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Biman set to improve financial health

RASHIDUL HASAN

Biman Bangladesh Airlines' measures to cease operation on losing routes, down size staff, and curb corruption have begun to pay off as the once loss making national flag carrier is on its way to improving financial health.

Biman, which was facing a near bankruptcy in 2006, now has cash reserves of Tk 510 crore, company Managing Director and Chief Executive Officer Dr MA Momen said.

"Biman's financial strength could have been much better had the airline procured one or two wide-bodied aircraft," Momen said.

Biman, now a public limited company, does not owe money to any organization, which includes

Year	Losses
2004-05	Tk 192.66 crore
2005-06	Tk 455 crore
2006-07	Tk 272 crore
Year	Cash reserves
2007-08 (July-January)	Tk 510 crore

the state-owned Bangladesh Petroleum Company (BPC), said the CEO, adding, "Biman now purchases oil from BPC in cash."

"Since April, 2007 Biman has paid about Tk 500 crore in advance to BPC to buy fuel," he said.

In its bid to strengthen fleet, Biman purchased an A-310 Airbus in October of last year, while pro-

urement of another wide-bodied aircraft is about to be completed, Biman sources said.

According to Biman's finance department, the national flag carrier made a loss of Tk 192.66, 455, and 272 crore in 2004-05, 2005-06 and 2006-07, respectively.

Over the period of first seven

months of the 2007-08 fiscal Biman has accumulated Tk 510 crore in cash.

Biman has suffered from a number of problems, including mismanagement and inefficiency in flight management over one decade.

In mid of 2006 the situation worsened and some foreign stations declined to sell fuel to Biman on credit. Biman employees demanded arrears and staged demonstrations in October 2007.

Under its voluntary retirement scheme Biman got rid of 1800 staff. Moreover, in the last 7 to 8 months about 200 staff were either sent on forced retirement or sacked on charges of corruption and irregularities. Now Biman has around 2800 staff.

One seeks loan from BB women entrepreneurs' fund in a year

SAJJADUR RAHMAN

Only one woman entrepreneur has applied for a loan from a Bangladesh Bank fund worth Tk 95 crore set up a year ago to give cheap credit to the country's women entrepreneurs, BB sources said.

The fiasco has surprised BB officials who had identified the lack of credit as one of the major problems facing women from starting or expanding businesses. Several women entrepreneurs who spoke to The Daily Star said they had no idea the fund existed.

"We need money badly," Nahida Sharmin, owner of Shalpi, a Dhaka-based fashion and design house struggling to survive, told The Daily Star.

Frustrated Sharmin, who went to several banks for years for loans, said an instalment would cost Tk 27,000 if one borrows Tk 10 lakh from a bank. Moreover, the banks seek collateral, which she said remains 'a perpetual problem'. "But nobody told us about the BB fund for women entrepreneurs," Sharmin said.

No small entrepreneur will be able to pay Tk 27,000 a month after bearing all his or her operational costs, said Anjumana Islam who runs several boutiques in Dhaka.

No commercial banks charge less than 17 percent interest rate, which the women entrepreneurs participating in the 2nd national women SME expo 2008 at Bashundhara City Shopping Mall in Dhaka, termed 'impossible to pay'.

The central bank introduced a refinance scheme for SMEs (small and medium enterprises) in May 2004 using three sources of funds -- Tk 10 crore from BB's own resources, US\$ 20 million (Tk 140 crore) from International Development Association under enterprise growth and bank modernisation project and Tk 3 crore from Asian Development Bank.

Now BB has around Tk 900 crore under different funds dedicated for SMEs and women entrepreneurs.

All scheduled banks and financial institutions (FIs) are eligible to avail of this facility at a 5 percent interest rate. Although commercial banks are

supposed to lend small businesses at minimum interest rate below 10 percent, they don't do so.

BRAC Bank has about one lakh clients under its SME wing. The bank disbursed about Tk 1,000 crore last fiscal year for SME financing, an official said seeking anonymity.

"The bank can't run a separate lending programme for the BB's refinance scheme," he added.

Meanwhile, the BB is considering seriously to sort out the problems the SMEs are facing to have access to bank finance.

"We've sat twice with the women entrepreneurs recently to sort out the problems they are facing with getting loans," a BB official concerned told The Daily Star.

He said there would be another meeting soon between the bankers and entrepreneurs in presence of central bank officials to identify the problems of the women entrepreneurs.

"Women entrepreneurs are not organised in planning. They can't submit project profile and other papers required for a loan prop-

erty," the official who requested not to be named said.

