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BTTB looks to cut phone installation fee

Moves to battle private rivals

MD HASAN

The state-owned Bangladesh Telegraph and Telephone Board (BTTB) is considering slashing installation charges for fixed telephone lines for the second time in 18 months in a desperate attempt to stem the flow of customers to private rivals.

Up until 2005 demand for BTTB's connections was so high that the company could not meet market demand. But due to the rocketing use of mobile phones and the introduction of private PSTN services, BTTB has been struggling to attract customers.

In 2006, a total of 40,000 subscribers actually turned off their BTTB's connections.

"The installation fee might be reduced by 50 to 60 percent for the prospective customers outside Dhaka," said an official of BTTB adding, "The process of reducing costs at an initial stage and there is need for more discussion before it is implemented."

At present BTTB charges Tk6000 in Dhaka, Tk4000 at the district level and Tk2500 for Upazila level connections. These prices were introduced in August 2006 following an earlier round of price cuts. Before this it had cost Tk10,000 in Dhaka, Tk8,000 in districts towns and up to Tk5,000 at the Upazila level.

At present a total of five private companies operate PSTN services at the national level while seven

others are operating in the four zonal areas, according to Bangladesh Telecommunication and Regulatory Commission (BTRC).

BTTB is the major market player in the fixed phone business. It has over 10 lakh customers. On the other hand, private PSTN operators are growing rapidly. Just two years after their market entrance, private PSTN subscribers reached near 2lakh by December 2007.

"BTTB's plan could be good for healthy competition as well as for the customers," said Masrur Nawaz Waiz, head of operation and coordination of RangsTel, the country's largest private PSTN operator.

He said the number of private

fixed phone users would double in 2008 due to its hassle free and cheaper connection fee.

The private land phone companies now offer Tk2500 for connection. They have low cost internet charges and other value added services and customers do not have to pay any monthly line rent. BTTB customers have to pay monthly line rental.

Waiz said reduction of connection fees does not matter in a market like Bangladesh. This is because people are more interested in ensuring services and quicker connections.

"If BTTB reduce its installation charges, it may encourage private operators to go for a cheaper marketing strategy," he said.

SEC rejects Summit Power's bid to offer rights shares

STAR BUSINESS REPORT

The stock market regulator has rejected the application of Summit Power for offering rights shares to the shareholders.

Summit Power, a listed company, has sought approval from the Securities and Exchange Commission (SEC) to offer four rights shares against each five of existing shares.

But, the SEC refused to give consent, as a director of Summit Power was found to be a loan defaulter, SEC sources said.

Meanwhile, the SEC has fined directors, managing director and chairman of Fine Foods Ltd for violation of securities rules.

The fine of Tk 5 lakh each will have to be paid to the SEC within 15 days from the order issued yesterday.

According to SEC, Fine Foods had a deposit of FDR (fixed deposit receipt) worth Tk 1 crore in Prime Finance. Recently, Fine Foods encashed the FDR along with interest of Tk 40 lakh and adjusted the total Tk 1.40 crore with its another sister concern Sinha Foods, a non-listed company's account, which is a complete violation of securities rules.

The SEC also ordered the Fine Foods to adjust the Tk 1.40 crore in the company's account. For any kind of delay, Fine Foods will have to pay Tk 10,000 fine for each day.

Mandatory registration system for foreign visitors relaxed

JASIM UDDIN KHAN

The government has relaxed the mandatory registration system for all foreign nationals arriving in Bangladesh in a bid to promote tourism and investment in the country.

In a recently issued circular, the Home Ministry said the mandatory registration system created a negative image for the country among foreign nationals intending to travel to Bangladesh for tourism and investment purposes.

However, the relaxed rule will not be applicable to Indian and Pakistani citizens who intend to stay in Bangladesh for over 90 days.

"Form now on, only Indian and

Pakistani citizen who intend to stay over 90 days in Bangladesh will be required to get registered while entering through the air and land ports," the circular said.

Earlier on April 04, 2007, the government revised the visa policy making it mandatory for all foreign nationals to get registered before entering the country.

The registration was a hazardous process taking over an hour upon arrival at the immigration centres, sources said.

When asked, a high official of the Ministry of Home said the changes were made following repeated requests from businesspeople to amend the rules making it easier for the investors to

enter Bangladesh. "The mandatory registration created huge harassment to all the visitors in the entry ports during the period," said the official.

