RMG owners asked to clear wages before Eid

STAR BUSINESS REPORT

The commerce ministry yesterday asked garment factory owners to pay workers' salaries and other allowances in due time to avert any kind of major untoward incident before the Eid festival.

The ministry also asked the owners not to sack any worker before Eid because such a step would usher unrest into the sector, said a senior official of the ministry, seeking anonymity.

After the meeting, the official said every year, a section of garment factories is unable to pay the workers in time and the workers bring out processions and start vandalism before Eid.

Commerce Minister GM Quader also spoke to factory owners at the 20th meeting of the Social Compliance Forum for Readymade Garment sector at the ministry office in Dhaka.

The minister said the government has undertaken a plan to set up the much-talked about 'Garment Industrial Park' under direct ownership instead of public-private partnership (PPP).

The government has not implemented any major project under PPP yet. "So, setting up such a big industrial park under PPP might not be possible," the official said. As a result, the government has decided to develop the park and will sell the plots to entrepreneurs, he added.

Earlier, the industries ministry took up a project to set up the industrial park at Bausia of Gazaria upazila under the Munshiganj district at a cost of Tk 438 crore.

The objective of setting up the industrial park is to provide one stop services to apparel makers and reduce pressure on Dhaka.

Britain sinks far deeper into recession than forecast

REUTERS, *London*

Britain's economy shrank far more than expected in the second quarter, battered by everything from an extra public holiday to government spending cuts and the neighbouring euro zone crisis.

Finance minister George Osborne said figures released on Wednesday showed Britain had "deep-rooted economic problems," adding that the slump in the second quarter was disappointing even when taking into account one-off factors that hurt.

Britain's gross domestic product fell 0.7 percent compared with the first three months, the sharpest fall since the height of the global financial crisis in early 2009, the Office for National Statistics said, showing a bigger drop than any of the economists surveyed in a Reuters poll last week had expected.

Output in Britain's service sector -- which makes up more than three quarters of GDP -- contracted by 0.1 percent in the second quarter after growing 0.2 percent in Q1 2012.

Industrial output was 1.3 percent lower, while construction -- which accounts for less than 8 percent of GDP -- shrank by 5.2 percent, its biggest drop since the first quarter of 2009.

The figures confirmed that Britain remains mired in its second recession since the start of the financial crisis, with the economy shrinking for a third consecutive quarter.

The broad-based slump will fuel pressure on the government to get the economy growing again after a crisis that has left many Britons poorer with rising prices and higher taxes eating up meager wage increases.

However, Osborne believes he has no money left for a meaningful spending boost, having staked his reputation on a tough plan to eliminate a budget deficit, still around 8 percent of GDP. The lack of growth also puts this goal into question.

YUNUS CENTRE

Nobel laureate Professor Muhammad Yunus meets Japanese Minister of State for Financial Services Tadahiro Matsushita at the latter's office in Tokyo yesterday. Later the founder of Grameen Bank delivered a speech on "Towards a new capitalism" at a symposium hosted by the finance ministry, the financial services ministry, the foreign affairs ministry and the Asian Development Bank Institute in the Japanese capital.

SOUTHEAST BANK

Mahbubul Alam, managing director of Southeast Bank, inaugurates an ATM booth of the bank at its Hathajari branch in Chittagong recently. Md Majibul Hoque, head of the branch, was also present.

Big banks' glory days: gone for good?

REUTERS, *New York*

The summer of 2012 may be remembered as the time when regulation, scandals and a protracted slow-growth economy finally caught up with big American banks.

Ever since the financial crisis, US banks and their investors have held out hopes of a return to the good times, when lending profits steadily rose and commercial and investment banking flourished together. But analysts and investors are now questioning whether things have changed for good.

"My gut says all these megabanks are worth more separately than combined," said Bill Black, managing partner of Consector Capital, a hedge fund that focuses on bank trading. Smaller, more focused banks could attract investors, satisfy regulators and increase depressed stock prices, he said.

Seven of the 10 biggest US banks beat analysts' average earnings expectations in the second quarter. But much of that came from cutting costs and dipping into money previously set aside to offset bad loans, rather than from growth in their main businesses, which is what investors want to see.

Revenue from lending, trading and advising corporate clients on mergers is still weak, and low interest rates continue to squeeze profits on loans and other investments. Banks and their already depressed stocks appear headed for a long, grim future.

Nancy Bush, who has been a bank analyst and investor for three decades, said she is ready to throw in the towel on banks of all sizes.

"What's left at this point, barring a really significant improvement to the economy and a miraculous ramp-up in lending?" Bush asked. "Why invest in these companies? Somebody, give me a reason to believe."

Toughing out a cyclical economic downturn with more job cuts is not a long-term answer, some banking experts say. Today's problems derive from structural changes in the financial sector, including increased regulation, and demand a radical restructuring.

"The bottom line is that they have to get smaller so they can manage better," said Roy Smith, a finance professor at New York University's Stern School of Business. "They have to give up the idea of being a universal bank holding company that jams together businesses that have nothing to do with each other."

MCCI spots challenges to growth target

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In a desperate effort to stabilise the capital market, the government allowed investment of undisclosed money in the stockmarket without any question by paying a 10 percent tax. Later, the government also restored 10 percent income tax rebate for the individual investors and waived capital gains tax for foreign investors and non-resident Bangladeshis.

