Ctg chambers step in to calm Ramadan market

STAFF CORRESPONDENT, *Ctg*

Chittagong Metropolitan Chamber of Commerce and Industry (CMCCI) on Friday started sales of essential commodities, including rice, sugar and edible oil, at fair prices for the month of Ramadan.

Chittagong Chamber of Commerce and Industry (CCCI) will also start such sales today.

CMCCI is selling rice, sugar, soyabean oil, gram and dunpea through mobile trucks at six points of the city -- Kotwali, Chawkbazar, Bahaddarhat, Sholoshahar Gate No 2, Oxygen Intersection and Agrabad.

CMCCI President Abdus Salam inaugurated the sales at Kotwali.

He told the journalists that the chamber started the sales to help consumers get the food items at reasonable prices during Ramadan.

He also said the programme would help contain price hike of essentials to some extent.

One kilogram of Atap rice was selling at Tk 25, sugar at Tk 45, gram at Tk 38, dunpea at Tk 20 and a one litre container of soyabean at Tk 83, two-litre soyabean oil at Tk 160 and a five-litre container at Tk 400 at the CMCCI sales points.

A consumer can buy at a time up to 5 kilograms of rice, 5 litres of soyabean oil and up to 2 kilograms of other items, said CMCCI Chief Executive AHM Shamsul Muktadir.

Fresh export targets for Bangladesh missions

UNB, *Dhaka*

The Export Promotion Bureau (EPB) has proposed fresh targets for major Bangladesh missions abroad for fiscal 2010-11, aiming to cross $18 billion in earnings.

The export target for the highest earning Bangladesh mission in Washington for the current fiscal year has been proposed at $4,559.24 million -- an 11 percent rise from the last fiscal year, said a high official of the EPB.

The other major missions such as Berlin, London, Paris, Brussels, Rome, Madrid, The Hague and Ottawa have been set higher export targets, compared to their actual performance in fiscal 2009-10.

The export target for the Bangladesh mission in Berlin has been proposed at $2,486.59 million for the current fiscal year, which is 10.50 percent up from the last fiscal year. The export target for London has been set at $1,851.06 million -- a 12 percent increase over the export earnings of $1,652.73 million in the last fiscal year.

The export target for Bangladesh mission in New Delhi has been proposed at $380.79 million and $91.65 million for Islamabad.

The actual export earnings for fiscal 2009-10 was $16.20 billion against the target of $17.60 billion.

Of the 44 Bangladesh missions, 26 achieved their respective export targets while 18 missions failed to achieve the targets.

Japan's PM to watch closely strength of yen

AFP, *Tokyo*

Japan Prime Minister Naoto Kan said Saturday he would monitor closely the strength of the yen and hinted at holding talks with the central bank chief amid the recent rise of the unit, Jiji Press reported.

"I want to continue to closely watch" currency market moves, Kan was quoted by Jiji as telling reporters after the dollar hit a 15-year low of 84.73 yen before easing earlier this week.

The greenback rose back above the 86-yen level on news that Japanese officials showed concern over the unit's strength, which poses a threat to the export sector driving Japan's fragile economic rebound.

Kan also voiced hope of holding a meeting with Bank of Japan governor Masaaki Shirakawa on foreign exchange rates, saying: "I have not decided when and how, but want to have necessary forms of communications."

Finance Minister Yoshihiko Noda has earlier said he wanted the Bank of Japan to "cooperate" more with the government to tackle the rising yen, in a sign of fresh pressure on the body from officials.

For every one-yen rise in the currency's value against the dollar, companies can lose tens of billions of yen earned overseas when repatriated, threatening a sector that Japan depends on to offset its weak domestic picture.

REUTERS

Tata Group Chairman Ratan Tata attends the annual general meeting of "The Indian Hotels Company Ltd" in Mumbai on August 5.

No longer all in the family: Indian businesses step out

REUTERS, *Mumbai*

When it comes to Indian businesses, The Tata Group is the oldest and best-known: the conglomerate owns the luxury Jaguar car brand, it's made the world's cheapest car, and its chairman, 72-year-old Ratan Tata, oversees an empire that ranges from salt to software.

