

Malaysia's economy grows 6.2pc in Q1

AFP, Kuala Lumpur
Malaysia's economy grew by a surprising 6.2 percent in the first quarter of the year, the central bank announced Wednesday, but economists warned that its surging exports could be hit by a slowdown in China.

Southeast Asia's third largest economy saw positive growth in the quarter in all its major economic sectors except for mining, and strong expansion in domestic demand for foreign goods, Bank Negara said.

Inflation rose to 3.4 percent in the first quarter against 3.0 percent in the same period last year, Bank Negara said, after cuts in fuel, sugar and other subsidies.

Trade grew healthily between January and March, with strong exports pushing the trade surplus up by 14.9 percent and domestic demand rising 7.4 percent year-on-year.

"Exports will continue to benefit from the recovery in the advanced economies while private domestic demand is expected to remain the key driver of the overall growth," the bank said.

But economists warned that a continuing global recovery hung in the balance as China's growth continues to cool.

"Going forward, despite continued improvement in the US and Europe, we are still reliant on the performance of China and looking at reforms in Japan," said Kenanga Investment's Wan Suhaimie Wan Mohd Saidie.

China has become Malaysia's top export market in recent years, particularly for palm oil, transport equipment and electronics components.

Exports to China were worth 97 billion ringgit (\$30 billion) in 2013, although outgoing trade to the Asian giant slid in March for the first time since June 2013.

The government has forecast economic growth of between 5 and 5.5 percent this year, while the central bank has a wider range of 4.5 to 5.5 percent.

The government is also planning to introduce a goods and services tax next year as it seeks to tackle its budget deficit.

A May 1 rally saw thousands of Malaysians take to the streets to protest against the new tax, saying the cost of living is already too high.

Malaysia has one of Asia's highest debt-to-GDP ratios. Critics say the government is mismanaging the economy and has failed in its pledge to fight endemic corruption.

Adobe apologises for global Creative Cloud failure

BBC NEWS
Adobe has apologised for a system failure that knocked its Creative Cloud service offline for users around the world.

Creative Cloud is the firm's subscription model for businesses or individuals using its Photoshop, Premiere Pro and similar products.

With the system down for around 24 hours, many businesses were unable to carry out some work.

The company has not offered any form of compensation for those affected.

In a blog post, it said: "We will do better." Users who had already downloaded the software and were using it offline were not affected.

But those trying to download new software and features, or using the service's cloud storage function to save and share files online, had difficulty.

"Several Adobe services were down or unreachable for many of you over the last 24 hours," the company said.

"The failure happened during database maintenance activity and affected services that require users to log in with an Adobe ID."

It added: "We want to apologise for this outage because we know how critical our services are to you and how disruptive it's been to those of you who felt the impact."

"We understand that the time it took to restore service has been frustrating, but we wanted to be as thorough as possible. We have identified the root cause of this failure and are putting standards in place to prevent this from happening again."

In May 2013, Adobe stopped selling its Creative Suite product in favour of moving everything online.



Zunaid Ahmed Palak, state minister for information, communication and technology, leads a delegation of Bangladesh to visit Facebook headquarters recently. The delegation proposed making Bangla an official Facebook language and opening an office of the social media in Bangladesh. AHM Mahfuzul Arif, president of Bangladesh Computer Samity, and Shamim Ahsan, president of Bangladesh Association of Software and Information Services, were also present.

India's fiscal, econ reforms to determine credit rating: S&P

REUTERS, Mumbai
The fiscal and economic reforms taken by India's new government in the next two to three months will have "significant implications" on India's sovereign credit rating, Standard & Poor's Ratings Services said on Friday.

S&P added the next government would need to regain "fiscal prudence in a sustainable way," such as by implementing a goods and services tax to help stabilise government revenues.

"What the next government says and does in the coming months is crucial to boosting confidence in the policy settings and the economy," S&P credit analyst Takahira Ogawa was quoted as saying in the statement.



Shamsur Rahman, chairman of Bay Group, attends the launch of Bay Emporium flagship outlet at Jamuna Future Park in Dhaka recently. MA Quader, chief executive of Bay Emporium, was also present.



AM Nurul Islam, vice chairman of Bank Asia, speaks at the launch of the bank's mobile financial service--Hello--at Spectra Convention Centre in Gulshan, Dhaka yesterday. Dasgupta Asim Kumar, executive director of Bangladesh Bank, and Md Mehmood Husain, managing director of Bank Asia, were also present.

Modhumoti Bank's new DMD

STAR BUSINESS DESK
Md Touhidul Alam Khan has recently joined Modhumoti Bank as deputy managing director, the bank said in a statement yesterday.

He served as senior executive vice president and head of corporate banking at Bank Asia prior to joining Modhumoti.

He started his banking career with Agrani Bank and later worked with Prime Bank.

Khan holds a master degree in finance from Dhaka University. He is an associate member of the Institute of Cost and Management Accountants of Bangladesh and associate fellow member of Institute of Islamic Banking and Insurance, United Kingdom.



Alitalia halts Venezuela flights due to currency controls

AFP, Rome
Italian airline Alitalia said on Friday it was suspending flights to Venezuela from June 2 because of the "critical situation" linked to currency controls in the country.

"Alitalia has decided to suspend its Rome-Caracas service temporarily," the airline said in a statement.

The company said on its website that they would be halted until October 25 and ticket holders would be reimbursed.

"Once the internal situation has stabilised, Alitalia will consider resuming operations to Venezuela, which is a vital market for traffic from and to Italy," it said.

Several foreign companies have suspended operations in the country in recent weeks due to the currency controls installed by the socialist government which are creating a lack of foreign currency in the country.

