

Business leaders urge US to continue GSP for Bangladesh

STAR BUSINESS REPORT
Local business leaders yesterday urged the US to continue the generalised system of preferences (GSP) for Bangladesh to allow the country to export products to the American market without any duty. They made the call at a meeting between the visiting delegation of American Chamber of Commerce (AmCham), India and Dhaka Chamber Commerce and Industry (DCCI) at the DCCI auditorium in Dhaka. "We are concerned about the move to discontinue GSP for Bangladesh, which would have negative impact on Bangladesh export," said DCCI President Sabur Khan. Under the GSP, 97 percent of Bangladeshi exports get duty-free access to the US. However, it does

not offer duty-free access for textiles, which account for up to 80 percent of the country's exports. The American Federation of Labour and Congress of Industrial Organisations (AFL-CIO) applied for discontinuation of the facility for the country on the ground of deteriorating labour rights environment. The government requested the US to continue GSP saying the government had already taken some steps to protect labour rights and improve working conditions. Vishal K Wanchoo, leading the AmCham India delegation, lauded the favourable condition for doing business in Bangladesh. Bangladesh has huge potential for rapid economic development and maintains a good investment-friendly environment, he said. Indian businesses are interested

in exploring the opportunities in various sectors ranging from infrastructure, telecommunications, healthcare and pharmaceuticals, food and beverages, IT and agriculture, said the Indian business-leader. AmCham Bangladesh President Aftab ul Islam said the country's private sector is surging ahead, although the government has some limitations. He invited investors from the USA and India to invest in pharmaceuticals, IT and infrastructure sectors of Bangladesh, DCCI said in a statement. Islam also said Bangladesh has the potential to become an ideal place for businesses, many of which are relocating their factories from China due to high labour costs in the world's second largest economy.

India's Tata Motors Q3 net profit halves

AFP, Mumbai
India's top vehicle maker Tata Motors said Thursday its net profit had halved -- its first such decline in fifteen months -- as domestic demand for cars slowed and competition increased. The company said its global operations, including Jaguar and Land Rover, showed that consolidated net profit for the three months to December halved to 16.2 billion rupees (\$294 million), from 34.06 billion rupees a year earlier. This was much lower than the consensus market forecasts of 28 billion rupees. Revenues of Tata Motors, part of the giant steel-to-software Tata Group, controlled by its new chairman Cyrus Mistry, rose just two percent to 460 billion rupees for the quarter. "The external environment and economic activity are challenging," Tata Motors's chief financial officer C. Ramakrishnan told reporters. Its business in India showed a loss of 4.58 billion rupees for the past quarter, from a profit of 1.74 billion rupees a year earlier. India's once-booming passenger car sector is set to post its worst annual performance in a decade, an industry group said this week, after reporting a 12 percent plunge in auto sales in January. For the quarter to December, the Jaguar-Land Rover business had a profit of 296 million pounds (\$458 million), down 25 percent from 393 million pounds a year earlier, as margins fell and costs to support future growth rose.



Officials of Teletalk attend a press briefing to launch the company's special Valentine's offer and Ekushey Package that include a free 3G connection with every 3G purchase, at a local restaurant in Dhaka on Tuesday.

Turkish Airlines to increase Dhaka-Istanbul flights: envoy

UNB, Dhaka
Turkish Airlines will operate direct flights on Dhaka-Istanbul route for seven days a week, up from four days from June, as Bangladeshi passengers are choosing the airlines for its cheap airfare. The number of Bangladeshi passengers of Turkish airlines increased in recent times as the airlines is connected to 190 destinations from Istanbul, said outgoing Turkish Ambassador M Vakur Erkul when he made a farewell call on President Zillur Rahman at Bangabhaban in the capital recently. The president hoped Turkish investors would come in Bangladesh in the coming days which will further help increase trade relations between the two countries. Rahman sought Turkish assistance in the development of Bangladesh. "It's our time to give support to you as relations between Turkey and Bangladesh has been rooted in history since the eighth



