



**PHILIPS**  
sense and simplicity  
LCD HD TV  
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TRANSCOM ELECTRONICS  
8855366-8  
01712464663

## Stocks

DGEN ▲ 2.41% 3,036.02

CSCX ▼ 0.76% 5,770.75

## Asian Markets

MUMBAI ▼ 1.31%  
14,106.58

TOKYO ▼ 0.06%  
13,849.56

SINGAPORE ▼ 0.57%  
2,962.16

SHANGHAI ▲ 1.54%  
2,803.02

## Currencies

	Buy TK.	Sell TK.
USD	68.15	69.15
EUR	104.18	108.78
GBP	132.22	137.37
JPY	0.63	0.66

SOURCE: STANDARD CHARTERED

## Commodities

Gold \$899.57 (per ounce)

Oil \$137.94 (per barrel)

(Midday London Trade)  
SOURCE: AFP

## More News

### A pricey investment?



At the end of May 2008, the price-earning (PE) ratio of Eastern Lubricants stock stood at over 366. Eastern Lubricants, a state-controlled lubricant blender, may be an extreme case, but it is not alone on the Dhaka Stock Exchange (DSE) in having a high PE ratio (A PE ratio is a company's current share price compared to its earnings per share). B-4

### Housing sector guideline on cards

The government has taken an initiative to bring the booming real estate sector under a strict guideline with provisions of jail and fine against those who will run a housing project without approval from the relevant authority and violate any agreement with buyers. B-3

## International

### Taiwan doctors, tourism sector eye China boost

The talks in Beijing, the first direct dialogue between the two rivals in over a decade, set to focus on establishing direct flights between China and Taiwan and allowing more mainland tourists to visit the island is expected to result in an influx of Chinese visitors who choose to have treatment on the island rather than at home. B-4

## Contact Us

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# Final push for insurance industry reforms

## Independent regulator, increased paid-up capital

**SAJAJUR RAHMAN**  
Moves to set up an independent regulator to monitor the insurance industry are expected to be finalised in the coming weeks, as the government attempts to bring regulatory procedures in the expanding sector up to international standards.

"The law ministry vetted the proposed ordinances titled Insurance Regulatory Authority (IRA) Ordinance 2008 and Insurance Ordinance (IO) 2008 last week, and they will be sent to the cabinet next week," a senior commerce ministry official told the Daily Star yesterday.

The new ordinances have been drafted based on interna-

tional best practices, particularly with the India's Insurance Regulatory and Development Authority, officials said. It will replace the age-old Insurance Act 1938 that currently regulates the industry.

The IRA will be a five-member team consisting of one chairman and four members. The IRA Ordinance 2008 will abolish the Department of Insurance and the IO 2008 will direct how the insurance companies will run by the regulators.

Major changes in these ordinances include mandatory solvency margin for the companies and increase their paid-up capital. Currently, a general insurance company requires

Tk 15 crore as its paid-up capital, of which Tk 9 crore raised by initial public offerings (IPO). A life insurance company needs Tk 9 crore as its paid-up capital, of which Tk 6 crore must be raised by IPO.

A total of 60 insurance companies are currently operating in Bangladesh, of which 17 provides life insurance and 43 are in the general insurance field. With a mere one and half dozen of staff, the Chief Controller of Insurance under the Ministry of Commerce oversees the total industry that has about one crore policy holders in life insurance and at least 50 lakh with the general side.

All the countries in South Asia have modernised their insurance laws and shifted the

industry to the ministry of finance from the commerce considering the models of the business, Nasir A Choudhury, managing director of Green Delta Insurance Co Ltd, said. But in our country the industry remained under the commerce ministry since its inception, he added.

"We are being treated as a trade body. The sector is always neglected here," Choudhury, who has decades of experience in the insurance sector, said.

He observed, "Formation of an independent authority to oversee the industry is a very good move although it is too late compared to other countries."

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## FEATURES OF THE NEW LAWS



- Dept. of Insurance to be abolished.
- Insurance Regulatory Authority to be set up with five-member team
- Insurance companies to increase paid-up capital
- Introduction of mandatory solvency margin

# Nat'l branding logo caught in red tape

## Parjatan corporation chief says

STAR BUSINESS REPORT

Bureaucratic tangle is delaying the process of making a national logo for to brand a positive Bangladesh, Chairman of Bangladesh Parjatan Corporation (BPC) Shafique Alam Mehdi said yesterday.