This regulation also created misconception about Bangladesh among those who visited the country to provide assistance for the Sidr victims, he added.

Besides, the ministry also clarified a rule regarding changes in visa categories saying that foreign nationals from now cannot change their visa categories after entering Bangladesh.

Visa categories can, however, be changed if a wrong category of visa is mistakenly issued by any immigration officer.

Vietnam lures bigger FDI in 2007

XINHUA, Hanoi

Vietnam is estimated to attract 5-6 billion US dollars of foreign indirect investment (FI) last year, 3-4 times the figure in the year earlier, local newspaper investment reported today.

A considerable amount of the FI was invested in the country's securities and properties markets. Part of the FI was poured into private companies operating in such potential fields as consumer goods, services and export.

Indochina Capital Vietnam Holdings Limited, a fund listed on the main board of the London Stock Exchange in March 2007, has so far disbursed 400 million dollars out of its mobilized capital of 600 million dollars. Cayman Islands-based Indochina Capital Corporation, which manages the fund, plans to pour additional one billion dollars to Vietnam's stock market, especially common shares, convertible bonds and private debts this year, the newspaper said.

A new investment fund in Vietnam, Blackhorse Enhanced Vietnam Inc managed by Singapore's Blackhorse Asset Management Pte Ltd has mobilized 110 million dollars since its establishment in Nov 2007, and disbursed one-fourth of the capital in local listed and unlisted companies, most of which engage in constructing hotels and office buildings, and producing consumer goods.

Vietnam is predicted to see bigger FI flows into its stock and realty markets in the years to come, the newspaper said.

Market capitalisation up 139pc in '07

SARWAR A CHOWDHURY

With a remarkable 139 percent rise in market capitalisation, the contribution of securities market to the country's gross domestic product (GDP) stood at around 16 percent at the end of 2007.

The total market capitalisation on the Dhaka Stock Exchange (DSE) closed at Tk 742.2 billion on December 30 opening with Tk 310.66 billion on January 3 of 2007.

At the end of 2006, the DSE market capitalisation to GDP ratio stood at 7.59 percent.

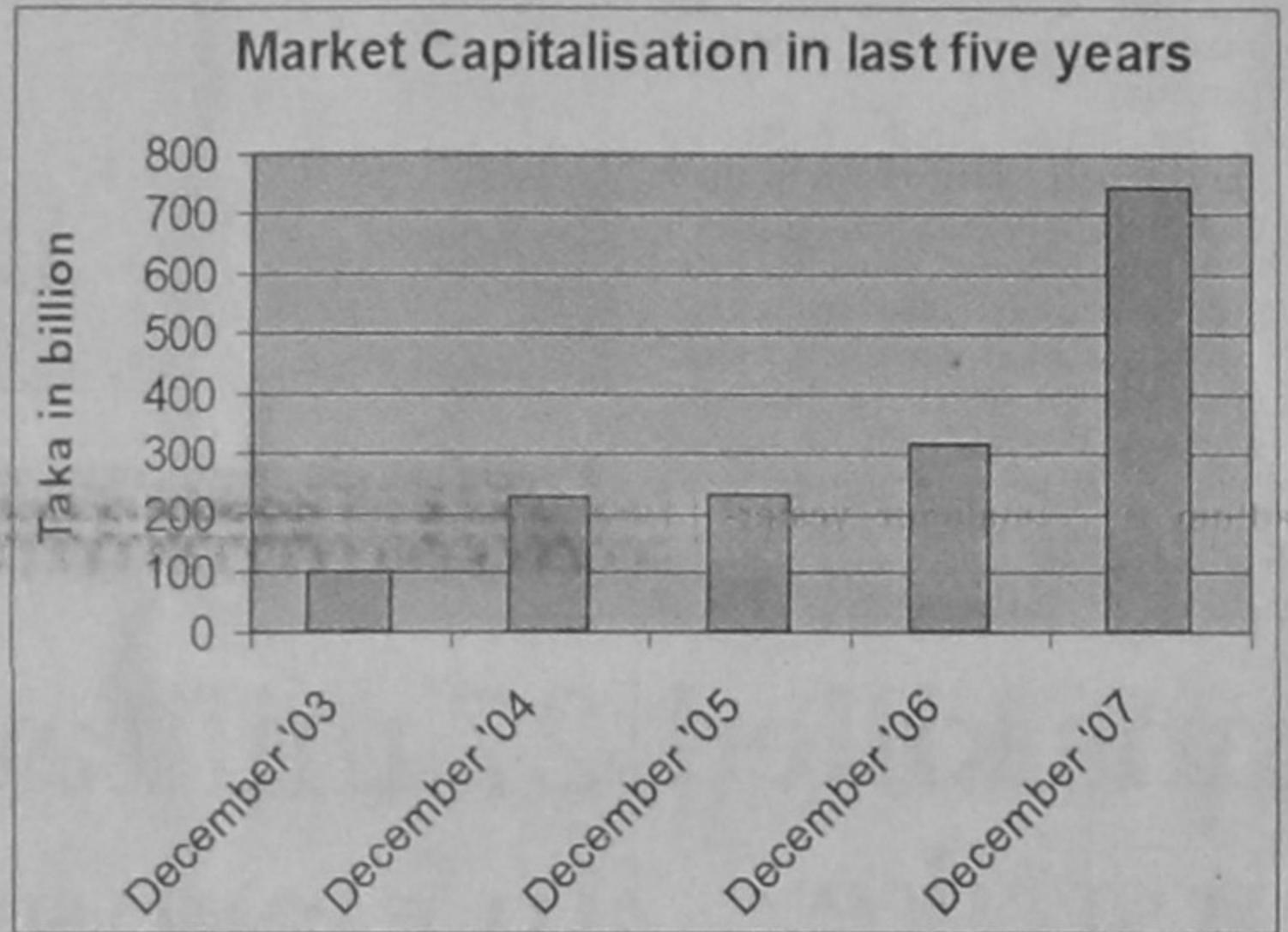
Market capitalisation represents the aggregate value of a company or stock. It is calculated by multiplying the number of shares outstanding by the current price on each share.