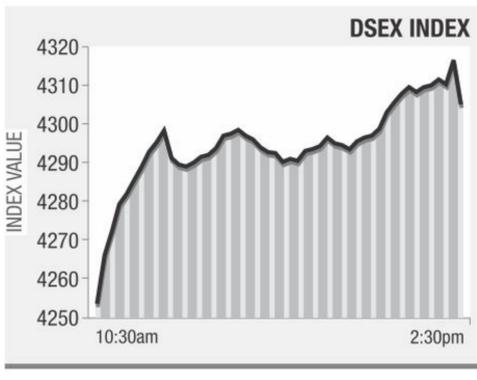
Rubel Aziz, chairman of City Bank, attends a discussion with top 50 managers of the bank at the bank's head office in Dhaka yesterday. K Mahmood Sattar, managing director, was also present.



A delegation of German parliament members visits BIKASH, a school for physically challenged and under privileged children run by Viyellatex Group and OLYMP of Germany, at the premises of Viyellatex Group recently. David Hasanat, chairman of Viyellatex Group, was also present.

Turnover crosses Tk 500cr

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Turnover on Dhaka Stock Exchange crossed Tk 500 crore for the first time this year, riding on improved market sentiments. Turnover, a major factor for investors, rose 14.44 percent to Tk 552 crore yesterday from the previous day. DSEX, the benchmark general index of the premier bourse, finished the day at 4,304.97 points, surging 51.51 points, or 1.21 percent. "Trading sessions ended with highest turnover in 2013 as investors rushed to take exposure in equities," LankaBangla Securities said. High turnover indicates increased participation of individual and institutional investors, according to the stockbroker. The week ended higher, driven by the ongoing optimism, said IDLC Investments, another stockbroker. The uptrend, which got its rhythm from last week, helped achieve investors' confidence despite political unrest, the investment bankers said. A total of 1.38 lakh trades



were executed, with 14.21 crore shares and mutual fund units changing hands on the Dhaka bourse. Of the 275 issues that traded on the DSE floor, 229 advanced, 29 declined and 17 remained unchanged. All major sectors posted hefty gains. Power rose 1.83 percent as the biggest market mover followed by non-bank financial institutions 1.4 percent. Pharmaceuticals and telecoms gained 1.05 percent and 0.82 percent respectively, while banks ended flat, went up by 0.17 percent. United Airways was the most-traded stock of the day, with its turnover of 1.9 crore shares worth Tk 45.58 crore. RN Spinning Mills and Summit Purbanchol Power Company were the next popular stocks of the day. Saffo Spinning Mills was the biggest gainer of the day, as it rose 9.71 percent. Prime Finance First Mutual Fund was the worst loser, plunging by 4.40 percent. CSCX, the selective categories index of Chittagong Stock Exchange, closed the day at 8,575.59 points, surging 111.85 points, or 1.32 percent. The port city bourse traded 1.54 crore shares and mutual fund units, with a turnover of Tk 57.92 crore.

Confidence perks up in businesses

FROM PAGE B1
A recent UN report (World Economic Situation and Prospects 2013) on global economic conditions and outlook mentioned that Bangladesh's growth performance was the second best in South Asia, just behind Sri Lanka, the MCCI said. Considering all the turmoil, chaos on the streets, instability in the garment sector, corruption, instability generated by confrontational politics, the UN report is encouraging. This means that as a nation Bangladesh could be much better off if only politics was a little more stable and governance a trifle more responsive to public needs, said the chamber. However, the macroeconomy is still undergoing some strains such as inflation, large government subsidy and budget deficit. One would expect that the past year's 9.47 percent growth of the industrial sector has been sustained in the second quarter of fiscal 2013, particularly because of the substantial improvement in the power supply situation. However, low disbursements of industrial term loans, decline in private sector credit growth, fall in the import of capital machinery and infrastructural bottlenecks may prevent the industrial sector to perform up to its potential. The growth of the services sector seems to have been picking up after the relatively slow growth witnessed in fiscal 2012. A much faster growth of the overall services sector is possible in the present fiscal year if production in real sectors increases at a greater pace.