"As in many other sectors of the country, it is the bureaucratic tangle which is delaying the process," he told a press briefing.

Earlier, BPC drafted a national logo to promote Bangladesh abroad and attract tourists. The logo features a cartoon image of a grinning tiger with the words 'Smiling Bangladesh'.

The process to launch the logo was to be completed by December 2007, but directives from high government officials to bring some change in the process slowed its prog-

ress. The launching of the logo was, subsequently, rescheduled for March of this year.

BPC Chairman further said, "Making a national logo is a big thing and many countries in the world are making huge investment on formulation of national logo and slogan both of which are absent in case of Bangladesh", adding that many countries in the world have national logos. "For example, he said, 'incredible India' is the slogan for India and Bangladesh also should have such a slogan and accompanying logo".

The press briefing was organised to announce a three-day 'Bangladesh Tourism and Travel Fair (BTTF 2008)', scheduled to be held in Dhaka from October 10 to 12.

Tour Operators Association of Bangladesh (TOAB) will organise the fair.

# New textile policy to focus on facing China challenges

REFAYET ULLAH MIRDHA

A new textile policy will be placed before the council of advisers next week with a special focus on challenges stemming from withdrawal of safeguard measures on Chinese exports, a senior government official said on Monday.

"The new policy, Textile Policy 2008, has recommended measures to maintain competitiveness of Bangladesh's apparel products in the global market as the ceiling on exports from China to EU has expired, while the export restriction from China to US will be lifted by the end of this year," said the official at Textile Strategic Management Unit (TSMU).

The safeguard measures were introduced in EU and the US in 2005 following the final phasing out of multi-fibre arrangement for garment and textile exports to minimise trade gap with China.

The official also said the new textile policy will recommend for installing backward linkage

industries to enhance the usages of local raw materials for the export oriented RMG products.

At present, country's primary textile sector (PTS) supplies 80 percent of raw materials for knitwear sector and 35 percent for the woven sector.

"We have strongly suggested for setting up Effluent Treatment Plants (ETPs) in the factories," he said, adding that TSMU suggested the government and businessmen should make businesses more environmental friendly as this is one of the major determinants for future business growth of the country.

In the new textile policy the TSMU recommended for 10 percent cash incentives to the exporters of RMG products instead of existing 5 percent, he said.

The TSMU official said the unit recommended for measures to cope with the withdrawal of safeguard measures against China.

The safeguard measures set

against China have already been withdrawn from the EU market in January of this year while such measures against China will be withdrawn from US market in 1st of January of next year.

"We have also recommended some measures to enhance the competitiveness of RMG products in the global market through aggressive marketing strategies," TSMU official said.

The country's textile policy, which has not been changed since its latest adoption in 1995, has proved to be inadequate to fulfill the demands of the current business trends.

The government has responded to this by making amendments to the existing textile policy with recommendations from trade bodies like BTMA, BKMEA and BGMEA, the TSMU official said.

TSMU, a project under the Ministry of Textiles and Jute, has been given the responsibility to prepare the textile policy.

The President of Bangladesh Textile Mills Association

(BTMA) Abdul Hai Sarker said although they urged the government for several times earlier to formulate the new textile policy with emphasis on the changing global market scenario, the government did not give any heed.

"Surely, formulation of the new textile policy will be very beneficial for the RMG sector as the business trends in the sector have changed a lot over the last 13 years since 1995," Sarker said, adding that the change should have come much earlier.

"The new policy is, somewhat, coming late," he said.

A senior official of the BKMEA said earlier they suggested that the government should make the policy investment friendly in areas such as dyeing and chemical manufacturing to reduce import dependency for those items.

"We also recommended for measures to improve productivity and ensure compliance, both socially and environmentally," he said.

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# Oil prices won't come down: Opec

AFP, Brussels

Opec president Chakib Khelil rebuffed on Tuesday calls from oil consuming countries to increase supply, saying that the cartel had already done what it could on high prices.

"Opec has already done what Opec can do and prices will not come down," Khelil told journalists as he arrived for a meeting with EU energy officials in Brussels.

Ahead of a summit between producers and consumers in Jeddah last weekend, Opec heavyweight Saudi Arabia promised on Thursday to lift its oil production by 200,000 barrels per day.

