jobs. Relaxed mortgage or car payments and even a new suit are among the deals to be had for consumers who are unemployed or worried about losing their jobs.

US budget deficit nears \$1 trillion: Treasury

The US budget deficit accelerated in March to hit a record nearly one trillion dollars just halfway through the current fiscal year, as the government moved to bail out troubled institutions, government data showed Friday.

G7 economies in retreat, some signs of improvement

The Group of Seven major economies are going deeper into reverse but fragile signs that the slowdown is easing are beginning to emerge in a few countries, the OECD said on Friday. "Tentative signs of improvement in the rate of deterioration in the outlook are appearing in some countries," the Organisation for Economic Cooperation and Development said in a report.

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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

Baishakh brings glitter to sales

SAYEDA AKTER

Pahela Baishakh, the Bangla New Year and one of the most celebrated festivals, brings many happy returns to local businessmen, as several industries eye more than Tk 50 crore in the day's trade.

Special offers by sari shops, boutiques, five-star hotels, restaurants, beauty salons, flower shops, telecom operators, radio stations, bakeries and printing houses add glitter to the event.

Sales of several items, including saris and Hilsa fish, have increased manifold in the build-up to the celebrations, said industry people.

On the first day of the New Year, the customary centrepiece event of the day is to open a *halkhata* or a new book of accounts. Fairs and other festivities have also been planned for the day.

Over the years, Pahela Baishakh has become part of domestic and social lives and turned into one of the biggest festivals, with people from all religions celebrating it.

To welcome the New Year, the main programme revolves around the Ramna Batamul, where cultural programmes have been organised for years. The festivities also spread all over the country and people shop for new clothes and visit fairs and cultural events.

M Shamsul Alam, owner of Taant Kutir in New Market, said the sales of traditional red and white saris have jumped, with more to come a day before the celebrations.

"We may have to struggle to meet demand for saris as Baishakh is nearing. We count sales more than the two Eids combined. This is because people choose to buy other things, like appliances or the animals to be sacrificed on the Eid days," he said.

"But women will surely purchase at



AMRAN HOSSAIN

A man browses through clothes at a boutique in Dhaka yesterday, as sales are expected to peak in the build-up to the Pahela Baishakh celebrations.

least cotton saris for Pahela Baishakh."

Alam sold saris worth Tk 3.5 lakh on this occasion last year. He expects an increase in this year's sales.

Most traders at New Market, Dhanmondi Hawkers' Market and Gauchhia echoed Alam.

The sales of saris by Jamdani Kutir, a popular sari shop on the Bailey Road, have almost doubled from the previous year. Last year, they sold saris worth Tk 5

lakh.

In addition to saris, the country's young generation prefers fusion clothing to traditional clothes. Boutique houses have come up with new clothing lines to meet the demand of the day.

Famous boutique shops, including Aarong, Bibiana, Onnomela, Nipun Sadakalo, have launched their collection of saris and other trendy outfits. They are

also offering attractive discounts on several items. The boutiques are expecting brisk sales.

In line with the theme of the festival, salwar kameez, fatua and panjabis have been designed with hand and machine embroidery and appliqué, said a sales executive at Bibiana.

Besides, the sale of Hilsa fish has increased, as many will begin the day with the culinary delights of fried fish

and soaked rice.

"Sales peaked -- mainly from last week -- but will increase further and the prices will naturally go up," said Babul Patwari, a Hilsa vendor at Karwan Bazar.

Previously, Babul had sold four pieces of Hilsa fish for up to Tk 1,200. The prices shot up to Tk 2,000 for a set of four on Friday. Babul expects a further hike in prices.

All five-star hotels, including Dhaka Sheraton, Pan-Pacific Sonargaon and Westin, have designed special menus, preparing to earn additional revenue on the day.

Street flower vendors are all set to cash in on the festivities. Around 100 vendors in the vicinity of Shabbagh, Kataban and High Court are expecting brisk sales.

Mobarak Islam, a flower dealer at Shabbagh, said he had sold flowers and garlands worth Tk 35,000 on Pahela Baishakh last year. He expects the figures to rise this year.

"Most orders are for garlands, made of different flowers," he said. Traditionally, garlands complement most sari-clad women's hairdos.

Beauty salons are also ready to serve the band of beauty-conscious women. Persona Hair and Beauty will remain open from 5am on Pahela Baishakh.

The advertising industry is also flourishing as private television and radio channels are airing new advertisements from telecom operators, restaurants, beauty salons and boutiques. These include SMS contests, with opportunities for a couple to fly abroad and lunch or dinner at a five-star hotel.

Many floating vendors in the vicinity of Ramna Batamul and the Dhaka University campus are also expected to join in with stalls for colourful masks, traditional sweets and clay dolls.

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Banks' income soars US shuts 2 more banks

SAJJADUR RAHMAN

Banks posted record profits in 2008, despite fallout from the global financial crisis.

Operating income for most banks rose by 20-40 percent in 2008 from a year ago, according to data collected from individual banks.

"Despite a noticeably deteriorated macroeconomic environment, the banking industry did better in 2008 because of their innovative planning and strategy," said Mahmud Sattar, managing director and chief executive officer of The City Bank.