Total tax revenue collection increased by 16.1 percent in November 2012, compared to the collection in November 2011, buoyed mainly by VAT and income tax receipts. Tax collection efforts should be intensified to achieve the annual revenue target. The chamber said the implementation of the annual development programme improved slightly in the second quarter of the current fiscal year, but yet only 30 percent of the ADP was implemented in the first half of the fiscal year. The country's exports recovered from the low 2.1 percent growth witnessed in the first quarter and grew by 12.4 percent during the second quarter of the current fiscal year. The growth of exports may remain weak in the coming months if the financial crisis persists in the European Union and slow economic growth in the US continues, the chamber said. It also said the recent fuel price increase may push up the inflation rate further in the coming months. Because of the importance of agriculture in the economy, the government must seriously address all problems faced by the sector. It said the shortage of power now poses the biggest threat to Bangladesh's economic growth as many newly-built industrial units, homes and other establishments have long been deprived of power connections. The chamber said Bangladesh's capital market passed another depressing year. The government and the market regulator took numerous steps, but the market has continued to remain depressed.

American Airlines, US Airways announce merger

AFP, New York
American Airlines parent company AMR Corp and US Airways announced Thursday that their boards have approved a merger agreement to create the largest US airline. The combined company, which will have an implied equity value of approximately \$11 billion, will become a fully operating entity following American's pending bankruptcy proceeding, according

Regulator freezes Sahara group assets

FROM PAGE B1
The Supreme Court said in August Sahara had "no right to collect" the funds from millions of investors without complying with regulatory provisions and ordered it to repay \$3 billion with 15 percent interest by the end of November. However, the firm has still not paid up most of the cash ordered by the court, despite being given extra time to find the money in December. The Securities and Exchange Board of India (Sebi) said on its website late Wednesday it had ordered the freezing of bank accounts of tycoon Subrata Roy, Sahara's chief, and three other directors. The assets of two Sahara group firms -- Sahara India Real Estate Corp. and Sahara Housing Investment Corp. -- were also to be seized. But Sahara, which has millions of mainly poor, rural savers, said in a statement that "the total liability was unlikely to exceed 51 million rupees, which it has already paid". Three-decade-old Sahara, based in Uttar Pradesh state capital Lucknow, said the latest Sebi order was based on "old facts and details of assets". Sahara Housing shares slid 12.2 percent to 47.75 rupees following the news. The central bank has said that Sahara instead of protecting poor clients, cut interest payments to as low as one percent, failed to ensure full deposit protection and had not kept a proper customer database. Roy, who heads the Sahara empire, in November bought the New York Plaza Hotel, while he also owns London's Grosvenor House hotel, a stake in a Formula 1 racing team and a sprawling Indian luxury township.

Garment units go evil as buyers offer low prices

FROM PAGE B1
"Therefore, the ministry is giving them time to upgrade their factories and be compliant," he added. Meanwhile, Mohammad Abdullah, managing director of Nassa Group, said the foreign buyers do not increase prices in line with the rise in production costs. "The only occasion when the buyers agreed to increase the prices was when the price of raw cotton rose abnormally, two or three years ago," he said. The cost of production increased 12 percent year-on-year this year, owing to wage hike, inadequate supply of gas and power, higher transport costs and



Norlin Othman, Malaysian high commissioner, and Shagufa Anwar, general manager of business development at Apollo Hospitals Dhaka, exchange documents after signing a deal in Dhaka recently to provide priority corporate benefits and medical services to their employees and dependants.



Hikmet Mesut Turkseven, general manager of Turkish Airlines in Bangladesh, and Md Nasser Shahrear Zahedee, chairman of GSA AeroMarte Services Ltd, attend an Agency Award Night for top travel agents and cargo agents of the airline at a restaurant in Dhaka on Wednesday.



Mudassir M Moin, managing director of Rahimafrooz Distribution Ltd, attends the inauguration of the company's sales and service centre on Majid Sarani in Sonadanga of Khulna recently.