However, Saudi Arabia's increased output, to counter the fears of inflation-hit consumers, exposed divisions within Opec at the summit with Khelil and others opposed to a production hike.

"Other member countries don't want to increase their production because as they've said many times from our perspective we don't see any shortage in the market," Opec secretary general Abdullah al-Badri said.

In the face of calls from consumer countries for an oil output hike, al-Badri insisted that "the market is full of oil," blam-



Opec President Chakib Khelil speaks at a joint press conference after a meeting yesterday between EU and Opec officials at EU headquarters in Brussels.

ing "other factors" for the high price of crude, including refinery problems and hedge funds piling into the market.

EU Energy Commissioner Andris Piebalgs urged Opec to do away with the grouping's production ceiling in order to provide relief to the market.

"In my opinion, there is no reason to keep ceilings on production," he told journalists.

"If there are no ceilings,

markets will adapt much faster," he added. "In this respect we could expect prices to go down, not going up as the tendency has been till now."

French Energy Minister Jean-Louis Borloo, whose country takes on the European Union's rotating presidency in July, stressed that high oil prices were a concern for consumers and producers alike.

# Helicopter services struggle to take off

KAWSAR KHAN

Business in the private helicopter services sector in the country has marked a fall in recent days due to inadequate rental orders from people.

However, the sector people expect the business to grow because the next general election is not too far away.

"To make our business viable we need to fly at least 60 hours a month, but we flew only 10 hours last month, for people are hiring this vehicle less," said an official of South Asian Airlines Limited (SAAL), now the lone helicopter service provider that remains operational. The company came into operation in 2002.

It is now offering people such an air trip service with two USA-made four-seated Robinson-R44 models helicopters, the world's top selling model. This helicopter flies 110 nautical miles per hour and can fly three hours in a single journey.



The photo shows a chopper of South Asian Airlines Ltd, the lone helicopter service provider in the country now. Business in the private helicopter services sector marked a fall in recent days.

The company also has a leased cargo plane, which is being used for exporting products like fish, meat and vegetables.

Although the country's

another helicopter service provider, Aero Technologies (Pvt) Ltd (ATL), began its operation 8 years back in 2000, it has not been in operation for the last 6 months due to some

technical glitches.

The ATL has a five-seated AS 350B helicopter manufactured by Eurocopter Group, an European helicopter manufacturing company.

According to the industry insiders, the pioneer in the helicopter service is Best Air, also entered the aviation market in 2000. But the company's helicopter service lasted only for months, they added.

On the less business in the chopper services sector, they said the fuel price hike in the last few years made the flying cost of helicopter very expensive.

"When we began operation the cost of per litre of Avgas (high-octane fuel used for aircraft and racing cars) was at Tk 54 but a litre of Avgas is now selling Tk 194," said an official of the SAAL. The company choppers consume 60 litres of fuel per hour.

A one-hour chopper trip now costs Tk 48000, which has resulted from the hike in fuel prices, the official said, preferring anonymity. The previous charge was Tk 15000.

"Besides, the persons who hire helicopters will also have to pay a 15 per cent VAT," said

another official of the company. One can hire a helicopter of SAAL at least for 30 minutes.

The sector people said the foreign donors or their representatives in the country are the main clients of the service who like to hire helicopter to oversee the projects sponsored by them.

The other purposes of hiring helicopter include marriage ceremony, political campaign, shooting for film and advertisement, visiting outside branches of big companies and quick movement of patients.

"It is surprising that the nation with a 14-crore population has only two helicopters for private use," the SAAL official said, suggesting government patronization for the sector.

Dwelling on how the hi-tech engines of helicopters and its safety are maintained, the company people said they have trained two of their pilots cum engineers from the USA

on its maintenance and operation.

"We ensure full security to the renters and also seek help of the manufacturing company, if required," said the official, adding that an overhauling of helicopters is needed after flying every 2,200 hours.

About the maintenance, he said, "We keep our helicopters in a hanger inside Zia International Airport". In this regard he pointed to the fact that the Civil Aviation Authority charges a huge amount for parking.

Talking to the Daily Star, ATL Managing Director Hasan Faruque said, "In our country helicopter services sector is very much neglected. The government don't facilitate the sector, rather harass those who rent copters asking from where they got the huge amount of money to hire a helicopter."

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