



Prime Minister Sheikh Hasina presides over a meeting of the Executive Committee of the National Economic Council (ECNEC) in Dhaka yesterday. ECNEC approved four projects involving Tk 1,537 crore in spending.

ECNEC approves 4 projects worth Tk 1,537cr

STAR BUSINESS REPORT

Executive Committee of the National Economic Council (ECNEC) yesterday approved four projects involving expenditure of about Tk 1,537 crore.

The projects were approved at a meeting of the ECNEC with the Prime Minister and ECNEC Chairperson Sheikh Hasina in the chair at the NEC conference room at Sher-e-Bangla Nagar, says a handout.

The projects are Basic education project - phase 2 (amended) for the working children in urban area, project for setting up three 50-bed BDR hospitals (Chaudhara, Thakurgaon and Khagrachhari),

Bangladesh Public Service Commission secretariat complex construction (2nd phase) at Sher-e-Bangla Nagar and road network development and maintenance project-2 (amended) of the Road and Highways directorate.

Finance Minister AMA Muhiuddin, Planning Minister AK Khandoker, Agriculture Minister Matia Chowdhury, Labour, Employment and Expatriate Welfare and Overseas Employment Minister Khandker Mosharraf Hossain, Water Resources Minister Ramesh Chandra Sen, Commerce Minister Faruk Khan, Communications Minister Syed Abul Hossain and Shipping Minister Shahjahan Khan were present.

House panel suggests lending rate cut

RASHIDUL HASAN

A House panel yesterday made a set of recommendations incorporating a cut in lending rate and cash reserve ratio (CRR) to keep up the pace of domestic demand and bring a momentum in business activities amid the ongoing global recession.

The parliamentary standing committee on finance ministry also asked the law ministry to take necessary steps to plug the loopholes in money loan court act for which loan defaulters can make their escape.

The committee has asked all banks to cut lending rate and cash reserve ratio to cope with the ongoing financial meltdown and bring pace in banking activities, AHM Mustafa Kamal, chairman of the standing committee, told reporters at the

Jatiya Sangsads media centre after a meeting.

"We have also asked the banks to raise their paid-up capital to at least Tk 400 crore by 2011 to manage operational risks," he added.

At present, lending rate in private banks is 13 percent, while cash reserve ratio is about 4.5 percent.

The committee chairman said the banks would fix the lending rate and CRR through consultation with the Bangladesh Bank.

There are loopholes in every laws and the money loan court act is not an exception, Kamal said, adding: "So the recovery of loans in default is hampered."

"We have asked the law ministry to plug the loopholes in the respective laws," he said.