The ratio of market capitalization to GDP is used as a tool to estimate the overall stock market returns. The ratio also gives an indication of flow of liquidity, size and depth of the market.

The DSE market capitalisation hit the year's highest at Tk 757.75 billion on November 19 and the lowest at Tk 308.83 billion on January 7 of 2007.

Experts said entry of a good number of new issues and surge in prices of shares contributed to the sharp rise in the market capitalisation.

There were 14 initial public offerings (IPOs) worth Tk 4.63 billion in 2007 on the DSE against seven IPOs worth Tk 1.43 billion in 2006.



The benchmark price indices, DSE General Index, saw a record 91 percent growth in 2007, while the DSE All Share Price Index witnessed 95 percent growth over those of the previous year.

The market experts said although the ratio of market capitalisation to GDP jumped to around 16 percent, the ratio is still much lower compared to the neighbouring countries India and Pakistan.

At the end of 2007, the ratio of market capitalisation of Mumbai Stock Exchange to GDP for India stood at around 130 percent with a total market capitalisation of US\$ 1.61 trillion.

Market capitalisation of

National Stock Exchange of India stood at \$ 1.48 trillion at the end of 2007.

Presently, such ratio to GDP for Pakistan is around 75 percent.

"Entry of new issues including state-owned companies' shares and overall price hike in shares led the market capitalisation to rise and the increase indicates that our capital market is promising," said Yawer Sayeed, MD & CEO of Asset and Investment Management Services (AIMS) of Bangladesh.

Another expert said the market capitalisation growth should be sustained with floatation of fresh securities especially from the telecommunications, power, gas, energy and infrastructure sectors.

Comprehensive foreign aid policy needed

Dhaka envoy to WTO says

STAR BUSINESS REPORT

The Bangladesh Permanent Representative to the WTO and UN Offices in Geneva has voiced the necessity of a comprehensive foreign aid policy for the country.

"Due to lack of a comprehensive foreign aid policy, the country fails to prioritise its requirement and to keep international negotiations continuing," Debapriya Bhattacharya told a roundtable in Dhaka yesterday.

The United Nations Development Programme (UNDP) Bangladesh organised the roundtable on 'Real Trade and Phantom Aid-Bangladesh in Global Context' at a city hotel.