This month, Tata Group set another milestone: it became the first Indian family-run business to look beyond the family for a successor to Tata, who is due to retire by end-2012.

Tata has no apparent successor, leaving the business founded by his great-grandfather potentially vulnerable.

But his decision to look within the company, as well as abroad, will go some way in dispelling some of the negative notions of family firms in India, highlighted by the bitter five-year feud between the billionaire Ambani brothers.

"Change has taken a while; they're evolving relatively slowly because business is seen as an emotional link between founders and their assets, and they tend to want to pass them on to the next generation," said Frank Hancock, managing director of advisory at Barclays Capital and an India veteran.

The Ambani fued has been held up as an example of how blood ties can affect business: lack of succession planning, opacity, and erosion of shareholder value.

These are perceptions India's top family firms, which have dominated the country's corporate landscape for over a century, are trying to shake off as they face more competition, tighter regulations, and a new generation of leaders takes the reins.

Business leaders and politicians tend to retire late in India. The chairman of family-owned conglomerate Mahindra & Mahindra is 86 and has been at the helm since 1963. Prime Minister Manhoman Singh is 77, and his finance minister 74.

Analysts say the new crop of leaders, who grew up in post-reform India, are compelling proof of its growing confidence and ability as an emerging economic powerhouse.

Others say they are an unhappy reminder that family firms, which make up 13 of the 30 firms on Mumbai's blue-chip stock exchange index, are still plagued by weak management and a lack of transparency that hamstring growth and dissuade investors.

In a Bain & Co survey on corporate governance in Indian firms, more than 75 percent of respondents said their board did not discuss CEO succession planning at all; fewer than a fifth had any formal or informal role in planning CEO succession.

"Succession is an issue. Obviously, you worry if someone is being put in place because of family ties rather than competence," said Michiel van Voorst, senior portfolio manager at Robeco in Hong Kong, which has 30 million euros ($38.7 million) of a 700-million-euro fund invested in Indian firms.

"There is a risk factor. We've looked at some family-run companies in India and decided not to invest in them because of the additional layer of uncertainty," he said.

India has a long history of entrepreneurial ambition driving sectors from steel to software, with Reliance Industries founder Dhirubhai Ambani and mobile tycoon Sunil Mittal representing hope to millions that even a school teacher's son or a small business owner can achieve fame and fortune.

Until 1991, family-run businesses were protected by a "licence raj" that kept foreign firms out. Patriarchs ran their companies like private fiefdoms with little regulatory oversight, much like the politically connected tycoons of Southeast Asia.

In the old days, sons started at the family firm early, working their way through the ranks and waiting in the wings till the patriarch died, with the oldest son usually taking control.

Now, sons and daughters, armed with degrees from top business schools in the West and stints at multinationals, are striding into the boardroom early, confidently drawing up new strategies.

"The context today is very different, and kids also realise they have to earn the right to a seat on the board, that families can hire professional managers if they're not interested," said K Ramachandran, a professor at the Indian School of Business.

Every heir has it different: 30-something Aditya Mittal, a Wharton school business graduate, worked at Credit Suisse before becoming head of mergers and acquisitions at Mittal Steel, where he was key to the 26-billion-euro takeover in 2006 of Arcelor.

He is now chief financial officer at ArcelorMittal, headed by his father, billionaire Lakshmi Mittal.

It is not all a cakewalk: India has a fair share of failed family businesses and heirs who ran firms into the ground. An admission of fraud last year by the chairman of Satyam Computer Services shook the deep-rooted faith in family-owned businesses.

As did the Ambani feud, which was peppered with lobbying, public outbursts and court fights that prompted a top judge to tell them to go back to their mother to settle their differences.

Others, including the Godrej Group and the Munjals of Hero Group, a joint venture partner of Honda Motor, have drawn up succession plans to avoid such a spectacle.

