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50pc internet tariff cut on cards

MD HASAN

The government is likely to cut internet tariff by 50 percent soon in a bid to boost the country's ICT (information and communication technology) industry.

Bangladesh Telegraph and Telephone Board (BTTC), which is responsible to fix internet tariff, last week sent a proposal to finance ministry to reduce prices.

But industry insiders believe 50 percent cut is not enough especially for local software firms.

Bangladesh Association of Software and Information Services (BASIS) earlier urged the government to reduce the tariff by 75 percent so that Bangladesh's software companies can compete in the global market.

An internet subscriber has to pay Tk 35,000 a month for 256 kbps (kilobits per second) dedicated internet connection to BTTC. But in India, a subscriber pays the amount that is hardly 1,800 in Bangladesh taka for the same connection.

BTTC's charge for 512 kbps dedicated internet connection is Tk 62,500 and for 1 megabit is Tk 120,000. In India, charges for the same connections are Tk 4,500 and Tk 7,500.

The government's high internet

tariff is holding back the country's software industry to have a strong position in the global market, said BASIS President Rafiqul Islam Rowly in an exclusive interview with The Daily Star published on December 17.

Talking to The Daily Star last night, Shameen Ahsan, joint secretary of BASIS, said if the government reduces 50 percent tariff from the existing rates it will not be enough for the local IT based industry as well as general users.

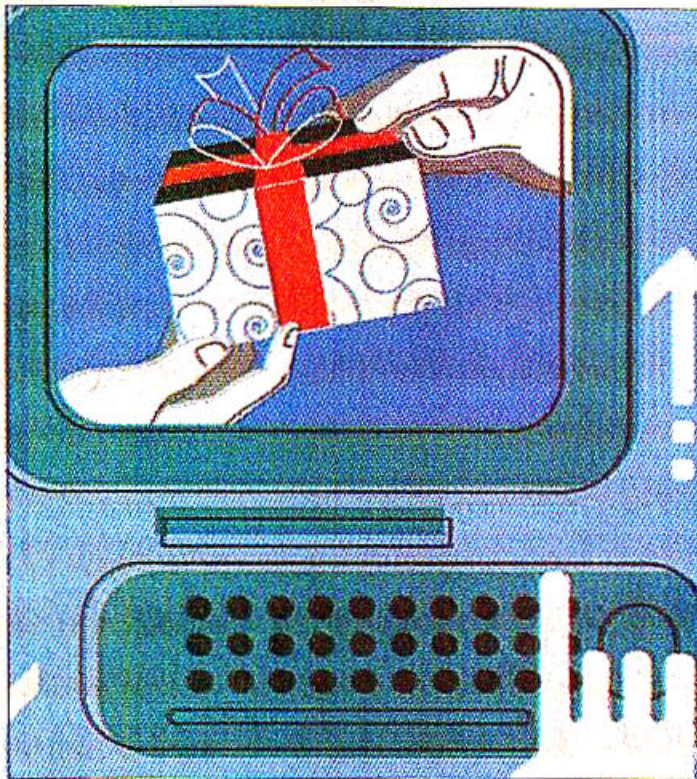
"Even after 50 percent reduction, we have to pay more than 10 times compared to the rates in India," he said.

If tariff reduces, the number of subscribers will increase, he added.

At present, BTTC's bandwidth capacity is 24 Gbps (Gigabits per second). Of that, almost 80 percent remains unused.

According to the industry insiders, the number of internet users is only 4.5 lakh in the country. The home-based as well as industry users feel discouraged to use internet due to high rental costs.

The rental prices of internet will not be reduced significantly if the government cuts only 50 percent tariff, said Abdus Salam, president of Internet Service Providers' Association of Bangladesh.



Open sky policy gets one month extension

STAR BUSINESS REPORT

The government yesterday extended the open sky policy for one month to ease the pressure of outbound passengers, especially the Bangladeshi workers who got jobs in the Middle East and Malaysia.

"We hope to issue a circular tomorrow [today]. The council of advisers approved our proposal to extend the time for one month considering the overall scenario," a senior official of the civil aviation and tourism ministry told The Daily Star last night.

Now the open sky policy will end on January 31, instead of December 31, the official said.

In September this year the government brought three airports under the open sky policy for three months amid seat shortages in the regular flights for Bangladeshi workers who had received jobs abroad.

Thousands of workers had to postpone their scheduled travel amid seat shortages in September.

Industry experts said four airlines—Air Asia X, Air Arabia, RAK Airways and local private operator GMA Airlines— took the benefit of open sky policy since October 1.