EXIM Bank's operating income rose by more than 25 percent to Tk 355 crore from Tk 282 crore in 2007.

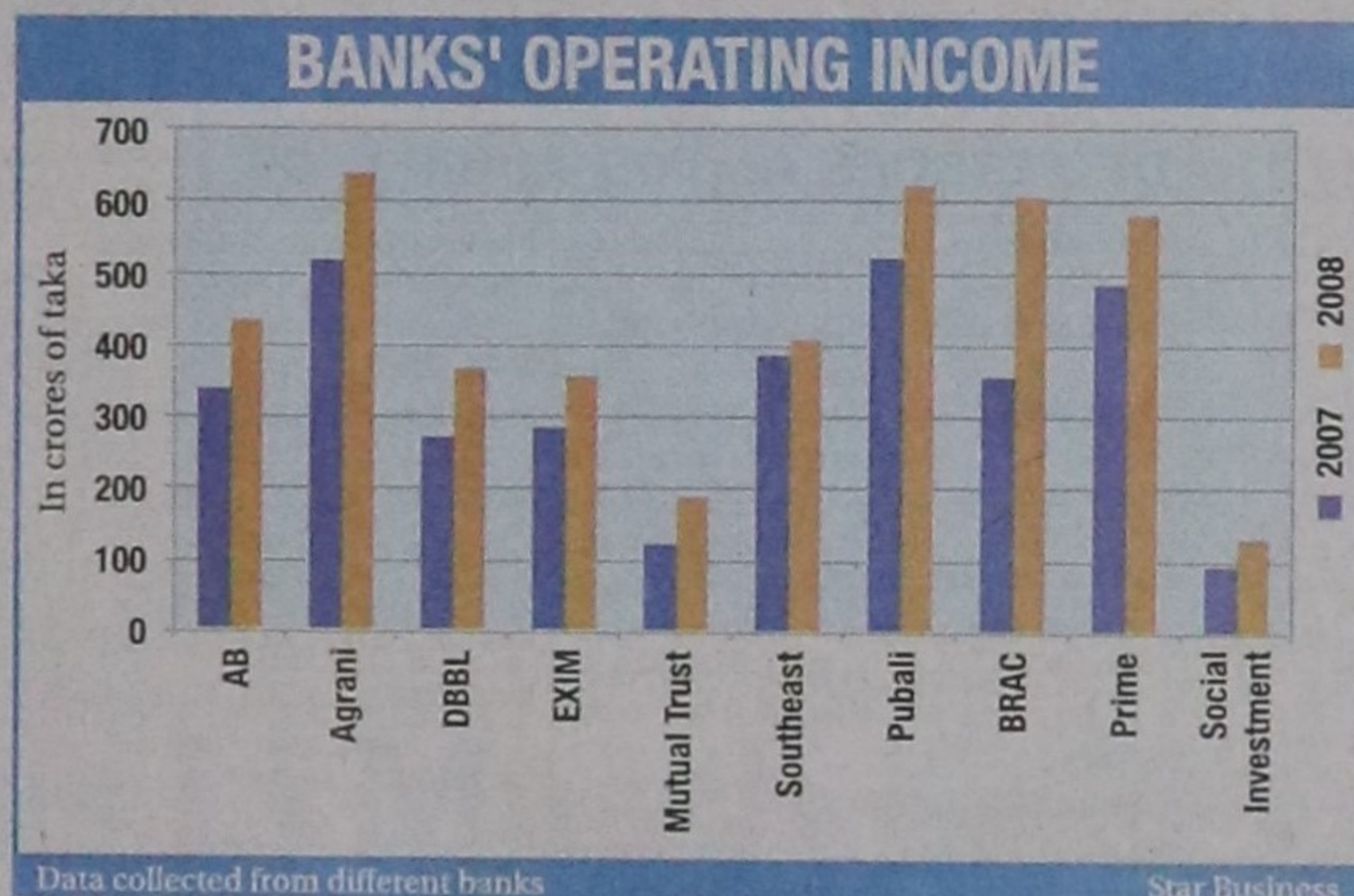
AB Bank's operating income jumped 29 percent to Tk 430 crore in 2008 and Dutch-Bangla Bank about 36 percent. Prime Bank 20 percent, BRAC Bank 70 percent, Mutual Trust Bank 55 percent, Mercantile Bank about 25 percent, Social Investment Bank 43 percent and Pubali Bank 20 percent.

State-owned Sonali, Janata, Agrani and Rupali banks showed a significant rise in operating income -- between 20 percent and 30 percent.

Southeast Bank's earnings rose only by 6 percent.

Income by IFIC, a first-generation private bank, declined by Tk 12 crore to Tk 318 crore in 2008. ICB Islami Bank's income also went down to Tk 69.6 crore in 2008 from Tk 87.6 crore in 2007.

As in the preceding years, the driver of this growth was net interest income. Corporate and retail customers' base



was also up significantly in the immediate past year, according to the financial statements of the banks.

"Banks are developing various products to cater to customers. Earlier, there were only a few products in the banking industry," said Syed Abu Naser Bukhtear Ahmed, managing director of Agrani Bank.