Infrastructure-focused GMR Group even has a forum for spouses to air grievances and spells out a clear role for professionals.

Others, like the Bajaj Group, still do it the old-fashioned way, hashing out differences over dinner at home, as they did recently when the third generation of owners fell out over succession and ownership of the group, one of India's largest, with interests in autos, financial services and appliances.

"We were able to reach an amicable settlement. It took time, but we did it without involving merchant bankers or middlemen. It was just us," said patriarch and chairman Rahul Bajaj.

Slowly, Indian firms are following the path of European and American firms of yore such as the Rothschilds, Rockefellers and Vanderbilts, who relinquished management.

There are also a few rare instances of families selling out: apparel exporter Gokaldas sold to the Blackstone Group, and brothers Malvinder and Shivinder Singh, after years of running drugmaker Ranbaxy Laboratories, founded by their grandfather, sold out to Japan's Daiichi Sankyo.

There will be more such instances, Barclays' Hancock said.

"Cultural changes will lead to exits. The new generation is much less focused on the family business. They're not necessarily beholden to daddy. They're eager to strike out on their own."

Still, there is some merit to having the family involved.

"They have more skin in the game because it's their capital, their name and their children's future at stake," said Anjali Bansal, managing partner at consultancy Spencer Stuart India.

"There is value to having family in the business if they are the right people with the right skills for the right job."

FSIBL

AAM Zakaria, managing director of First Security Islami Bank Ltd, inaugurates the bank's 58th branch at Uttara in Dhaka on Wednesday.

Gas demand outstrips production

Gas production goes up only 54 mmcfd

UNB, *Dhaka*

Demand for gas increased by 10-12 percent over the last year, but production has limped to cope with the growth.

According to available official statistics, gas production was recorded at 1,932 million cubic feet per day (mmcfd) in August 2009, while the production in the same period this year came to 1,986 mmcfd, up only 54 mmcfd.

In line with growing demand, the gas production should have reached at least 200-250 mmcfd.

At present, the country's gas demand is believed to be more than 2,500 mmcfd against an average supply of 1,980 mmcfd.

The state-owned Power Development Board (PDB) has been repeatedly blaming the gas shortage as the main reason behind the present power crisis.

PDB also claims that power plants of 770 MW capacities are being kept idle because of the shortage, while the industry sector says more than 200 industries remained shut because of the gas crisis.

The government held up all gas connections to new industries and households for last one year on account of gas crisis. Moreover, some industries like steel mills were asked to keep their operation shut from 3pm to 9pm every day.

As the last resort, the government on Thursday decided to close operations of all CNG filling stations from 3pm to 9pm every day in and around the capital to ensure gas supply to household consumers and power plants.

Despite such a grim scenario, no major task was visible in the country in last one year to improve the gas production and supply situation.

Gas industry insiders blamed the state-owned Petrobangla's inactiveness and failure to implement the gas augmentation projects to ease the current crisis.

Sources in the gas industry said the Petrobangla had undertaken a number of projects to augment gas production and supply across the country in last couple of years. But most of the projects remained either untouched or incomplete due to negligence from Petrobangla.

Sources said some projects were undertaken by Petrobangla to drill well No. 17 and 18 of Titas gasfield, well No. 7 of Kailashtila gasfield, well No. 9 of Bakhrabad gasfield and well No. 12 of Habiganj gasfield to enhance gas production by about 100-150 mmcfd by August.

Each well is expected to add 25 mmcfd gas to the national grid, but so far the drilling of any of the wells are yet to be completed, added the sources.

Contacted, Petrobangla Chairman Hossain Mansur, however, claimed that the production capacity of Petrobangla increased to 2,100 mmcfd.

"But due to pipeline constraints, we could not be able to utilise our production capacity," he said.

About the drilling of wells at different gasfields, he said all these are now under process and are also time consuming.

IBBL

Nirmal Chandra Vakta, general manager of Bangladesh Bank in Rajshahi, inaugurates the 236th branch of Islami Bank Bangladesh Ltd at Sujanagar on Wednesday.