

More News

Milk campaign churns out profit



Zulekha Begum has mastered the art of whipping up a well-balanced feed. She uses various items such as husks of wheat and pulses, oil cakes, dark molasses, and salt to prepare the feed for cattle to increase milk yield. Sohail Parvez brings you more.

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Adviser stresses boosting Dhaka-Ankara trade

Commerce Adviser Dr Hossain Zillur Rahman urged Turkish Trade Minister Mehmet Zafer Caglayan to ease the banking system in that country for swift transaction of currencies for boosting the trade between Bangladesh and Turkey.

Bangladesh tourists to Singapore grow 32pc

First half of 2008 witnessed over 32 percent increase in the number of Bangladeshi tourists to Singapore, said a top official of Singapore Tourism Board (STB) yesterday. "We get a range of tourists -- including holiday, medical and business tourists -- from Bangladesh and the number is growing every year," said Siew-Kheng Kang.

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International



AFP

A Pakistani woman carries bags of flour on her head after she bought them at state-controlled rates at the Sunday Bazaar in Lahore yesterday. A wave of economic woes has plunged millions of families below the poverty line.

Bimstec Delhi meet Friday

Foreign ministers from seven countries in south and southeast Asia will meet in New Delhi on Friday to forge stronger ties and map out transportation and trade links, the Thai foreign ministry said. The ministers from Bangladesh, Bhutan, Burma, India, Nepal, Sri Lanka and Thailand, as part of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (Bimstec), will be discussing methods of cooperation in 13 sectors.

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If you have views on Star Business or news about business in Bangladesh, please email us at business@thedailystar.net

Multimillion dollar FDI plans on hold

Proposals seek to invest mostly in power and gas infrastructure

JASIM UDDIN KHAN

Six large-scale foreign direct investment proposals have been on hold for the past several years because of government dithering, absence of a coal policy and shortage of gas -- the common setbacks which had earlier prompted Tata Group to pull investment out of Bangladesh.

The investment proposals came from the companies including Abu Dhabi Group, UK-based Global Oil and Energy Ltd, Malaysian Azimat Corporation Ltd, Essar Group of India and Italian-Thai Development Company.

The proposals sought to invest mostly in power and gas infrastructure, coal, steel industry and highways, a Board of Investment official said.

"We are eager to get FDI in

infrastructure; but the proposals, under consideration, have some complicated features that require thorough scrutiny before signing any final agreement," said Kamal Uddin Ahmed, executive chairman of Bol.

Some of the foreign companies, intending to invest primarily in infrastructure, withdrew their plans.

Government officials said Global Oil and Energy signed a memorandum of understanding with the government in June 2006 to invest about \$2.9 billion for developing coal-mine, oil exploration and production, establishing power plant and producing petrochemicals; but the company shifted their plan.

In September 2005, Abu Dhabi Group expressed its intention to invest \$2 billion in

Big investment proposals

Company	Country of origin	Proposed investment	Year of proposal
Abu Dhabi Group	UAE	\$ 2 billion	2005
Global Oil and Energy Ltd	UK	\$2.9 billion	2006
Azimat Corporation	Malaysia	\$900 million	2005
Essar Group	India	\$2 billion	2006
Italian-Thai Development (ITD)	Thailand	\$500 million	2005

various sectors such as telecommunications, oil and gas, healthcare, tourism and pharmaceuticals.

The group's cellular phone company Warid Telecom started its operation in the country, but there have not been much progress in the group's other investment proposals.

In mid-2005, Azimat Corporation, a Malaysian company, proposed to spend over \$900 million to construct the first expressway of the country, connecting Dhaka with the country's premier port city of Chittagong.

The BNP-led alliance government almost finalised the deal, but the caretaker government stalled the plan, preferring to go for international bidding for the project. This would hold back the possibility of any foreign investment in this vital area at least for another year.

In February 2002, led by a local firm, Contech Ltd, another consortium of six companies proposed to build a 52km long underground rail in Dhaka at a cost of \$900 million.

Italian-Thai Development (ITD), a Thai construction

company, intended to negotiate with the government over its possible participation in the proposed Dhaka-Chittagong Express Way. But the government failed to initiate talks with the company.

A local consortium of four steel makers S Alam, PHP, KDS and Abul Khair has signed a memorandum of understanding with India's Essar Group to set up the country's first hot-rolled steel plant. Essar has agreed to take about 60 percent of the project cost of \$2 billion on its shoulder.

Dr Mustafizur Rahman, executive director of the Centre for Policy Dialogue, said the flow of foreign direct investment in the country had declined as the government failed to ensure availability of gas.

The government must provide available energy resources to local as well as foreign companies as required by growing economic growth, he said.

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BB to decide on cell phone banking tomorrow

SAJJADUR RAHMAN

The central bank will hold a crucial meeting tomorrow to decide on a draft policy allowing mobile phone banking for the first time in Bangladesh, sources said.

Bankers, however, expressed concern sensing that mobile phone operators would get a huge edge over the traditional banking business, now in operation under the tough Banking Companies Act 1991.

"The draft policy has been finalised and it will be placed before the review meeting tomorrow for its approval," a senior Bangladesh Bank (BB) official told The Daily Star yesterday. Governor Dr Salehuddin Ahmed will chair the meeting.

Now phone and online banking in Bangladesh merely offer services such as balance check and request for statement, cheque book etc. But the mobile banking allows fund transfer like a bank, thus paving the way for money transaction through cell phones across the country, according to the draft policy, Bangladesh Mobile Payments Guidelines 2008.

Once the policy is approved, mobile phone companies' outlets would be used as payment

transaction centres. Banks will also be required to seek licence to offer these services.

The BB took the initiative following Grameenphone's application in December last year for a license to introduce mobile banking.