Income from interest rates accounts for 60 percent of Agrani's Tk 633 crore in operating income in 2008. The remaining 40 percent came from fees and commissions.

Naser Bukhtear attributed the income growth to the huge price hike of commodities in the first nine months of 2008. "Banks made a huge profit in that period," he said.

Bangladesh was largely immune to

the global financial crisis in 2008, but the country took an initial hit at the beginning of 2009 with growth slowing in exports and remittances.

"Banks will feel the pinch of the global financial crisis this year," said Mahmud Sattar.

Bangladesh Bank's latest move to limit the lending rate at 13 percent may pare down banks' profit in 2009, said Sattar, also president of Association of Bankers' Bangladesh, a forum of banks' managing directors.

"All of these factors contribute to a more complex and unpredictable operating environment in which our performance will face much pressure and challenges this year," said Naser Bukhtear.

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AP, New York

Federal regulators shut down two more banks Friday, raising the number of bank failures so far this year to 23.

The first bank was Cape Fear Bank in Wilmington, N.C., the first North Carolina bank to fail in nearly 16 years. The other bank was New Frontier Bank of Greeley, Colo., the second Colorado bank this year to collapse.

The Federal Deposit Insurance Corp. took over both banks Friday after their respective state regulators closed them down.

The FDIC did not tap a buyer for New Frontier Bank, and instead created the Deposit Insurance National Bank of Greeley. The FDIC named San Francisco-based Bank of the West to manage the entity, which will stay open for about 30 days to give New Frontier Bank's customers time to open accounts at other insured institutions.

New Frontier Bank has \$2 billion in assets and \$1.5 billion in deposits, \$4 million of which potentially exceeded the insurance limits. Regular deposit accounts are insured up to \$250,000.

The FDIC was able, however, to sell Cape Fear Bank to First Federal Savings and Loan Association of Charleston in Charleston, S.C. On Monday, Cape Fear Bank's eight branches will reopen as First Federal branches.

First Federal is assuming all of Cape Fear Bank's \$403 million in deposits and buying about \$468 million of its \$492 million in assets. The FDIC will retain the rest of the assets to sell later.

The most recent Colorado bank to fail

was Colorado National Bank in Colorado Springs on March 20 of this year. But North Carolina has not seen a bank go under since Crown National Bank of Charlotte in May of 1993.

This year's tally of 23 bank failures is nearing the total for all of 2008, when 25 U.S. banks were seized by regulators. Two of the nation's largest savings and loans failed that year: Washington Mutual Inc. and IndyMac Corp.

A growing number of banks are becoming insolvent as home prices fall and unemployment rises, causing more individuals and businesses to default on their debt.

The FDIC estimated that the closure of Cape Fear Bank will reduce the federal deposit insurance fund by \$131 million, and that the closure of New Frontier Bank will lower it by another \$670 million.

As of the end of 2008, the insurance fund stood at \$18.9 billion -- the lowest level in nearly a quarter-century, and down from \$52.4 billion at the end of 2007. The FDIC expects that bank failures will cost the insurance fund about \$65 billion through 2013.

The FDIC fund operates by charging financial institutions, not with federal tax dollars. The agency has been increasing fees and premiums in an effort to replenish the fund.

At the end of 2008, the FDIC had 252 banks and thrifts on its list of troubled institutions, up from 171 in the third quarter of last year.

Bogra seizes Indian market for irrigation equipment

HASIBUR RAHMAN BILU, Bogra

Centrifugal pump exports from Bogra are gaining popularity, as the sector provides irrigation equipment at competitive prices.

India has placed orders for 20,000 pieces of centrifugal pumps for the item's export by December, according to the industry people.

"There is ample scope for the export of centrifugal pumps and other iron products to India, China and some other countries. However, we are not able to make products in quantities as per demand for now. Because we have some limitations, such as absence of running capital, modern equipment and government support," said Ainul Haque Shohel, the president of Bangladesh Foundry Owners Association.

The trade body's secretary, Abdul Malek, complained, "Following the media coverage, the government has reduced taxes from 15 percent to 7 percent for the sector. But the foundry and light engineering workshop owners have to bear additional taxes. VAT and other sources of government revenue from this sector is much higher, in comparison with India."

The government should withdraw the VAT from the foundry sector to help the light engineering sector flourish and encourage the export of agro based equipment, he suggested.

Centrifugal pumps are exported to India at \$18 to \$20 per unit, whereas the same product in India is being sold at \$88 each, according to Shohel.

According to a survey by the industries ministry, the Bogra based foundry and light engineering workshops meet 90 percent of the local demand for agricultural equipment.

The sector is now providing metal equipment for the garments, transport, textile, jute and other sectors, reducing import dependency, Malek said.

Azizur Rahman Milton, owner of Milton Engineering, said demand for centrifugal pumps has increased because of better quality and lower price of the products.

The industry sprang up about 24 years ago in the district of Bogra, which primarily produced pans and other iron made equipment.

The total turnover of the industry is now Tk 400 crore a year.



The picture shows centrifugal pumps made in Bogra. The district found India as a popular destination for exports of the irrigation equipment.