But the SME Foundation, a public sector organisation set up to promote SME, sees it in another way.

"Women entrepreneurs often face some problems with regard to getting their desired information in our country," said Rasel Mahmud, programme manager (Business Support) of the Foundation.

He said the Foundation has undertaken a project to conduct a detailed survey on the country's SME sector and the problems it has been facing for long.

Data shows that nearly Tk 534.1 crore were refinanced to 13 banks and 19 FIs by BB until August 2007. Of the amount, Tk 274.2 crore (51 percent) was disbursed to the banks and Tk 259.9 crore (49 percent) to the FIs.

Three banks -- BRAC Bank, Eastern Bank and Dhaka Bank -- availed of more than half of the refinance facility. Among the FIs, MIDAS, Uttara Finance and United Leasing accounted for 45 percent of the total facility allocated for them, according to BB.

26 local RMG makers taking part in 2 US shows

BSS, Dhaka

Twenty-six readymade garment (RMG) manufacturers from Bangladesh are taking part in two different apparel shows -- ASAP Global Sourcing Show and the MAGIC Show -- in Las Vegas, USA.

The ASAP Show opened on February 11 at Venetian Hotel in Las Vegas, while MAGIC started on February 12 at Las Vegas Convention Centre, according to a message received here on Friday.

Both the shows are focusing on sourcing apparel and textile products from different countries around the world. A total of 726 exhibitors from 37 apparel sourcing countries are taking part in these shows.

Bangladesh Ambassador to the USA M Humayun Kabir and Bangladesh Consul General in Los Angeles Md Abu Zafar visited both the shows.

The Bangladesh ambassador met Frank Yuan, chairman of ASAP Show, at a dinner and David Pennes, director (Sourcing) of MAGIC Show, at a luncheon and sought their support for promoting Bangladeshi garment products in the US.

Both Yuan and Pennes promised to extend their support for Bangladesh to grow its business in the United States.

They suggested that Bangladesh's garment sector would greatly be benefited if they can make extra efforts to refine their reputation and improve compliance issues.

Seminar on capital market in Khulna

STAFF CORRESPONDENT, Khulna

A seminar on capital market was held in Khulna yesterday.

The seminar was jointly organised by Chittagong Stock Exchange (CSE) and one of its leading members, Associated Capital Securities Ltd, for general investors. Associated Capital Securities also opened a branch office in Khulna.

President of CSE Nasiruddin Ahmed Chowdhury at the seminar called for floatation of new securities to boost stock market.

President of Khulna Chamber of Commerce and Industry Shaharuzzaman Mortaza and President of Bangladesh Frozen Foods Exporters Association Kazi Balayut Hossain were also present at the seminar titled "Bangladesh Capital Market Investment Tools and Techniques" in Khulna.

Amin Ullah, chairman of the Associated Capital Securities Ltd, presided over the seminar. Arif Khan, general manager of IDLC Finance Ltd, presented a keynote paper at the seminar.

Arif Khan said, "Investors should not depend on others' suggestions, rather they should invest in a company after analyzing all relevant factors."

Clarification

In a clarification of a news item headlined '\$125m Catalyst loan to ASA for overseas operations' printed on this page on February 14, ASA yesterday described the funding as equity. It also said the name of the equity recipient organisation should be read ASA International.

Govt to assess Boro output to ensure reliable data for future strategies

Agriculture adviser tells Prothom Alo discussion



Agriculture Adviser C S Karim (C) speaks at the roundtable discussion on Agriculture and Food Security organised by the daily Prothom Alo at its office in Dhaka yesterday.

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The agriculture adviser has said the government is to make an independent assessment of this year's Boro output to ensure reliable data for its future plan and strategies.

"We have problems in statistics. There is no uniformity in the agricultural data supplied by different agencies. But we need the data that are reliable for future planning and strategies," CS Karim told a roundtable discussion in Dhaka yesterday.

The Bangla daily Prothom Alo organised the discussion on Agriculture and Food Security at its office.

Farmers, agriculture officials and local and international farming experts as well as economists attended the programme, which among others suggested a long-term farm policy to ensure a food security for all and reliable statistics on agriculture.

Experts also emphasised supplying fertiliser and diesel to farmers to ensure bumper harvest of Boro this season.

Prothom Alo Editor Matiar Rahman delivered his speech of welcome, while Joint Editor Abdul Quayum moderated the programme.