Venezuela has been driven by tensions in the past three months, with students and opposition leaders taking to the streets to protest rampant crime, runaway inflation and shortages of basic goods.

Govt to take \$1.47b loans for 3 projects

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The committee will also consider taking loans of \$1.2 billion from International Islamic Trade Finance Corporation (IITFC) to import fuel.

Bangladesh has been taking loans from IITFC since 1977 to import fuel. The loan has to be paid in 9 months.

The energy ministry said it will require around \$5.4 billion in 2014 and of the amount, the government can collect \$2.8 billion through sale of fuel in the local market.

The rest of the amount will be taken through a deferred payment facility from Singapore and the Philippines. In 2013, the government took a loan of \$2.2 billion from IITFC for fuel imports.

Budget to outline plans for next five years

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"Private investment has to be increased to scale up economic growth," Rahman said.

Md Saiful Islam, chairman of Western Marine Shipyard Ltd, said private sector investment fell 4 percent in the outgoing fiscal year, mainly due to weak infrastructure, high utility costs and a lack of efficiency.

He said political unrest in the second half of 2013 delivered a wrong message about Bangladesh for the rest of the world.

"We have come to a relatively stable situation after January 5 elections. Now the government will have to show that the situation is really stable," he said.

Islam said businesses will feel encouraged to invest if the government improves governance.

Tapan Chowdhury, managing director of Square Pharmaceuticals Ltd, called for a level-playing field for businesses.

"Unfortunately, real businessmen who pay back bank loans regularly are penalised during the tenure of every government. But loan defaulters are encouraged and rewarded," he said.

Chowdhury said interests on loans of defaulters are waived and principal amounts are rescheduled for a long period. "If these trends continue, private sector investment will not rise."

Amir Khasru Mahmud Chowdhury, an adviser to the BNP chairperson, said political stability can be ensured only through a credible, free, fair and participatory election.

FINANCING THE BUDGET
The government plans to frame a Tk 249,000 crore budget in the next fiscal year. Of the amount, it aims to collect Tk 149,000 crore as revenue. The rest of the amount will come in the form of foreign aid and domestic borrowing at Tk 27,500 crore and Tk 31,000 crore respectively.

AB Mirza Azizul Islam, another former adviser to a caretaker government, said inflation will rise further due to huge borrowing from the banking sector.

He said inflation hit a record high in fiscal 2010-11 because of higher government borrowing from banks. "Domestic borrowing is costly. It will push inflation up."

Zahid Hussain, lead economist at the World Bank's Dhaka office, said speedy implementation of foreign-financed projects will facilitate faster disbursement of foreign aid.

"I don't think public investment is not rising due to a dearth of funds. The main reason is a slow pace of implementation," he said.

However, the finance minister said there has been progress in the implementation of the government's annual development programme.

The rate of ADP implementation is 96 percent and it will rise further if there is political stability, he said.

Ahsan H Mansur, executive director of Policy Research Institute (PRI), said revenue collection will not go up unless there is dynamism in the economy.

He suggested expediting reforms in the revenue administration to achieve higher levels of revenue.

PRI Chairman Zaidi Sattar said tariff protection given to safeguard industries catering for the domestic market acts as an impediment to export diversification.

Muhtith said local industries will not get much protection once the new VAT law takes effect from July 2015. There are nearly 1,400 items that face supplementary duty; their number will come down to around 170, he said.

SOCIAL SECTOR
Bazlul Haque Khondker, a professor of economics at Dhaka University, said public investments in education and healthcare are on the decline.

He said the number of poor people under social safety net schemes has increased. "Misuse has risen at the same time," he said.

Binayak Sen, research director at Bangladesh Institute of Development Studies, said the amount that the government pays as monthly allowances for elderly and destitute is not enough.

Garment makers to choose steel buildings to relocate factories

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The country has around 150 garment factories made of prefabricated materials, mainly located in Gazipur, Narayanganj, Comilla, Chittagong, Manikganj and Savar, said Azim.

Garment exports accounted for 80 percent or \$21.5 billion of the country's total overseas sales of \$27 billion in fiscal 2012-13, according to the Export Promotion Bureau.

CNG station owners threaten to go on strike

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Currently, the CNG filling stations buy per square foot of gas at Tk 23 and sell it at Tk 30. Their profit margin is very low as they also pay Tk 2.40 as electricity cost for each square foot of gas and bear costs for salaries, bank interest and maintenance, according to Nayon.

High default loans pile pressure on banks

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The bank has cooperated with the clients in the past so that they can start their business afresh overcoming losses, and will continue to do so in future, Ahmed said.

In the preceding years, NCC Bank launched crash programmes, which reduced default loans, he said, adding that such steps would continue.

The bank that has 101 branches across the country plans to reach out to more areas.

The bank is financing the most in power generation, water treatment plant, roads and highways, Ahmed said. It bankrolled the Tk 350 crore Nababganj Power Plant jointly with the World Bank.

The banks and the central bank have been working together to bring the lending rates down to a single digit, NCC Bank Chairman Nurun Newaz Salim said.



Muhammed Ali, managing director of United Commercial Bank, attends the business conference of Chittagong region of the bank at a local club in Chittagong recently. M Shahidul Islam, additional managing director, was also present.



Hasan Mahbub, managing director of Pran Foods UAE, and Ahsan Khan Chowdhury, director, attend the celebration of the company's 11th annual day programme at Ewan hotel in Sharjah, United Arab Emirates recently. Pran Foods UAE is a sister concern of Pran-RFL Group.



AAMS Arefin Siddique, vice chancellor of Dhaka University, attends the certificate awarding ceremony of Advanced Certificate in Business Administration, organised by the university's Institute of Business Administration, at Sarnogaon Hotel in Dhaka on Friday. Iqbal Ahmad, director of IBA, was also present.