"We hope it will help reduce the pressure. But it would have been better had the government extended the time for three months," said Noman Chowdhury, who helps charter flights for Air Asia X, a concern of Malaysia's Air Asia.

Noman said they are hopeful to carry about 6,000 passengers in one month.

Association of Travel Agents of Bangladesh (ATA) President MA Muhaimin Saleh said, "We are pressing for open sky policy due to failure of Biman (Biman Bangladesh Airlines) to meet the demand. There is still huge demand for seats."

Some 3,12,000 workers are expected to go abroad in the next six months, he added.

The country's manpower exports has increased all time high in 2007. About 5 lakh workers left the country as of October 2007, against 3.8 lakh during the same period of 2006, according to manpower sources.

Knitwear makers demand easing yarn import thru' Benapole

Spinners see such move to throw local industry into trouble

REFAYET ULLAH MIRDHA

Knitwear makers reiterated their demand for procedural simplification in import of yarn from India through Benapole land port in the face of rising prices of the item in the local market, while local spinners strongly discourage such import on the plea that the industry will be at stake.

BKMEA (Bangladesh Knitwear Manufacturers and Exporters Association) Secretary Sulav Chowdhury said, "The government should immediately take measures to ease the process of import of yarn through Benapole."

The knitwear makers' demand was conveyed to the government through two letters in the first half of the current month. One was sent to the commerce adviser and the other to the chairman of National Board of Revenue.

At present, any manufacturer hardly imports yarn through Benapole land port due to tough procedural problems in customs, bond licences and transportation, although the government lifted ban on import of yarn using this landport two years ago.

According to BKMEA Director MA Baset, Bangladesh's position as knitwear exporting country would be more advantageous in the international market on easing the procedures for importing yarn using Benapole land port like Chittagong Port.

"Since the yarn prices are on the rise worldwide due to the scarcity of raw cotton, the government should bring the matter under consideration," Baset said.

Meanwhile, opposing such import through Benapole, BTMA (Bangladesh Textile Mills Association) President Abdul Hai Sarker said such import should not be encouraged, as 90 percent of the demand for yarn is met by the local spinners.

He, however, is not opposed to the import of a special category of Indian yarn that Bangladesh can-



A file photo of yarn. In the face of rising prices of yarn, knitwear makers want simplified procedures to import yarn from India through Benapole land port. But spinners oppose the move.

not produce. "We produce quality yarn which is better than that of India and supply to the knit manufacturers with an affordable price," Sarker said.

There are allegations from industry insiders that imports of yarn by a section of knit manufacturers showing under-invoicing often encourage smuggling of the item into the country.

Exporters fear Bangladesh's knitwear and readymade garments (RMG) industry may lose international competitiveness due to the persistent rise in prices of yarn in the local market.

The '30 count' variety of yarn is now selling at a price ranging from US\$2.75 to \$2.80 per kg, up from

\$2.40 and \$2.45 at the beginning of the current year.

However, yarn producers say they have no choice, blaming the rise on the cost of raw materials.

For example, the cotton price increased to 78 US cents per pound from 60 US cents in September, according to industry insiders.

Yarn producers said the price of yarn was \$2.40 per kg in January, which reached around \$2.45 in July. It increased to \$2.50 in August and the rate continued upwards in September, they said.

In neighbouring India, yarn is now selling at \$2.55 a kg, 25 cents lower than that in Bangladesh, according to Abu Jafar Nazami, managing director of Royal Denim.

2007 'a turbulent year' for stock investors

SARWAR A CHOWDHURY

2007 was 'a turbulent year' for stock investors, as their dreams of a good return on putting money in securities were dashed on many occasions by interventions from the capital market regulating body.

On the onset of the year, the market witnessed a bullish trend on easing political uncertainty. But, a 'fear phobia' gripped enthusiastic investors following the government's anti-corruption drive, leading the market trend to a bearish one.

However, the market at one stage whooped with many new records in terms of turnover and indices because of the government's positive attitude towards businessmen, especially towards stock investors.

Later, some restrictions imposed on merchant bank lending by the Securities and Exchange Commission, the much-talked-about issue throughout the year, prompted common investors to protest against the move through demonstration on streets. Such demonstration forced the capital market regulator to lift the restrictions that led to a slump in the market.

Yet the market ran well the year round, according to observers. They said both primary and sec-

ondary markets were vibrant. The investors also had confidence in new initial public offerings (IPOs).

The market absorbed 14 new issues, which raised a total of Tk 10,056.88 million through IPOs. All the IPOs were oversubscribed.

