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## Stocks

DGEN 0.62%  
3,072.85

CSCX 0.72%  
5,594.37

(Wednesday closings)

## Asian Markets

MUMBAI 1.81%  
17,600.12

TOKYO 2.05%  
14,049.26

SINGAPORE 2.81%  
3,236.10

SHANGHAI Closed  
(Friday closings)

## Commodities

Gold \$855.15 (per ounce)

Oil \$116.32 (per barrel)

SOURCE: AFP (As of Friday)

## More News

**10 knitwear factories awarded for compliance**

The Ministry of Labour and Employment and BKMEA jointly awarded prizes to 10 knitwear-manufacturing units in recognition of strict observance of labour laws and compliances, said a BKMEA statement yesterday.

**Food price hike pushes 80pc people below poverty level**

A renowned economist yesterday said unprecedented food price hike might have pushed 80 percent people of the country down to the poverty level. "Eighty percent people of the country may now be living below the poverty level," said Professor Muzaffer Ahmad at the concluding session of a workshop in Dhaka. B-3

## International



**A Filipino father feeds his child with steamed rice yesterday.** The Philippine government is struggling to provide cheap rice to the poor in the face of the rising price of the staple. The country expressed concern over moves to create a rice-exporting cartel composed of Thailand, Myanmar, Vietnam, Laos and Cambodia, saying that the Philippines would be adversely affected by such a cartel.

**Microsoft, Yahoo in takeover talks**

Microsoft and Yahoo began takeover talks Friday with the US software giant open to raising its 44.6-billion-dollar bid for the struggling Internet pioneer, a source close to the situation told AFP.

## Contact Us

If you have views on Star Business or news about business in Bangladesh, please email us at [business@thedailystar.net](mailto:business@thedailystar.net)

# BSTI licence renewal soars amid drive against malpractice

87,02,026 products, services get licences renewed in 7 months against only 2,026 last fiscal

JASIM UDDIN KHAN

The number products and services licence renewal from standards authorities soared in seven months of the current fiscal year with the government agencies launching drives against business irregularities and food adulteration.

A total of 87,02,026 products and services got their licences renewed from Bangladesh Standards and Testing Institution (BSTI) until January of 2007-08 against only 2,026 last fiscal year.

All products and services are required to renew their licences from the BSTI, the state agency that works under the Ministry of Industries.

Rafiqul Islam, an inspector of BSTI, said the unusual rise in licence renewal is the result of mobile courts that have been in operations for the last one year.

"Previously a few teams used to check BSTI certification. But now many mobile teams are in operations, forcing businesses to become more BSTI compliant," Rafiqul added.

A total of 511,645 surveillance or mobile teams oper-

Activities	2005-2006	2006-2007	2007-2008 (Jan.)
New Licence issued	1605	2256	1247
Licence renewed	1480	2026	8702026
Refused application for licence	868	973	378973
No. of surveillance teams/ Mobile courts operated	700	645	511645
Cases instituted in Mobile Courts/Courts	1391	1426	12411426

ated during the first seven months of the current fiscal against only 645 teams in the previous fiscal.

BSTI also refused record 378,973 applications that sought new licence this fiscal until January. In the previous fiscal, only 973 licences were refused.

Moreover, vigilance teams filed a total of 124,11,426 cases during the period against only 1426 cases during the previous

fiscal. Industries ministry sources said the government is going to expand the BSTI capacity to match with the growing volume of activities.

"It is now going to be impossible to perform the duties with existing capacity as work volume has increased tremendously," another official said.

The government is working to strengthen offices outside Dhaka for meaningful decen-

tralization so that the regional offices can function effectively, he added.

The BSTI officials also feel some laws need to be amended to protect consumers' rights.

"Some businessmen are still trying to cheat consumers to escape the existing laws when it comes to maintaining quality and standards of products," said a consumer rights expert.

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# United Airways flies beyond border by July

Eyes to hit break-even point

STAR BUSINESS REPORT

Local private airline United Airways plans to fly beyond the border by early July with an aim to reach a break-even level, an official of the carrier said yesterday.

"We are hopeful about starting flight from Dhaka-Kolkata route from the first week of July this year. We will seek permission from Indian authorities this week," said Jilane FR Chowdhury, director-in-charge of Marketing & Sales of the airline.

The carrier, a venture of non-resident Bangladeshis in the UK, is set to go beyond the border after flying about one year on the domestic routes. It will be the fifth entrant to the Dhaka-Kolkata route to bring competition among other carriers such as Biman Bangladesh Airlines, GMG Airlines, Air India and Jet Airways.

The United Airways unveiled the plan after the government had allowed the carrier to operate flights to Kolkata, Kathmandu, Bahrain, Kuala Lumpur and Dubai.

"Some 2.0 lakh passengers fly on the Dhaka-Kolkata route every year with 75 percent Bangladeshis. There is a very good prospect," said Jilane.

Industry people said pil-



Photo shows an aircraft of local private airline United Airways. The carrier is set to start flight on Dhaka-Kolkata route from the first week of July this year. "We will seek permission from Indian authorities this week," said an official of the airline.

grims, medical treatment seekers, students and tourists mainly visit on the route and the number of passengers is growing by around 10 percent a year.

Starting operations in July last year, the carrier has made an outright purchase of two 37-seater Dash 8-100 aircraft to grab the potential of Bangladesh's aviation market that is growing by around 7.5 percent annually.

The airline has also planned to procure two wide-bodied aircraft in order to run competitively on the international routes.

United Airways, one of the four private carriers in Bangladesh, is now operating flights on all domestic destinations except Barisal and Rajshahi, Jilane said.

The official said the carrier is

close to reaching the break-even point. "We hope to reach a break-even point after going abroad. We foresee profit by the end of this year," he said.

