

# Star BUSINESS

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## GP reaches 10m subscribers

Plans to offload shares; eyes to double users in 15 months

### STAR BUSINESS REPORT

GrameenPhone Limited, the leading cellular company of the country, has crossed 10 million subscribers mark and the operator now hopes to double the number within a span of 15 months.

The achievement coincides with the 10th anniversary of its operation. On receipt of a license in November 1996, the company started its journey. With having 5.5 million subscribers on the onset of the year 2005, GrameenPhone (GP) continued its advancement throughout the year, registering a 130 percent growth.

"Constantly declining tariffs, affordable prices of handsets and superior network coverage all over the country are the three main factors behind the achievement," explained Erik Aas, GP managing director, at press conference in Dhaka yesterday.

He said, "The mobile phones are not only a tool for privileged people anymore, but it is now empowering people from all groups in all areas of Bangladesh."

Syed Yamin Bakht, general manager (Information), conducted the press conference, while Rubaba Dowla Matin, head of marketing of the company, was present.

Bangladesh's Grameen Telecom holds GP's 38 percent shares and Norway's Telenor the remaining 62 percent.

The telecommunication industry in Bangladesh is now estimated to represent around 1 percent of the country's GDP. The company's contribution to the government's exchequer, including all taxes and VAT (Value added tax) from the services, will be more than Tk 2000 crore this year.

The GP has invested around Tk



PHOTO: STAR

GrameenPhone Managing Director Erik Aas (L) speaks at a press conference in the capital yesterday organised to celebrate the mobile operator's 10 million subscribers mark. General Manager (Information) Syed Yamin Bakht (R) and Head of Marketing Rubaba Dowla Matin are also seen.

6000 crore so far in expanding its network and services, covering more than 95 percent of the country's population, Aas said, adding that the company invested Tk2000 crore in 2005 and expects to invest the same amount in the current year.

The GP MD said Bangladesh is presently one of the top 10 mobile phone growth markets in the Asia Pacific region with about 16 million mobile phone subscribers. However, the telephone penetration rate still remains low at around 12 percent in the country, he added.

"It should be possible to triple the number of subscribers, reaching 50million within the next three years," said Aas, adding "reduced entry cost for new subscribers will be main driver for this growth. This can be achieved with lower handset prices and reduced connection

taxes."

### PLANS TO OFFLOAD SHARES

Erik Aas said the company's shareholders have reached a consensus on the plan of offloading its shares in the Dhaka Stock Exchange. The GP MD, however, declined to spell out when the plan would be implemented.

"Shareholders of the company are actively considering the issue," he said, adding "it will take time, we have to examine the market because we think GP's shares will have a huge impact on the capital market."

When asked about allegations that multinational companies have repatriated a huge amount of money to their own countries, The GP top brass said, "We have repatriated an amount less than 10 percent of our net profit. Maximum portion of the profit has been rein-

vested in expanding networks here".

### OFFERS AWARDS

As part of its celebration of achieving over 10million subscribers in 10 years, the GP will also offer attractive prizes to lucky winners spending Tk 300 and above within the period of November 7 to 30, 2006 in any GP subscription.

Under the programme, GP will award the 100 subscribers spending an amount ranging from Tk300 to Tk500 with cameras and EDGE enabled handsets, 10 subscribers who spend an amount ranging from Tk501 to Tk1000 will be awarded Japanese cars and one lucky subscriber spending above Tk3001 during the time will be awarded an apartment in Dhaka city.

Meanwhile, the GP is going to offer recharge denominations as low as Tk 10. Under the offer, Tk 10-29 denominations reload will have a one-day validity and Tk30-49 denominations will have 3-day validity.

The GP officials also said more than 600 service desks have been established nationwide to serve the customers with a minimum of travel time. The company also plans to launch a programme to establish 500 community information centres by the year-end.

They said the company has more than 5000 employees, while another 1 lakh people are directly dependent on its business by working as vendors, suppliers and retailers.

Moreover, Village Phone, another popular initiative of the company, especially for the rural women, is providing good business opportunities for more than 2.6 lakh operators.

## DSE All Share Price Index sheds 33.95pts

### STAR BUSINESS REPORT

Share indices on the Dhaka Stock Exchange (DSE) continued declining yesterday for the fourth consecutive day as DSE All Share Price Index dropped by 33.95 points or 2.65 percent to close at 1246.42 points yesterday from 1280.37 points on Thursday.

DSE General Index declined by 39.94 points or 2.60 percent to close at 1491.74 points from 1531.68 points on the previous trading day.

DSE-20 Index, which comprises blue chips, also shed by 11.18 points or 0.85 percent to close at 1297.33 points yesterday from 1308.51 points on Thursday.