The newly appointed ambassador suggested that the government should frame projects like second Dhaka-Ctg Highway or second Jamuna Bridge to get external assistance under the banner of Aid for Trade of the WTO (World Trade Organization).

Debapriya said Bangladesh has already policies on industries and imports and exports, but does not have any foreign aid policy.

He suggested the government immediately formulate a foreign aid policy saying that 'the new or second edition PRSP of the country should be in the line of foreign aid policy.'

Akber Ali Khan, former adviser to the caretaker government, Farooq Sobhan, president, Bangladesh Enterprise Institute, Mahburur Rahman, president, International Chamber of Commerce-Bangladesh (ICC-B), Sohail Ahmed Chowdhury, former commerce secretary, and Mustafizur Rahman, executive director, Centre for Policy Dialogue, spoke on the occasion.

Poultry industry to struggle to recover in 2008

SOHEL PARVEZ

Battered by avian flu, floods and cyclone Sidr, the country's previously booming poultry industry shrunk last year and will struggle to recover in 2008, weighed down by higher feed costs and weak demand, industry sources warned.

In recent years the poultry industry has been growing at an annual rate of about 15 percent, recording a turnover of Tk 7,000-8,000 crore in 2006. However this figure is likely to have fallen to below Tk7,000 crore in 2007, according to initial estimates by industry experts.

"The industry is undergoing a silent form of famine. I do not see anything good in the coming days," said MM Khan, technical adviser and spokesman of Bangladesh Poultry Industries Association.

Avian flu was the industry's most high profile problem in 2007. According to livestock and fisheries ministry, some 2.85 lakh of poultry were culled since the outbreak of the disease early last year. But the twin floods and Sidr also killed lakhs of poultry in the affected areas.

Now it is the price of maize, a major feed for poultry, that is causing difficulties. For while production costs are increasing, consumers are cutting back the amount they are prepared to pay for poultry at a time when they are struggling to cope with hikes in the cost of essentials such as oil and rice.

"We are passing through very difficult times. The availability of alternative protein sources such as fish at a cheaper price have affected demand leading the farmers to cut prices, although production cost is rising due to a steady rise in the prices of feed ingredients," MM Khan said.

MA Saleque, general secretary of World Poultry Science Association, Bangladesh, was however hopeful that bird flu was almost under control. "Now the outbreak is taking place in scattered manner," he said, referring to the effects of bird flu on the market.

"The price of maize is increasing continuously," he said, adding that prices of maize a kg was selling in between Tk 16-17 in December 2007, up from Tk 11-12 a year before.

The price of maize has been



A chicken ready for sale at a Dhaka kitchen market yesterday. In 2007 the poultry industry was battered by avian flu, floods and cyclone Sidr.

rising in the global market due mainly to higher demand to produce bio-fuel. Poultry farmers have to import the bulk of feed ingredients such as maize from abroad.

Saleque, also the head of BRAC's agro-business and salt industry, said at the same time the price of a kg broiler chicken has declined by about 15 percent now compared to a year back.

"If we fail to improve the situation by the next couple of months, many farms will shut down," he said.

Hasan said the possibility of a rebound in growth is lower unless there is stability in prices of essentials, especially rice. "Who will buy meat if consumers are to spend more money to buy rice? Higher price of rice will affect all the sectors," he said.

South Asia Enterprise Development Facility (SEDF), a multi-donor facility managed by the International Finance Corporation of the World Bank Group.

Kazi Zeeshan Hasan, director of one of the leading poultry breeder and animal feed producer Kazi Farms said the market had thinned instead of expanding. "We expected that the market would continue expanding like the previous year. But it didn't," he said.

Hasan said the possibility of a rebound in growth is lower unless there is stability in prices of essentials, especially rice. "Who will buy meat if consumers are to spend more money to buy rice? Higher price of rice will affect all the sectors," he said.

Royal Denim to enhance its output capacity Another manufacturing unit by June

REFAYET ULLAH MIRDHA

Royal Denim, a local producer of denim fabrics, is going to double its production capacity this year in order to take advantage of the surge in demand for denim, said the company's Managing Director Abu Jafar Nizami.

According to him, the growth of denim in terms of production, export and investment marked a 30-35 percent rise in the local market over the last three years as almost all major textile producers have been producing denim especially since 2005 on phasing-out of the Multi-fibre Arrangement.