The official of the airline said the carrier will run daily flights to Kolkata. "But we want to operate two flights a day later on," he said.

Ismail R Chowdhury, vice president of GMG Airlines operating on the route for the last couple of years, observed that the entry of United Airways to the route will help boost the market.

"I think, none of the airlines will incur loss on the Dhaka-Kolkata route," he said. "On an average there is about 10 percent increase in the number of passengers every year on the route. Entry of any new airline will help deepen and grow the overall market."

# Garment makers getting ready for duty-free export to India

REFAYET ULLAH MIRDHA

Bangladesh readymade garments (RMG) exporters are now getting ready to send 8 million pieces to India this year as all uncertainty goes on a recent notification by Delhi government that allows a duty-free benefit for the yearly export of these garments under the South Asian Free Trade Agreement (Safta).

As many as 6 intending knitwear factories have so far submitted applications to the trade body in the sector, Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), to get their quota for the export on 'first come first served' basis, according to the BKMEA sources.

As per rules of the Export Promotion Bureau, all applications of the intending exporters of the RMG pieces should be placed to the state-run export promotional body through the two trade bodies, BGMEA (Bangladesh Garments Manufacturers and Exporters Association) and BKMEA.

Out of the total quantity, affiliated members of the BGMEA will get 70 per cent share, while the affiliated BKMEA members will get the rest 30 per cent share.

Quoting the EPB rules, BKMEA President Fazlul Hoque said, "An apparel unit owner will get allocation for supplying highest 0.2 million RMG pieces in a year just after submission of required documents, including 'confirmed irrevocable letter of credit'."

The deadline for submission of such applications to get the quota for exports is June 30. On the market value of these exportable garments to India, Hoque said this value could not be ascertained immediately as it depends on the demand for the products from Indian side.

A BGMEA senior official said the association members are very eager to avail of the opportunity India has created after a positive decision on the duty-free access to Bangladesh RMG products.

The Indian notification dated April 21 has laid down harmonised system (HS) code and other details of the RMG products eligible for import.

Delhi signed a deal with Dhaka in September last year to import 8 million RMG pieces a year offering a zero-tariff facility that aimed at reducing the trade gap between the two countries

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A file photo shows workers at a garment factory. Local apparel makers are now getting ready for duty-free export of 8 million pieces of garments to India this year as all uncertainty goes on a recent notification by Delhi.

Fiscal Year	Export India	Imports from India
2006-07	\$ 289.42 million	\$ 2.229 billion
2005-06	\$ 242.19 million	\$ 2.009 billion
2004-05	\$ 143.66 million	\$ 1.850 billion

# BB, businesses concerned at high interest spread

Banks' health in Q3 improves

SAJJADUR RAHMAN

Indicators show a significant improvement in the health of the banking industry during the third quarter (January-March) of the 2007-08 fiscal, reveals a central bank report.

It however says the persistence of high spread (over 6 percentage points) between the lending and the deposit rates remains a major concern, which is also strongly endorsed by businesses and economists.

From risk weighted capital asset ratio (RWCAR) to non-performing loans (NPL), the profitability measures (return on asset-ROA) and credit disbursement and recovery all have improved in the third quarter of the current fiscal year.

"RWCAR for all banks increased to 7.4 percent in December 2007 from 6.5 per-

cent in June 2007, reflecting positive changes in the asset position of the banks," said the Bangladesh Bank (BB) quarterly report released last Wednesday.

The ratio of gross NPL to total loans of the banking sector declined from 14.04 percent during end-September 2007 to 13.23 percent in end-December 2007. The net NPL for all banks declined marginally to 5.13 percent at the end of December 2007 from 5.59 percent a quarter ago.

"Despite significant increase in net NPL of SoBs, the overall net NPL declined during the period, in which the SBs and PCBs were the main contributors," the report said.

Among the profitability measures, overall ROA increased from 0.79 percent to 0.89 percent because of the healthy profits earned by

PCBs. The central bank however expressed its concern over the high spread.

"The banks are supposed to reduce the spread, but we see no progress yet," Anwar Ul Alam Chowdhury Parvez, president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) told The Daily Star.

Economist Atiur Rahman, former chairman of Janata Bank, said the banks are making good business and they should reduce the rates for the sake of the economy.

"BB has failed to persuade the banks in reducing the spread. Now the regulator should go for strong actions to compel them to do so," Rahman added.

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# BB to monitor banks' promises

STAR BUSINESS REPORT

The central bank governor yesterday announced that Bangladesh Bank (BB) would monitor whether commercial banks are actually shortening the spread between the lending and deposit rates in keeping with their promises to do so.

"BB has set a three months time limit for the commercial banks to reduce the interest rate spread. After that we would monitor the situation and decide further course of actions," Dr Salehuddin Ahmed remarked while inaugurating an international training programme.

Bangladesh Enterprise Institute (BEI) organised the training programme on Corporate Governance at its auditorium in Gulshan.

"We are trying to ensure a balance between the lending and deposit rates for the sake of the economy," Ahmed said.

The governor said the time limit for rate cuts would expire by the end of this month and in June the central bank would start monitoring the banks' initiatives.

Earlier, in March, private commercial banks announced that they would cut their lending rates by one percentage point to 14.75

percent from 15.75 percent to reduce the interest rate spread. The business entrepreneurs have long been claiming that the lending rates and spread are much higher in Bangladesh than the neighbouring countries.

Gene Spiro, senior projects officer of Global Corporate Governance Forum (GCGF), said the programme would help in developing leadership in South Asian region and strengthen the practice of better corporate governance.

Some 20 participants from Bangladesh, India, Pakistan, Sri Lanka and Maldives took part in the training programme.