

International Business News

India's Infosys quarterly profit dips but forecasts upturn

Indian outsourcing giant Infosys Technologies reported Tuesday quarterly net profit slipped, but forecast better times ahead despite a rising rupee that could eat into earnings.

Infosys, the country's second-largest outsourcing exporter by revenues, said consolidated net profit in the fiscal fourth quarter to end-March 2010 fell 0.9 percent year on year to 16 billion rupees (359 million dollars).

"We have emerged stronger from a tough quarter," company chief executive S. Gopalakrishnan told India's CNBC-TV network.

"I strongly believe that unless something dramatic happens we are again back on a growth curve," he said. Clients "are investing in growth."

Infosys' shares were up 2.83 percent or 75 rupees to 2,759 rupees in afternoon trade on the back of the earnings announcement.

Company chief financial officer V. Balakrishnan said the strengthening rupee was "a cause for concern" and would put pressure on earnings margins.

India's outsourcing industry bills in dollars and a weaker US currency translates into lower Indian rupee earnings.

Google to scrap president post of Japanese unit

US Internet giant Google will abolish the position of president in its Japanese unit and seek to integrate it in its global operations more closely, a company spokesman said Tuesday.

Koichiro Tsujino, the current president of Google Japan, will step down soon and "we will then eliminate the position for good," said a spokesman for the Japanese unit, who declined to be named.

The announcement comes as Google aims to catch up in the world's second-biggest economy, where it ranks second behind Yahoo Japan, although the gap between the two giants has been shrinking gradually.

Analysts say Google is stepping up efforts to expand businesses in Asia following its decision to effectively shut down its China search engine because of worries over censorship and cyberattacks.

The Japanese arm of Google, which has been the exception in having a local president position, will now be run from the company's global headquarters in California, said the spokesman.



Chinese shoppers buy food at a supermarket in Hefei, central China's Anhui province, yesterday. The Asian Development Bank urged China to step up efforts to boost domestic consumption as a means of steering the nation away from its heavy dependence on exports and investment.

China Southern swings back to profit in 2009

China Southern Airlines, the nation's biggest carrier by fleet size, said Tuesday that it swung back to profit in 2009 helped by a government bailout and improving domestic demand.

The firm said it earned 330 million yuan (48.3 million US dollars) last year, reversing a 4.82 billion yuan loss in 2008 as the industry was hit by tumbling demand during the global financial meltdown.

In a statement posted to the Hong Kong Stock exchange on Tuesday, the company said "2009 was the most difficult year for China's economic development in the new century".

"The global financial crisis spread like wildfire while the economy of the whole world recovered slowly with the international civil aviation market in continued recession."

Revenue fell to 54.80 billion yuan, from 55.28 billion yuan in 2008, it said.

Telecom Italia chief rules out merger with Telefonica

Telecom Italia head Franco Bernabe dismissed on Tuesday rumours of an impending merger with the group's primary shareholder Telefonica of Spain.

"We are happy as we are," Bernabe said when asked about the rumours at a news conference called to discuss the group's 2009 results and strategy going forward.

"We have very good personal relations with Telefonica, very good business relations," he said, before adding: "Of course not in South America where we are competitors."

A merger between the two groups has been mooted since the Spanish group became the leading stakeholder in Telco, Telecom Italia's holding company, in 2007.

In late February a financial source told AFP that shareholders were considering the feasibility of a tie-up.

Earlier that month the Italian government denied reports that it was about to give the go-ahead for a merger.

LIFESTYLE

Pahela Baishakh cheers up sales

SAYEDA AKTER

Abdur Rahim Sheikh, a fish vendor at Karwan Bazar, sold nearly 800 hilsa fish in the last six days. On the eve of Pahela Baishakh, he was optimistic about sales.

"The sales of hilsa remain good round the year, but at this time, it doubles. Many will begin the day with traditional culinary delights that include fried fish and soaked rice, so they buy hilsa as part of celebrations," he said.

Sales increased mainly from last week, but the last three days before the festival account for more than half.

He sold hilsa of various sizes and prices ranging between Tk 300 and Tk 2,000 each.

Rahim said the fish traders of Karwan Bazar sold nearly 25,000 hilsas to retailers and wholesalers in the city last week.

He admitted that high demand often raises the prices of the fish at this time.

Not only for fish traders, Pahela Baishakh, Bangla New Year's Day, coloured the horizons of business around the country, with promises of exciting sales prior to the most celebrated event of the country.

Pahela Baishakh is special to businessmen, as traditionally, they open a 'halkhata' or a new book of accounts to update annual sales and dues.

Over the years, Pahela Baishakh has become more a part of domestic and social lives with fairs and other festivities that are enjoyed by people from all religions.

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

Special offers by boutiques, sari shops, 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 sari, fatua, panjabee and traditional decorative items have increased manifold prior to the festival.

Meghna Mridul, manager of Deshal at Banani, said sari and fatua sales jumped in the last two weeks.

"Since we began our journey in



A vendor puts hilsa fish up for sale at Karwan Bazar in Dhaka on the eve of Pahela Baishakh. Businessmen -- big or small -- count brisk sales prior to the Bangla New Year festival.

2005, the boutique has become a hit among the youth, as we display trendy attires at affordable prices," she said.

Additionally, the sale of jewellery made from glass beads and brass has also increased.

Other renowned boutiques, such as Aarong, Bibiana, Nogordola, Onnomela, Nipun, and Sadakalo, have also launched their collection of saris and other trendy outfits. Many are also offering discounts on several items.

In line with the theme, hand and machine embroidery is used on salwar kameez, fatua and panjabi, said a sales executive at Nogordola.