There are 20 denim factories having an investment of US\$10.0 million in the country.

Royal Denim intends to add another 1million metres of fabric a month, doubling its present production capacity, by setting up another manufacturing unit shortly.

"I hope the formal operation of this new unit will start by June, 2008," Jafar said.

He said presently the local denim factories can supply 20million metres of fabric per month against the domestic demand of 50 million metres a month. The demand for the remaining 30 million metres of fabric is met through its import from China, India, Pakistan

and Indonesia. India produces 40 million metres of fabric a month and Pakistan 28 million metres.

"We expect production of an additional five million metres of denim fabrics locally in the next six months because a good number of denim producing factories are supposed to go into production during this time," Jafar said, expressing his hope about Bangladesh's self-reliance in the sector in the next three years as entrepreneurs are now coming up with more investments.

He said the country fetches US\$45.0 million per month from exports of denim. He also expects better export growth this year.

Industry insiders said the local entrepreneurs are interested in denim production due mainly to higher demand and duty-free access opportunities to the European market, the main market of Bangladesh made denim.

Among the new textile items, denim fabrics and jackets are gradually becoming the flagship products for the local exporters, according to them.

The Bangladesh Textile Mills Association claimed that Bangladesh's ability to supply denim fabrics at a competitive price has helped the country to gain greater global market access.



A salesman at a shop on Elephant Road in Dhaka displays a jacket made of denim yesterday. Presently the local denim factories can supply 20million metres of fabric per month against the domestic demand of 50 million metres a month. Royal Denim intends to add another 1million metres of fabric a month, doubling its present production capacity, by setting up another manufacturing unit by June.

Foreign exhibitors see more business

STAR BUSINESS REPORT

Foreign exhibitors at the Dhaka International Trade Fair-2008 are expecting better business this year due to the peaceful situation in the country, but complained that delays at customs meant many of their exhibits had still failed to arrive.

The foreign exhibitors urged the government for the simplification of customs procedures at the Benapole Land Port in particular to speed the import of goods to be used in the DITF.

"I cannot display all the products in my stall even on the second day of the fair due to delay in assessment and release of goods in the Benapole Land Port customs," said Shafi Farid, a Kashmiri busi-

nessman who has been participating in DITF since its first exposition in 1995.

Farid, a senior official of the Kashmir Gift House (KGH), an Indian fashion and design garment and home textile manufacturing unit, expects a better business from the ongoing Dhaka International Trade Fair (DITF)-2008 due to existing a business friendly environment in the country.

Farid said he has been expecting sales of more than Tk 1.0 million from the fair, which was below this amount over the last few years.

"Since the law and order situation of Bangladesh improved significantly the participation of customers and visitors in the DITF will also be better this year compared with those of the previous years. So, business will also be better this year," he said.

He said the demand of Kashmiri embroidered garment items, home textile and gift items have been

increasing in Bangladesh due to innovative fashion and design in manufacturing of the products.

He urged the government for a separate site of the fair allocated for the foreign participating companies so visitors can identify those stalls and goods easily.

The visitors can hardly distinguish the local and foreign goods and stalls due to such a random arrangement of stalls, he said.

Talking about the development of local fashion and design he said Bangladesh can adopt the innovative fashion and design ideas from Kashmiri products to attract foreign buyers.

Meanwhile, the gathering of the customers in the DITF is gradually gaining momentum as visitors began to come to the fair after the formal inauguration January 1 last.

Visitors will have a good time in the winter season as they will have an opportunity for an outing in a pleasant mood in the 13th version

of the DITF," said a visitor.

Organisers expect the participating companies will get Tk50crore worth of spot orders from the month-long gathering for local and foreign traders, with a further Tk500crore being generated in follow up business. Last year local exporters received only Tk25crore spot orders.

DITF is a yearly programme of Bangladesh government, which mainly aims to showcase local products to foreign buyers. The Ministry of Commerce and Export Promotion Bureau (EPB) is jointly organising the fair at Sher-e-Bangla Nagar in Dhaka.

This year a total of 395 organisations, including 15 from seven countries, are taking part at the fair.

The foreign participants include India, Pakistan, Singapore, Thailand, USA, UK, Japan and Turkey, said EPB officials at a press conference at the DITF venue yesterday.