"We have also directed the authori-

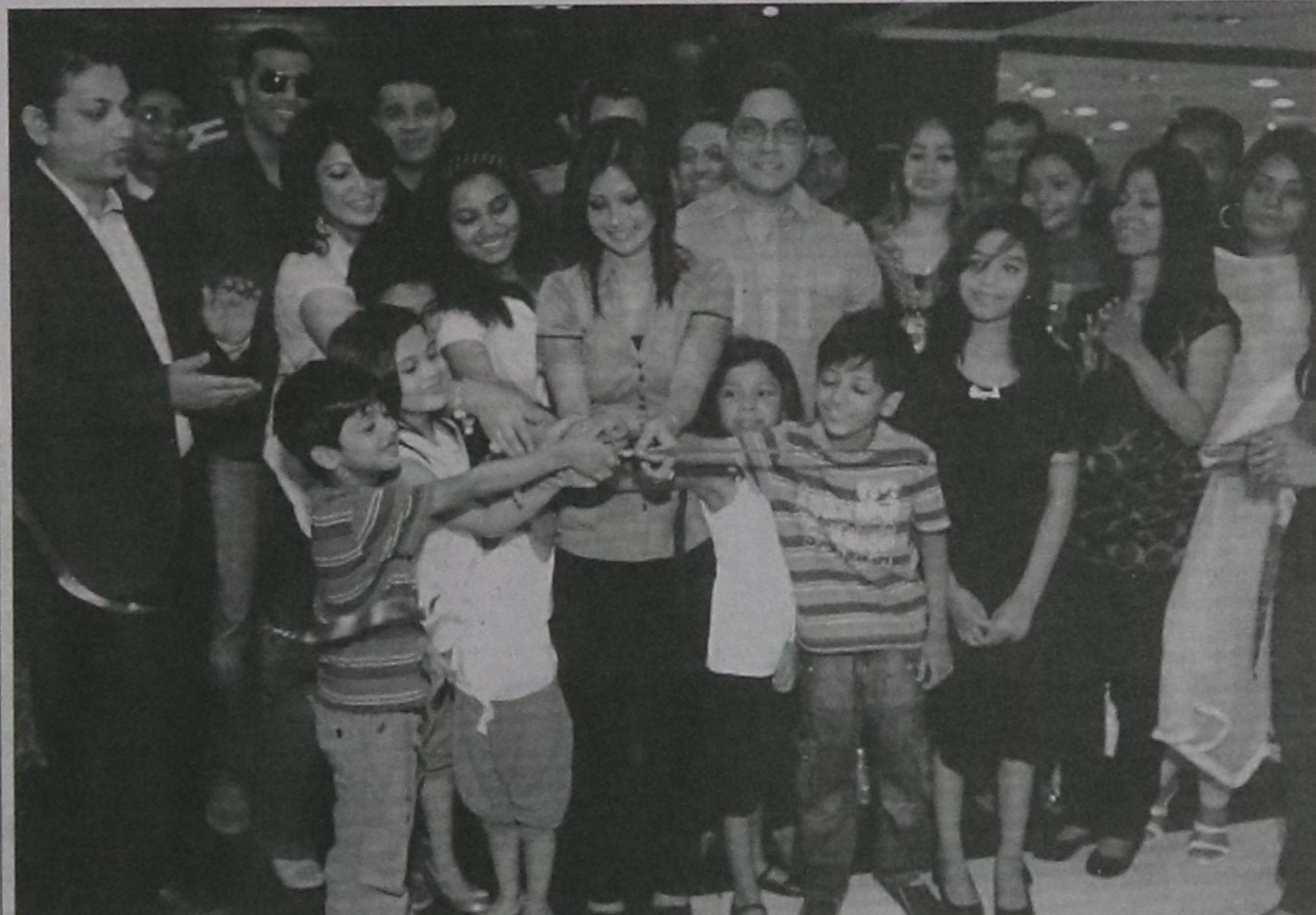
ties concerned to increase the number of judges at district-level money loan courts," the committee chief said.

The committee in another directive asked all banks to reduce dependency on interest rate for making profit, and called upon those to come up with innovative products.

The parliamentary body also suggested that banks reduce service charges and costs of operation.

Presided over by the committee chairman, the meeting was attended, among others, by committee members Ali Ashraf, Tajul Islam, MA Mannan, MK Anwar, Bangladesh Bank Governor Atiur Rahman, National Board of Revenue Chairman Nasiruddin Ahmed, Securities and Exchange Commission Chairman Md Ziaul Haque Khondker and managing directors of thirty private banks.

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Fashion house 'Ecstasy' launches its first lifestyle store at level-7 of Bashundhara City in Dhaka recently. Tanjim Ashraful Haque, chief executive officer of the company, was present among others.

Review of stimulus package today

BSS, Dhaka

The government reviews the financial stimulus package today for the industries hurt by the global economic crisis.

Officials with the finance ministry told the news agency yesterday that there would be no major change in the package at the review meeting to be held at the ministry.

This will be the first meeting on the bailout package for fiscal 2009-10, they said. The review meeting is expected to discuss export performance of major sectors and evaluate the impact of the stimulus on those, which had already received financial support.

The government in March announced a Tk 3,424

crore package to cushion the impact of global economic downturn on the local industries.

The officials said the stimulus committee would see how much from the fund has so far been injected into the recession-hit sectors and what are the impacts of the bailout.

The committee will also review disbursements of the fund under the stimulus package, declared in the current budget.

The budget for fiscal 2009-10 has allocated Tk 5,000 crore for supporting the local industries and exporters to mitigate the recession fallout.

Officials said the chance for any major change in the declared package is thin, as the situation has not changed after declaration of

the bailout. They said the global economy showed signs of recovery, giving the country's exporters a hope for better future.

The latest data showed that the country's annual exports increased by over 10 percent in the immediate past fiscal year amid recession.

"This growth indicates that the major export sectors are not in a dire situation," a finance ministry official said. The sectors such as leather, jute, frozen foods and fish would get continuous support under the bailout, he said.

The government increased financial support to the producers and exporters of jute goods, leather goods, frozen foods and fish by around 3 percent for their comfort during recession.

Austrian Airlines reports tripled loss

AFP, Vienna

Austrian Airlines, being taken over by Germany's Lufthansa, flew deeper into loss in the first half of the year, the company reported on Tuesday.

The airline reported a net loss of 166.6 million euros (240 million dollars) in the first six months of 2009, compared to a loss of 48.7 million euros in the same period last year, the company said.