Renowned sari shops are also expecting brisk sales this festival.

M Shamsul Alam, owner of Taant Kutir at New Market, said the sales of traditional red and white saris jumped before the celebrations.

"We sell more saris on Pahela Baishakh than the two Eids combined, as sari is a must-have item

on the day. As Baishakh nears, we often struggle to meet demand for saris," he said.

Alam sold saris worth Tk 3 lakh on this occasion last year.

Sari sales by Jamdani Kutir, a popular sari shop on Bailey Road, have almost doubled this year than last year. They sold saris worth Tk 5 lakh last year, said Sakur Abedin, who is in charge of the shop.

Most traders at New Market, Dhanmondi Hawkers' Market and Gausia echoed him.

The flower trade is also blossoming with the season. Around 100 vendors near Shahbagh, Kataban and High Court are expecting brisk sales.

Harun Ali, a flower dealer at Shahbagh, said he sold flowers and garlands worth Tk 40,000 on Pahela Baishakh last year.

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

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

Pan Pacific Sonargaon hotel organised a three-day festival with Bangladeshi cuisine, cultural show and a colourful bazaar with traditional stalls.

Beauty salons are also geared to serve the band of beauty-conscious women. Top salons, including Persona Hair and Beauty and Farzana Shakil's Makeover Salon will remain open from 6.30 am on Pahela Baishakh.

But many handicraft makers are in a glum mood over falling sales. Parimal Das, a dugdugi (hand-drum) maker, counted Tk 5,000 in sales in 2009, down from

Tk 12,000 a year ago. The dugdugi is a type of a percussion instrument shaped like an hourglass, with both ends covered with goatskin, sometimes hard paper. A string with two small lead or iron balls is fastened around the narrow waist of the drum.

"Now many people prefer to buy plastic items, instead of paper made dugdugis," he said. "Simultaneously, the number of fairs across the country reduced in the last 6-7 years -- another reason behind low sales."

The advertising industry is also flourishing as private television and radio channels are airing new advertisements from telecom operators, restaurants, beauty salons and boutiques.

Many street vendors near Ramna Batamul and the Dhaka University campus are also expecting to join celebrations with stalls for traditional sweets and clay dolls.

sayeda@thedailystar.net

ECONOMY

ADB sees 'robust recovery' for Asia

AFP, Hong Kong

The Asian Development Bank (ADB) said Tuesday Asia's developing economies this year would grow 7.5 percent, with the region on track for a "robust recovery."

Growth was expected to outpace a 5.2 percent rise in 2009, marking a healthy rebound from last year's global economic slowdown, the bank said. For 2011, growth is forecast to slow slightly to 7.3 percent.

The bank's forecast remained below the region's record 9.6 percent expansion in 2007.

"Developing Asia's recovery has taken firm hold and a return to stronger and sustainable growth is now in sight if the region can meet the challenge of strengthening domestic demand," said ADB Chief Economist Jong-Wha Lee.

The region's prospects improved after better-than-expected growth in the second half of 2009, a boost driven by the "strong performances" of the Chinese and Indian economies, the bank said.

"(The region) can look ahead to a robust recovery in the next two years," the bank said.

Fiscal stimulus measures designed to counter the global financial meltdown will likely continue to lure foreign investment, the bank said, while rising incomes and lower unemployment should get consumers spending more, it said.

That spending will likely boost inflation to about four percent this year and again in 2011, up from 1.5 percent in 2009, the bank said.

The Manila-based bank's annual report looks at 44 jurisdictions stretching from the former Soviet states of Central Asia to some Pacific islands, but excludes developed countries such as Japan, Australia and New Zealand.

The region, however, remained at risk if the global economy's recovery slows or the removal of fiscal stimulus measures is not timed properly, the bank said. A spike in international commodity prices could also curtail the region's recovery, it added.

"The region faces several risks, including a slower global recovery, with the outlook for the industrialised economies still somewhat uncertain," it said.



"There is concern that as stimulus measures are unwound, particularly in the major economies, the strength of private demand is not healthy enough to take over."

The region's early recovery is "already attracting potentially volatile capital flows, complicating macroeconomic management," the bank said.

"Asset price trends must be watched and preventative action taken before disruptive asset bubbles materialise," it said. Rising food prices, which disproportionately affect the poor, also pose a risk, it said.

The report warned that government policy makers must steer their countries through an uncertain environment with a "timely return to sound and responsible fiscal and monetary policies."

"These served the region well when the crisis broke, and authorities need to adapt them appropriately as recovery takes hold and the crisis recedes," it said.

Loosening exchange rate policies may help boost intra-regional trade while authorities across the region must coordinate fiscal, monetary and exchange rate policies to avoid a homegrown financial crisis, the bank said.

"Such adjustments... will enable the region to better adapt to the post-crisis world," it added.

East Asia -- including Hong Kong, China, Korea, and Taiwan -- is forecast to lead the region with an 8.3 percent rise in Gross Domestic Product in 2010, up from 5.9 percent in 2009, the report said.

Southeast Asian economies will grow by 5.1 percent in 2010, up from 1.2 percent in 2009, as countries including Thailand, Cambodia, and Malaysia see an upswing in their exports, the bank said.

India will lead South Asia's 7.4 percent GDP increase this year, the bank said, up from a 6.5 percent rise in 2009.

Central Asia, including Kazakhstan and Georgia, will see 4.7 percent economic growth compared with 2.7 percent last year, the bank said.

Pacific island nations, including Fiji and Papua New Guinea, are expected to see their economies expand 3.7 percent in 2010, outpacing a 2.3 percent rise last year, the report said.