On the DSE, losers overwhelmed gainers. Of the total 195 issues traded, only 26 advanced, 152 declined and 17 remained unchanged. A total of 43,29,260 shares worth Tk 27.79 crore changed hands.

The Chittagong Stock Exchange (CSE) also closed lower yesterday.

The CSE All Share Price Index decreased by 2.57 percent to close at 3541.87 points yesterday while the CSE-30 Index shed by 3.18 percent to close at 3095.42 points.

A total of 84 issues were traded. Of them, only six gained, 74 declined and four remained unchanged. Some 12,02,766 shares worth Tk 6.33 crore changed hands.

DSE Chief Executive Officer Salahuddin Ahmed said although there were some positive corporate disclosures during the last couple of days, the market is falling because of the current volatile political situation.

The confrontational politics is keeping the institutional participants, who are the major players, at bay, he said.

## Grameen Danone Foods opens Wednesday

To offer nutrition-rich cheap yogurts

### STAR BUSINESS REPORT

Grameen Danone Foods Ltd, a joint venture between four Grameen companies and France-based global leader for nutritional food products Groupe Danone, will be opened at a function in Dhaka on Wednesday.

French football star Zinedine Zidane will inaugurate the new company, which will provide nutrition-rich yogurts for children, at the function at Pan Pacific Sonargaon Hotel, according to a press release.

The company was established following the signing of a memorandum of understanding (MoU) between four Grameen companies -- Grameen Byabosa Bikash, Grameen Kalyan, Grameen Shakti and Grameen Telecom -- and Groupe Danone on March 16, 2006.

Nobel laureate Prof Muhammad Yunus, also founder and managing director of Grameen Bank, and Franck Riboud, chairman and chief executive officer of Danone, signed the MoU.

The ceremony marks the start of production at the first plant of the company in Bogra this month.

The plant, which has been set up on a 700-square metres of land at Banani Betgari near Bogra town, will produce 3,000 kg of yogurt in the first year, increasing to 10,000 kg in the third year.

With the brand name of 'Shakti Doi', the initial price of each cup containing 80 grams of yogurt has been fixed at Tk5, in view of the affordability of the low-income group.

The initial investment in

Grameen Danone Foods is Tk7.5 crore, and the total investment will be Tk25 crore. If the factory in Bogra proves successful, 50 additional plants will be set up in the next 10 years in different remote areas of Bangladesh.

The small-scale factory will create business opportunities for local people, by sourcing raw materials and marketing of products locally. The milk needed for production will also be produced locally.

Grameen Danone will produce international standard yogurt from full cream milk. This yogurt will contain such ingredients as protein, vitamins, iron, calcium and zinc to fulfil the nutritional needs of the children.

Initially the company will market and distribute its products to low income groups in the larger Bogra area. It will promote 'Shakti Doi' as a product to help children grow healthy and strong.

The main objective of the company will not be profit maximisation, but eradication of poverty by creating job opportunities for the poor.

The companies that comprised Grameen Danone have already agreed not to take any profits of the company, but use the profits for creation of new opportunities for the welfare and development of people.

Grameen Danone is designed to be environment-friendly and the yogurt will be sold in special biodegradable cups. Although the factory will use natural gas, special efforts will be put to use biogas and solar power to minimise the use of natural gas.

## Indian cities emerge as best offshoring sites

AFP, New Delhi

Seven Indian cities have emerged as the most favored outsourcing destinations globally, beating out rivals such as Manila, Shanghai and Moscow, according to a report by a US-based consultancy.

And India looks set to remain the outsourcing leader in the long term, according to the consultancy neolT, which advises global companies on offshore operations.

New Delhi headed the seven Indian cities that topped the list of 24 from around the world vying for the tag of favorite offshore sites, said neolT in a report.

"A lot has been said about India's eroding cost advantage and supply constraints," senior neolT

consultant Sabyasachi Satyaprasad said Saturday.

"But the fact remains that in terms of talent supply and cost arbitrage, India is still the leader," said Satyaprasad, whose company is headquartered in San Ramon, California, with offices in India and the Philippines. Industry analysts closely watch profit-margin trends of Indian outsourcing companies for signs their competitive edge is eroding.

New Delhi, Bangalore, Hyderabad, Mumbai, Pune, Chennai and Kolkata were the seven most favoured sites worldwide to locate offshore, said the report assembled from feedback from over 60 clients.

## Asia's 40-yr dream of 'Iron Silk Road' comes closer to reality

AFP, Seoul

Asian transport ministers meeting in South Korea this week will take a major step towards making a decades-old dream a reality -- integrating the entire continent into a single rail network.

Transport ministers and officials from 43 countries will gather in the port city of Busan from Monday for this year's ministerial conference on transport organised by the UN Economic and Social Commission for Asia and the Pacific (Unescap).