This was due to the continuing crisis in the aviation industry, AUA said.

The airline meanwhile saw an operating loss of 161.6 million euros, from a loss of 29.9 million euros in the first half of 2008.

"We are suffering from extremely weak demand, similar to the situation affecting the entire airline sector," AUA co-chairmen Peter Malanik and Andreas Bierwirth said in a statement.

News in Brief

Japan's Yamaha Motor warns of deeper full-year loss

AFP, Tokyo

Japan's Yamaha Motor Co. said Tuesday its loss in 2009 would be more than four times bigger than previously expected because of sluggish motorcycle sales and a strong yen.

Yamaha forecast a net loss of 182 billion yen (1.9 billion dollars) for its business year through December, the first such shortfall in 26 years. Previously it had expected to sink 42 billion yen in the red.

It widened its operating loss forecast to 87 billion yen from 30 billion yen and trimmed its revenue target to 1.1 trillion yen from 1.25 trillion yen.

While Asian sales have been relatively robust, demand for motorcycles and other key products has been sluggish in Europe and the United States, "with no sign of recovery in sight," Yamaha said in a statement.

"In addition, the yen is persistently strong against the US dollar," eating into overseas earnings, it said. "These negative factors have created very harsh business conditions."

Yamaha had been enjoying record sales until the economic crisis hit demand for its products, which also include boat engines and all-terrain vehicles.

The group said it aimed to swing back to an operating profit in 2010 through cost cuts and streamlining of manufacturing facilities.

German reinsurer Munich Re posts 14pc jump in net profit

AFP, Frankfurt

Munich Re, the world's biggest reinsurance company, posted on Tuesday a 14 percent rise in second quarter net profit and said it had suffered limited effects from the global economic crisis.

The group reported a net profit of 691 million euros (995 million dollars), up from 606 million in the same period one year earlier.

The group also raised slightly its full-year target for gross premiums, the sector benchmark on which it bases its annual forecasts.

Analysts polled by Dow Jones Newswires had expected net profit to remain stable at around 606 million euros.

Munich Re chairman Niklaus von Bomhard said in a statement that "we were able to benefit further from our capital strength and exploit our scope for profitable growth."

"We regard the effects of the economic crisis as limited in extent for the Munich Re Group."

Gross premiums gained 14.6 percent to 10.326 billion euros, while the group's operating profit jumped by 26.2 percent to 1.373 billion euros.

Looking ahead, the group said it expected gross premiums in both primary insurance and reinsurance to range between 40-42 billion euros up from a previous forecast of 39-41 billion.

Yen declines in Asia as investors take risks

AFP, Tokyo

The safe-haven yen lost ground in Asian trade on Tuesday as growing hopes of a global economic recovery lifted riskier currencies such as the euro, the New Zealand dollar and the British pound.

The US dollar gained to 95.40 yen in Tokyo morning trade from 95.23 in New York late on Monday.

The euro slipped to 1.4407 dollars from 1.4411 on Monday, when it hit the highest level since December. The euro climbed to 137.40 yen from 137.29.

Growth sensitive currencies were in demand, with the New Zealand dollar rising above 0.67 US dollars for the first time in 10 months and the pound hitting multi-month highs against the dollar and the yen.

"The catalyst for broad-based declines in the (US) dollar were economic reports consistent with hopes for a global economic recovery," NAB Capital analyst John Kyriakopoulos wrote in a note.

"Investor risk-appetite was higher, evident in sharp stock market gains across the world" and rises in commodity prices on hopes of stronger demand for raw materials, he added.

Supporting recovery hopes, the Institute of Supply Management said its index of the US manufacturing sector rose to a better than expected 48.9 percent in July from 44.8 percent in June.

Australia holds rates steady at 3pc

AFP, Sydney

Australia's central bank left interest rates unchanged at a 49-year low of 3.0 percent for the fourth successive month on Tuesday, expressing increasing confidence the global economy was stabilising.

Reserve Bank of Australia (RBA) governor Glenn Stevens gave another upbeat assessment of the Australian economy, which has weathered the worldwide downturn with the best performance of any advanced country.

"Economic conditions in Australia have been stronger than expected a few months ago, with both consumer spending and exports notable for their resilience," Stevens said.



A homeless man pushes a shopping cart along a street in downtown Los Angeles on Tuesday. The US Commerce Department reported August 3 that personal incomes of US residents fell 1.3 percent in June, reversing the 1.3 percent gain in May that was due to a one-time stimulus payment to individuals, according to MarketWatch.