"All the moves pushed up the market for a short period but failed to maintain the stability because of a lack of coordination among different regulatory bodies and contradictory remarks and actions made and taken by the government high-ups," said the chamber.

Exports registered a negative growth of 2.75 percent in fourth quarter of FY12 over the corresponding quarter of the previous fiscal year due to a drop in demand in the debt-ridden Eurozone. However, the country achieved 6.52 percent export growth in FY12 with a total export earning of $24.418 billion.

Worker remittances were 9.1 percent higher in the quarter under review, boosting the country's overall remittance flow. Bangladesh received its highest ever remittance of $12.846 billion, registering a 10.3 percent growth over 2010-11.

The taka depreciated by more than 10 percent in the past one year. The local currency, however, appreciated slightly by 0.07 percent during the quarter under review, mainly due to lower import pressures, higher disbursement of aid, and a moderate growth in remittances.

The chamber said the average inflation rate rose to 10.62 percent in FY12, the highest recorded during the last three years and a half.

However, the point-to-point inflation rate came down to 8.56 percent in June 2012 from 9.15 percent in May 2012.

The lending rate of scheduled banks slightly rose to 13.72 percent in April 2012 from 13.69 percent in March 2012 and the deposit rate also rose to 8.17 percent in April 2012 from 8.11 percent in the previous month. Thus interest spread has declined from 5.68 percent in February 2012 to 5.55 percent in April 2012.

The MCCI said, due mainly to a lack of competition, the interest rate spread is higher in Bangladesh than in all South Asian and East Asian countries. A rational level of spread (lending rate minus deposit rate) would help boost business across the country.

The commercial banks will have to take effective measures to minimise the asset-liability mismatch by improving fund management, said the chamber.

BATA

Ruhul Amin Molla, non-retail sales manager at Bata Shoe Company Bangladesh, inaugurates an outlet of the company in Asrafabad of Kamrangirchar in Dhaka recently. Gazi Arifuzzman, area manager, was also present.

SIBL

Md Anisul Hoque, former chairman and director of Social Islami Bank, and Muhammed Ali, managing director, attend the bank's half yearly business conference for 2012, at Hotel Purbani in Dhaka recently.

EBL

Ali Reza Iftekhar, managing director of Eastern Bank, poses with statuette and citation of Asia's Best Employer Brand Award of best HR strategy in line with business category at Park Royal Hotel in Singapore recently. RP Banerjee, director at Eastern Institute for Integrated Learning in Management, was also present.

Exim Bank gets new MD

STAR BUSINESS DESK

Mohammed Haider Ali Miah has recently been appointed as the managing director of Exim Bank, the bank said in a statement yesterday.

He also served the bank as its additional managing director and deputy managing director, according to the statement.

He started his banking career with Islami Bank Bangladesh Ltd as a probationary officer in 1984.

He is an MSc from Dhaka University and obtained an MBA degree from the London Institute of Technology and Research in UK.

Ford warns of deep Europe cuts as profits take hit

AFP, *Chicago*

Ford Motor Company warned of major cuts to its European operations Wednesday as heavy losses there cut into the second largest US automaker's profits.

Chief executive Alan Mulally said Europe's troubles run deeper than the current economic crisis and cautioned that all automakers must address the region's serious problems with overcapacity.

"This is a structural issue, not a cyclical issue. It's not going to come back fast and we're not going to be saved by volume," Mulally said in a conference call discussing Ford's second quarter results.

"I think you're seeing the same viewpoint from most of the automotive companies."

Ford's second quarter profit fell by more than half to $1.0 billion following a $404 million loss in Europe.

It forecast that the troubled European unit will post a loss of $1 billion this year, dragging total profits signif-

SEC asks four banks to submit investment info

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Earlier, Standard Bank, Pubali Bank, EXIM Bank and NCC Bank advertised that they would invest Tk 100 crore, Tk 500 crore, Tk 200 crore and Tk 100 crore respectively in the stockmarket in the next two months.

On July 24, SEC asked listed companies, including banks, to not put up unauthorised advertisements in print media to influence investment decisions.

The instruction came a few days after the four banks publicised their intention to invest, through advertisements and press releases.

As per SEC rules, listed companies are supposed to inform the regulator and the stock exchanges from beforehand their plans to broadcast information that might influence investment decisions.

The advertisements had an immediate positive impact on the market, with the benchmark index of the Dhaka bourse, DGEN, rising by more than 250

Garment workers demand basic salary at Tk 7,000

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Harun Ur Rashid Mahmood, member-secretary of the platform, handed over the letter to the board secretary where other leaders were also present.

In the absence of the board's chairman, its Secretary Mitsu Shaolin received the letter.

She said the board has no decisive authority to reset the wages rather it is the ministry, which holds that authority.

Later, the workers' leaders also submitted a memorandum to the director of the department of labour, pressing the same demand.

The wage board in 2010 had set the minimum monthly pay of garment workers at Tk 3,000 raising it from Tk 1,662.50 after considering the workers'

Aim for quick profits sends stocks to red

FROM PAGE B1

EBL NRB Mutual Fund was the biggest gainer of the day, rising by 5.71 percent, while International Programme for the Development of Communication, plunging by 7.07 percent, was the worst loser of the day.

The selective categories index of Chittagong Stock Exchange finished the day at 8,175.43 points, after falling 155.90 points, or 1.87 percent.

Losers beat gainers by 158 to 23, with five securities remaining unchanged in the port city bourse that traded 91.41 lakh shares and mutual fund units