The adviser said crop production statistics prepared by different agencies such as Ministry of Agriculture, Bangladesh Bureau of Statistics usually vary from each other.

"We need to have a consensus on the statistics. We should be very clear about the data," he said.

The daily organised the programme at a time when Bangladesh, a net food importing country, has become vulnerable to steady rise in commodity prices on the global market and experienced a surge in the prices of essentials on the local market.

Bangladesh's dependence on the global food market increased last year in the aftermath of twin floods and cyclone Sidr that seriously damaged crops across the country.

"We are in fire fighting. We are trying to make up for the losses incurred from floods and cyclone," CS Karim said, referring to the government initiatives to have a bumper harvest of crops, especially Boro, to ensure food security.

Dr Sajjad Zohir, executive director of Economic Research Group (ERG), referring to the unstable situation of market prices, said, "A specific policy should be framed by

incorporating the issues relating to industry and commerce to help stabilise the market."

Dr Atiur Rahman, who teaches Development Economics at the University of Dhaka, suggested a census on agriculture.

He also recommended for a crop insurance to narrow the risk of losses due to flood, cyclone or any type of natural calamities.

Utam Kumar Dev, head of research at the Centre for Policy Dialogue, alerted the government of any fertilizer crisis like the one occurred during the March-April period of the last Boro season.

He said 16 lakh tonnes of fertiliser is the demand for this Boro season.

Abdur Satter Mandol, who teaches at the Bangladesh Agriculture University, said, "We should increase our surveillance and monitoring to avoid any type of pest attack."

"Apart from production, we should focus on marketing of agricultural products now so that the farmers get proper prices of their produce. We should also focus on accelerating the pace of agricultural technology innovation, said Masaduzzaman, research director of the Bangladesh Institute of Development Studies.

Internet tariff to be cut further

BTRC chief says

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Internet tariff will be reduced further for the development of information and communication technology (ICT). Major General Manzurul Alam (ret), chairman of Bangladesh Telecommunication Regulatory Commission (BTRC), told a seminar yesterday.

The seminar titled "Infrastructure Requirement to Accelerate the Growth of Software and ITES Industry" was organised by Bangladesh Association of Software and Information Service (BASIS) at Bangladesh China Friendship Conference Centre in Dhaka.

"Government should allow more subsidy for ICT sector, targeting rural people so as to educate and help them to do their business and other works through IT," said the BTRC chairman.

"Moreover, private sector entrepreneurs should be provided with extra incentives to develop the sector," he added.

Rafiqul Islam Rowly, president of BASIS, urged the government to provide people living outside Dhaka with free BTB telephone for dial up connection and domestic Internet bandwidth for at least three to four years.

Rowly also recommended that all development activities to be undertaken through private sector.

As per BTB's new tariff plan, effective from February 1, annual rentals for leased Internet service for 64kbps (kilobits per second) to 2mbps (megabits per second) bandwidth range from Tk 96,000 to Tk 1.44 lakh from the earlier range of Tk 1.65 lakh to Tk 1.92 lakh.

BTB's new charge for individual internet subscriber is Tk 1,000 a month for unlimited usage, reduced from Tk 1,400, while the monthly charge for two corporate packages is Tk 700 each, down from Tk 1,000 and Tk 750.

2 HK firms to invest \$105m in Dhaka EPZ

Two Hong Kong-based companies will set up two textile plants in Dhaka Export Processing Zone with an investment of US\$105 million, says a press release.

The firms -- M/s Goldex Ltd and M/s Queen South Textile Mills Ltd -- will produce export-oriented textile items.

Around 4,000 Bangladeshi nationals will get jobs in the plants.

An agreement to this effect was signed on Thursday in Dhaka between Bangladesh Export Processing Zones Authority (Bepza) and M/s Goldex Ltd and M/s Queen South Textile Mills Ltd.

General Manager (Investment Promotion) of Bepza AZM Azizur Rahman and Chief Executive Officer of the two firms Jamie Wong signed the deal, while Bepza Executive Chairman Brig Gen Ashraf Abdullah Yussuf, among others, was present.

Bangladesh needs policy change to tap ICT potential

Danish IT expert suggests

MD HASAN

The sooner Bangladesh brings about changes in policies the better develop its ICT industry, a Danish information technology expert has observed.

"Bangladesh has bright prospect for software exports because of its cost effectiveness, but the country is not that promoted in the world market, which remains a major hurdle to flourishing the software industry," Henrik Egede, vice president of Danish IT Industry Association (IT-Brachen) told The Daily Star yesterday from the sideline of the on-going Sofexpo 2008 in Dhaka.