On receipt of GP's application, the BB held several meetings with the government agencies and departments concerned, undertook research and studies and an officials' team visited Thailand and the Philippines where the system exists.

Even neighbouring India and Pakistan have also adopted the system, BB sources said.

"Bank is a major stakeholder of the services. It already provides payments, especially remittances, through mobile phones," said Muhammad A Rume Ali, chairman of BRAC Bank and a former deputy governor of BB.

He said: "Right now we (bankers) do not know anything about the issue. We are concerned that banks will be removed from the business scenario by the mobile companies."

Mahmud Sattar, president of Association of Banks, Bangladesh, however said finally he has been invited at the tomorrow's meeting.

Youngone's factory in KEPZ misses deadline for takeoff

REFAYET ULLAH MIRDHA

South Korean company Youngone Corporation has missed its schedule to put its shoe-making plant into operation because of uncertainty over gas connections to the Korean Export Processing Zone, near the southeastern port city of Chittagong.

The KEPZ was scheduled to begin its journey in the middle of the current year by starting the shoe-manufacturing factory as its first industrial unit.

The shoe-making factory, arguably the world's largest with 72 assembly lines, will employ 34,000 people on completion and produce more than 100,000 pairs of shoes a day, which means 30 million pairs a year, for export.

Talking to The Daily Star, a senior Youngone official said it would take the factory some more time to go into operation, as gas connections to the KEPZ remained in uncertainty.

"We have demanded a minimum of 10 million cubic feet of gas for running our factory although we need more than 80 million cubic feet of gas," the official said, asking not to be named.

"We have not yet received any commitment about gas connections to the KEPZ from the government. We are lobbying with different government agencies and Bakhraabad Gas

Distribution Company for gas connections," said a senior manager of the KEPZ.

Although most of infrastructural work has already been completed, it cannot come on stream because of an acute gas crisis in Chittagong region, the official said.

The cabinet at a recent meeting decided to provide an additional 20 million cubic feet gas and set up a 50-MW rental power plant for immediate and short-term solutions to the acute gas and power crises in Chittagong.

Licensed to operate in May last year after a delay of seven years, the KEPZ stands out of other EPZs with its plan to install 500 industrial units worth a \$1 billion investment and create about 100,000 direct employments.

Youngone Group had recently set up a shoe factory in Chittagong EPZ.

Between 1999 and 2003, Youngone invested about Tk 100 crore to procure 2,500 acres of land for the EPZ and develop it under the private EPZ law.

However, it could not open the zone as the BNP-led alliance government declined to give it an operating licence without any express reason. Youngone started its operation in Bangladesh in 1978 and grew into a company that boasts yearly export earnings of about \$300 million.

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Berger to use fast-track business software



SARWAR A CHOWDHURY

Berger Paints Bangladesh is installing comprehensive business management software to fast-track its operations, a company official said.

The enterprise resource planning (ERP) software is seen as an instrument to help the company become more efficient.

"The software will cost around Tk 8.25 crore and will take six months to install," said Sabbir Ahmed, internal auditor of Berger.

Berger has signed an agreement with SAP India Private Limited to install the software.

The ERP is a business management system that integrates all facets of business, including planning, manufacturing, monitoring, sales and marketing.

With the ERP system gaining popularity by the day, software applications have emerged to help business managers implement ERP in business activities such as inventory control, order tracking, customer service, finance and human resources.

Berger now uses 29 different software applications, but all activities would be carried out through the single ERP software with more efficiency after its installation, Sabbir said.

"Although we are using different software applications now, we have difficulties in decision-making, monitoring, planning and evaluating," he said.

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Rahimafrooz plans 20 new Agora outlets

STAR BUSINESS REPORT

Rahimafrooz Superstores, one of the leading retailers of food products in the country, wants to set up 20 new outlets in three years to expand its business with an eye for more revenue.

According to estimates of Rahimafrooz, total costs of the expansion may stand at about Tk 100 crore.

"We are looking to set up 20 more outlets in next three years in cities including Dhaka, Chittagong and Sylhet," Niaz Rahim, managing director of Rahimafrooz Superstores Ltd, told The Daily Star yesterday.

"It's a volume-based business. The more we open outlets the more will be the sales as we will be able to serve more customers," he said.

The company operating under the brand Agora began operations in 2001 to exploit the country's potential market for food items, including perishable goods.

Trading in food items is still dominated largely by small retailers in the kitchen markets, although about 70 small and big superstores entered in the market in the last couple of years. Three major retailers of food products -- Nandan, Meena Bazar and PQS -- are also operating in the market.

Before the entry of the Superstores, retail trade in food products used to take place mainly in the kitchen markets in unhygienic condition and run by small retailers, Rahim



STAR

Customers line up at an Agora outlet of Rahimafrooz Superstores, which has entered the eighth year of its operation.

said. "We had entered the business to offer consumers quality products in healthy environment," he added.

Rahimafrooz Superstores Ltd, one of the nine subsidiaries of Rahimafrooz Group, now serves 7.79 million customers through its four retail outlets in Dhaka.

Rahim said the company registered an average annual growth of 25 percent in the

number of customers as it offered quality products at fair prices and better services; this resulted in a continuous increase in sales.

"We have been able to win the trust of the consumers by ensuring quality of the products," he said.

The company, according to its MD, posted increased sales results in the last couple of years. Its total sales grew by 20 percent to about Tk 1050 mil-

lion in 2007-08 fiscal from about Tk 880 million a year ago.

Rahim, however, said the company is yet to record profits. "It's a low margin and high turnover business. We need to increase the volume of sale to ensure gains," he said.

The company wants to integrate the supply chain for agri-produces with the aim to reduce middlemen in the supply chain, he said.