Analysts described such over-subscription of IPOs as a proof of investors' strong faith in the market.

Of the companies listed on DSE, 229 held annual general meetings (AGMs), 143 companies and mutual funds declared dividends, 65 issued bonus shares and two declared rights shares. Sixty-eight companies did not declare dividends and 37 companies even did not hold AGMs.

Of the 278 companies that declared dividend, five companies declared above 100 percent dividend while seven companies declared 51 to 100 percent dividend, six companies 31 to 50 percent, 22 companies 21 to 30 percent, 77 companies 11 to 20 percent and 26 companies below 10 percent dividends.

Evaluating the stock market in 2007, Securities and Exchange Commission Chairman (SEC) Faruq Ahmad Siddiqi said the market was good as a whole, except overheating in prices of some shares at the later part of the year.

"The overheating in share prices is still continuing and I hope every one will play a positive role so that the stability in the market is not hampered," he said.

Assessing the market, Dhaka Stock Exchange (DSE) Chief Executive Officer Salahuddin Ahmed Khan said transactions in terms of both value and volume have increased. Apart from this, demand for more securities has also increased, but the supply side has not increased in that ratio, which created a pressure on the existing share prices.

The overall price earning ratio reached around 23, which was below 15 the previous year, Khan said, adding that the dividend yield has come down to 2.1 at the end of 2007 from 4 the previous year, which means the investors have now depend on more capital gain instead of dividend gain.

The DSE CEO welcomed the government's decision of offloading its stake in different state-owned companies.

"We are also thinking introduction of a modern pricing method such as book-building to encourage the private sector entrepreneurs to list their companies on the bourses or to raise capital from the stock market," he said.

He also urged the government to raise money from the stock market through securitisation for setting up large-scale power or energy units.

Yawer Sayeed, managing director and CEO of AIMS Bangladesh Ltd, said 2007 was the best year for the market after 1996's bubble and bust. "Transactions, market capitalisation and listing of securities all have gone up with volatility, and in some cases, overheating in share prices."

Trading took place in 237 days on DSE and a total of 282.27 crore shares worth Tk 322,86.77 crore were transacted. The highest transaction in terms of value in a single day was Tk 316.83 crore on August 21, while the lowest transaction was Tk 23.37 crore on January 7. The daily average turnover was Tk 136.23 crore.

The prime indicator, DSE General Index, showed 91 percent jump at the end of year to close at 3017.21 on Sunday, the last trading day of the year, starting with 1583.09 points on January 1, 2006.

Portfolio investment on the premier bourse was around Tk 1,100 crore.

At the end of the year, market capitalisation stood at Tk 74,219.59 crore, which is around 16 percent of GDP.

China to slap export taxes on grains

AFP, Beijing

China is to levy export taxes on wheat, corn, rice, soybean and other processed products next year, the official Xinhua news agency said Sunday.

Bank holiday today

BSS, Dhaka

Transactions at the Bangladesh Bank and other scheduled banks will remain closed today on the occasion of year-ending bank holiday, a BB press release said here yesterday.

The ministry of finance said the rates would range from five to 25 percent, the agency said in a brief dispatch.

It had already said earlier in December that it would eliminate export tax rebates on 84 categories of grain and grain products in an apparent effort to fight high inflation and ensure domestic food supplies.

The government has said repeatedly in recent months it is working to ensure a stable food supply to the nation's growing population of about 1.3 billion, the world's largest.

Exacerbating the problem is that China's arable land is steadily being lost to expanding cities and environmental degradation.

Citibank service office opens at Ctg EPZ

Citibank NA Bangladesh opened its new offshore banking services outlet at Chittagong Export Processing Zone (CEPZ) yesterday, says a press release.

The office, located in the Zone Service Complex, was inaugurated by Brigadier General Ashraf Abdullah Yusuf, executive chairman of Bangladesh Export Processing Zones Authority (Bepza).

SK Sur Chowdhury, general manager of Bangladesh Bank Chittagong, and Mamun Rashid, managing director and Citi country officer in Bangladesh, were also present.

Citibank's clients Peter Bauer from Youngone Bangladesh and Nasir Uddin from Pacific Jeans Bangladesh also spoke at the inaugural ceremony.



PHOTO: CITIBANK NA

Brigadier General Ashraf Abdullah Yusuf, executive chairman of Bangladesh Export Processing Zones Authority, inaugurates an offshore banking services outlet of Citibank NA at Chittagong Export Processing Zone yesterday. Other officials were also present.

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