Highlight of the six-day conference will be Friday's signing of the Intergovernmental Agreement on

the Trans-Asian Railway (TAR) -- more poetically known as the "Iron Silk Road."

The 81,000-kilometer (50,200-mile) network, first mooted by the UN back in 1960, would link capitals, ports and industrial hubs across 28 Asian countries all the way to Europe.

Asian states, with the signing, will "demonstrate their commitment to working together" on the mammoth project, Barry Cable, director of Unescap's Transport and Tourism Division, told AFP.

"We expect this will trigger new development in the railway sector both in terms of increasing capacity

and in terms of increasing connectivity," he said.

Cable said such an international commitment would make it easier for countries to attract finance for railways from international banks.

"The agreement lays a framework for coordinated development of internationally important rail routes," Unescap chief Kim Hak-Su said in a statement.

Tardy progress over the past five decades indicates the challenges ahead despite Friday's scheduled signing. The Cold War, a major obstacle, is over but Asia has its fair share of civil conflicts and tensions.



PHOTO: EASTLAND INSURANCE COMPANY

Mahbubur Rahman, chairman of Eastland Insurance Company Ltd, cuts a cake to mark the 20th founding anniversary of the company at a function in Dhaka on Saturday. Directors and senior officials, among others, are also seen.

## Govt urged to amend age-old insurance act

Eastland Ins celebrates 20th anniversary

### STAR BUSINESS REPORT

Eastland Insurance Company chief has urged the government to accelerate the process to amend the age-old Insurance Act 1938 to meet today's market challenges.

Eastland Insurance Company Chairman Mahbubur Rahman also called for bringing the insurance industry under finance ministry.

He was addressing the 20th founding anniversary of Eastland Insurance Company, a first generation non-banking financial institution, at Bangladesh-China Friendship Conference Centre Saturday.

"The government of late, has initiated a process to legislate three separate laws--Independent Insurance Regulatory Authority 2005, the Insurance Act 2005 and Takaful Act for Islamic insurance companies," said Rahman, also

president of International Chamber of Commerce-Bangladesh (ICC-B). But some provisions of these drafts are not above debate, he added.

However, he said despite having various problems of general insurance companies including severe human resource problems, the sector has been registering more than 12 percent growth annually for last four years.

He also told the gathering that some 60 private insurance companies, including 43 general insurance firms, are doing business in Bangladesh and the number is relatively higher considering the size of the market than that of India, Pakistan and some other neighbouring countries.

Directors, Managing Director M Azmal Haque and other senior officials of the company were also present.

## ANALYSING GLOBAL APPAREL MARKETS (III)

# Potential threat to Bangladesh's ready-to-wear garments

LUIGI BERTORELLI

During a recent workshop held at the Ministry of Textile and Jute conference room a question was risen regarding the refusal of some printed and dyed apparels due to the chemical stuff used during the production process. I guess it is worth to examine this issue as well as the trade-related environmental, social and health & safety issues, which may become a real threat to the export of ready-to-wear garments made in Bangladesh.

There is no EU quality standard for outerwear. Most of the importers (manufacturers, wholesalers, retail organisations etc.) work with certain minimum requirements. In this respect they have formulated and stipulated minimum quality requirements, relating to both materials and make. The technical committee of the European Clothing Association (ECLA) published an example of recommendations concerning characteristics and faults in woven and knitted fabrics to be used for clothing, in which a distinction is made between:

- the fabrics as delivered or is

detrimental recommendations limited to the characteristics of fabrics, which are detectable by an experienced person with or without the aid of instruments in general use. A fault is considered if the irregularity is evident in to the final garment;

- recommendations limited to the characteristics of fabrics, which can only be detected with the aid of suitable equipment. Each characteristic described comprises: definition, method of testing and minimum quality standards and as far it occurs: possible allowable tolerances compared with the values of the sample and eventual commercial implications.

- Methods of testing fabrics and/or garments are mainly based on ISO standards and otherwise on European norms (EN) or national standards (DIN, NEN or BS, respectively for Germany, The Netherlands and UK), like:

- care labelling (ISO 3758);
- dimensional stability aspects, like steaming (DIN 53894), fusing (DIN 54311), washing/tumbling

(ISO 3759, 5077 and 6330), dry cleaning (ISO 3175);

- mechanical and physical properties like tensile strength strip (ISO 5081), tensile strength grab (ISO 5082), tear strength (ISO 9290), seam slippage (BS 3320), abrasion resistance (EN 22313), crease tendency/recovery (ISO 9867), pilling tendency (BS 5811), fibre penetration (SIS 650047), spray test (EN 24920) etc.;
- colour fastness to several aspects like washing, light, water etc. (ISO 105).

Despite EU harmonisation, which enables free trade between EU member states, individual markets have different requirements regarding garment types, sizes, colours etc.