Henrik suggested the government take measures to lower internet tariffs in a short term and promote a better image of the local IT graduates.

Citing a sentence from the chief adviser's speech delivered at the inaugural of the software fair on Thursday -- "We must lower internet price," the Danish expert said, "That is a signal Bangladesh government is sending to us as foreigners. We deem it very important."

If the government does not do it within two years, foreigners could feel that the government was not really serious. "So, the sooner the better," Henrik said, urging a concerted effort to make Bangladesh's software industry better known globally to tap the big opportunities.

Pointing to the high internet prices in Bangladesh, he said, "Everything here is less expensive than Europe and developed countries, but internet prices are much higher."

Bangladesh Telegraph and Telephone Board (BTB) has recently reduced internet tariff charges by 20 percent to 40 percent in different slabs in a bid to accelerate the growth of the country's ICT sector.

But local software developers are not happy with that, as the tariff is still high compared to that in the neighboring countries.

Spelling out his experience over Bangladesh's software industry, Henrik anticipates a future challenge of dearth of skilled IT experts for the country.

He said, "I learn that Bangladesh produces only



Henrik Egede

2500 IT graduates a year, which is too little. If you really catch up the IT as a main industry, you will be requiring more experts."

A total of 16 Danish companies are working into joint ventures with their Bangladesh counterparts. Both Bangladesh and Denmark is more ready to exchange their technical knowledge.

The big IT companies like Microsoft, IBM outsource IT products from Denmark, but the Danish owned companies have their experts in other territories.

"From that point of view, if we get Bangladesh government support we can help a little more here," Henrik said.

Many IT developed countries face dearth of adequate IT experts, and the big companies now say that they could take more orders if they had access to skills.

"So that chance is not only opened up for Denmark but for other IT developed countries. So they will look to the whole world and Bangladesh should be in that competition," he hoped.

Bangladesh exports to US up in 2007

UNB, Dhaka

Bangladesh's exports to the US have shown some increase in 2007.

A data released by US Department of Commerce on Friday showed that exports to USA was US\$ 3,271.4 million during 2006 whereas in 2007 that figure went up to US\$ 3,433.2 million.

An increase of US\$ 161.8 million from 2006 to 2007 could be considered a notable boost in the face of the recent natural and political upheavals in Bangladesh during the period as well as US recession beginning from the middle of 2007.

The US Department of Commerce ranked Bangladesh at 32 in terms of its volume of trade deficit this year that translates to a three-digit upward change from Bangladesh's 2006 rank of 35.

The US Bureau of Economic Analysis showed that US exports to Bangladesh also increased between 2006 and 2007 and thereby establishing a positive correlation between the two economies.

This means that more Bangladesh exports to US may spur more imports from USA and thereby establishing a two-way linkage between the sectors of the economy of the two countries.

Market analysts believe

Bangladesh could expect further increase in its market penetration to the US if the ongoing policy and institutional reforms could be strengthened along with reforms in the workplace environment of exporting sectors.

Embassy of Bangladesh in Washington, DC is engaged in further promoting greater economic relationship between the two countries including expanded trade opportunities, said a Bangladesh embassy press release.

Tata Capital to ally with Japanese firm

ANN/ THE STATESMAN

Tata Capital on Friday decided to enter into a strategic alliance with Mizuho Securities Co of Japan for private equity and investment banking business.

"Both the companies have reached a preliminary non-exclusive understanding to promote an alliance in private equity, investment banking including cross-border mergers and acquisitions," Tata Capitalsaid in a joint statement.

US retailers impose new toy safety rules

AP, New York

After facing recall after recall of millions of Chinese-made items, the nation's biggest toy sellers are imposing stricter measures on their suppliers, including tougher standards for lead content, to get ahead of expected new federal legislation.

Wal-Mart Stores Inc. and Toys "R" Us Inc., the nation's top two toy sellers, are setting a much tighter standard for the amount of lead allowed on surface paint for toys shipped to their chains on or after March 1. The companies are also phasing out chemicals found in PVC, or vinyl, that have raised safety concerns in products for infants and young children.

The measures are meant to meet or exceed new federal standards expected from Congress in the wake of last year's highly publicized recalls of millions of toys because they contained excessive amounts of lead or other hazards.

"We made a commitment to the world that we would push forward toy safety as a top priority," said Gerald L. Storch, chairman and CEO of Toys "R" Us, which announced the measures Friday. "This is not the last improvement that we will put in place."