At the moment, the most important environmental and health issue in clothing trade is product legislation. EU product legislation on environmental and consumer health and safety issues is compulsory, therefore of utmost importance. For instance, legal requirements on dangerous substances such as certain azo dyes

splitting off carcinogenic amines. The necessary EU requirements, applicable in all EU member states, include: azo dyes in garments, nickel, flame retardants, cadmium, PCB/PCT and asbestos. In addition, legislative requirements in Germany (azo dyes, formaldehyde, PCP, covenant on children's clothing, chromium, disperse dyes, dioxins and furans), the UK (regulations on flammability) and The Netherlands (azo dyes, formaldehyde in textiles with skin contact, PCP) are outlined when they are additional to EU legislation. These three countries are chosen, because they are relatively pro-active in their legislation. Please note this does not imply that there is no additional relevant legislation in other EU countries. Most of the EU legislation mentioned is directly applicable to foreign firms supplying products to an European country, for instance through their own foreign sales outlet. However, products are often put on the market indirectly, through importers. In most cases this makes the importer responsible for the product. Importers might therefore encourage or even force foreign suppliers to meet certain

standards, for example through legally binding guarantees.

Besides legal requirements of own governments, exporters might be confronted with social requirements that are requested by EU buyers. More and more companies have laid down minimum standards in so-called codes of conducts, or use labels and management systems to guarantee labour conditions. These social requirements are gaining importance on European markets and are becoming a precondition for international trade. The most important requirements, including an indication of their market impacts are listed by international social standards for textile and garments; ILO Conventions; SA8000 (International social management system).

(Concluded)

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PHOTO: STAR

ABMG Kibria, president of Anjuman Mufidul Islam, receives on behalf of the organisation the key of an ambulance from Sadek Hossain Khoka, mayor of Dhaka City Corporation, and MA Momen, president of Dhaka Chamber of Commerce & Industry (DCCI), on Saturday in the capital. The DCCI donated the ambulance to the Islamic voluntary organisation.

## RUPALI BANK SELL-OFF Handover date likely to be set today

### SARWAR A CHOWDHURY

The Privatisation Commission is likely to fix the handover date of state-run Rupali Bank today.

"We will fix the date at a meeting tomorrow (today) morning in the commission," said Privatisation Commission Chairman Enam Ahmed Chaudhury.

He said almost all the procedures of Rupali Bank's handover to its buyer Saudi Prince Bandar Bin Mohammad Bin Abdul Rahman Al Saudi have been complete.

"Some issues such as determination of the bank's total classified or bad loans and introduction of pension scheme for the employees are yet to be settled. I hope tomorrow's meeting will settle those," Chaudhury said.

Representatives of law ministry, Bangladesh Bank, Privatisation Commission, finance ministry and the Saudi prince will attend the meeting.

The commission chairman said the meeting will be the last meeting to complete the Rupali Bank sell-off. He also said the Saudi prince is willing to attend the handover ceremony.

On August 27, the commission declared the Saudi prince the highest bidder. On October 5, the then prime minister Khaleda Zia okayed the bid of US \$330 million to buy 67.26 percent stake in Rupali Bank.

The Saudi prince also expressed his willingness to buy the rest 26 percent shares of the bank owned by the government.

In March last year, the government assigned the Privatisation Commission to sell the bank.

Total assets of the Rupali Bank as showed in December 2005 stood at \$1.07 billion and it has over 493 branches across the country.

Meanwhile, Enam Ahmed Chaudhury met with the president on Thursday and wanted to get relieved of his duties from the Privatisation Commission as he wants to participate in the national election from a Sylhet constituency. Chaudhury joined the commission as chairman on November 15, 2001.

## 2nd Bangladesh knitwear expo in Munich from today

The second two-day exposition of Bangladeshi knitwear starts from today in Munich of Germany following a huge success of the first one held in Dusseldorf on November 2-3 last year, says a press release.

Bangladeshi Knitwear has more potential in the EU market than those from China, India and Latin America, experts opined at a seminar organised at the sideline of the Dusseldorf expo.

Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) is organising the event in cooperation with the German Technical Cooperation (GTZ).

According to the BKMEA, the Munich fair is set to become another big success while focusing on the country's knitwear to the EU buyers.

## AKTEL's quiz contest ends tomorrow

The SMS-based quiz contest styled 'AKTEL-e Umrao Jaan Premier-e Dubai Jan', launched by the mobile phone operator for all its subscribers, comes to a close tomorrow, says a press release.

Two winners of the contest will be able to visit Dubai to attend the world premier show of the upcoming Bollywood movie, Umrao Jaan, get an exclusive chance to meet core artistes of the film Aishwarya Rai and Abhishek Bachchan and have special photo session with them.