



Stocks

DGEN ▼ 0.32% 2,850.16
 CSCX ▼ 0.15% 5,715.95

Asian Markets

MUMBAI ▼ 2.31%
 14,324.29
 TOKYO ▼ 1.98%
 12,102.50
 SINGAPORE ▼ 3.10%
 2,541.15
 SHANGHAI ▼ 3.34%
 2,078.98

Currencies

	Buy Tk	Sell Tk
USD	68.00	69.00
EUR	93.39	97.82
GBP	117.40	122.48
JPY	0.63	0.66

SOURCE: STANDARD CHARTERED

Commodities

Gold ▼
 \$742.40 (per ounce)
Oil ▼
 \$101.65 (per barrel)
 SOURCE: AFP
 (Midday London Trade)

More News

Banks peddle Eid smart cards



With hardly any festival loan products on offer, banks are now presenting tempting credit card packages, designed to meet the needs of varied clients and to help bridge the gap between consumers' purchasing power and the additional costs during Eid.

Private sector urged to help achieve MDGs

Speakers at a discussion yesterday urged private sector entrepreneurs to extend their support to the government's initiatives to help them achieve all the millennium development goals (MDGs) of the country. It is quite impossible for the government alone to achieve the targets within the set timeframe, Chairman of Unnayan Samannay Atiar Rahman said.

International

S Korea to invest \$900m to train young workers
 South Korea will invest some 900 million dollars over the next five years to train 100,000 young people for next-generation industries, the Ministry of Strategy and Finance said Thursday. It said the project aims to ease youth unemployment and increase expertise.

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Policy dilemma holds back e-commerce takeoff

MD HASAN

The government's lingering hesitancy in the execution of the policy on information and communication technology even six years into its formulation remains the main hurdle to e-commerce, say people in the ICT sector.

E-commerce is an internet-based platform used for electronic transactions. The device facilitates anyone's purchase of products or handling of day-to-day transactions for any purpose, sitting in an internet-friendly environment.

Since the formulation of the National Information and Communication Technology Policy in 2002, the introduction of e-commerce has been delayed for lack of infrastructure.

When neighbouring India's e-commerce market crossed over Rs 9,000 crore last fiscal year, Bangladesh is yet to set up the required platform -- certifying authority and electronic payment gateway -- to march forward, the sector people say.

Meanwhile, the central bank's policy of not allowing credit cards for online purchase also goes against the concept of e-commerce.

However, some sector-based websites on transportation and auction have already developed in Bangladesh. But the limitation in this case is

customers' physical presence is required to benefit from the sites.

Amir Chowdhury, policy adviser to the Access to Information Programme at the Chief Adviser's Office (CAO), also hinted at a further delay in setting up an electronic payment gateway.

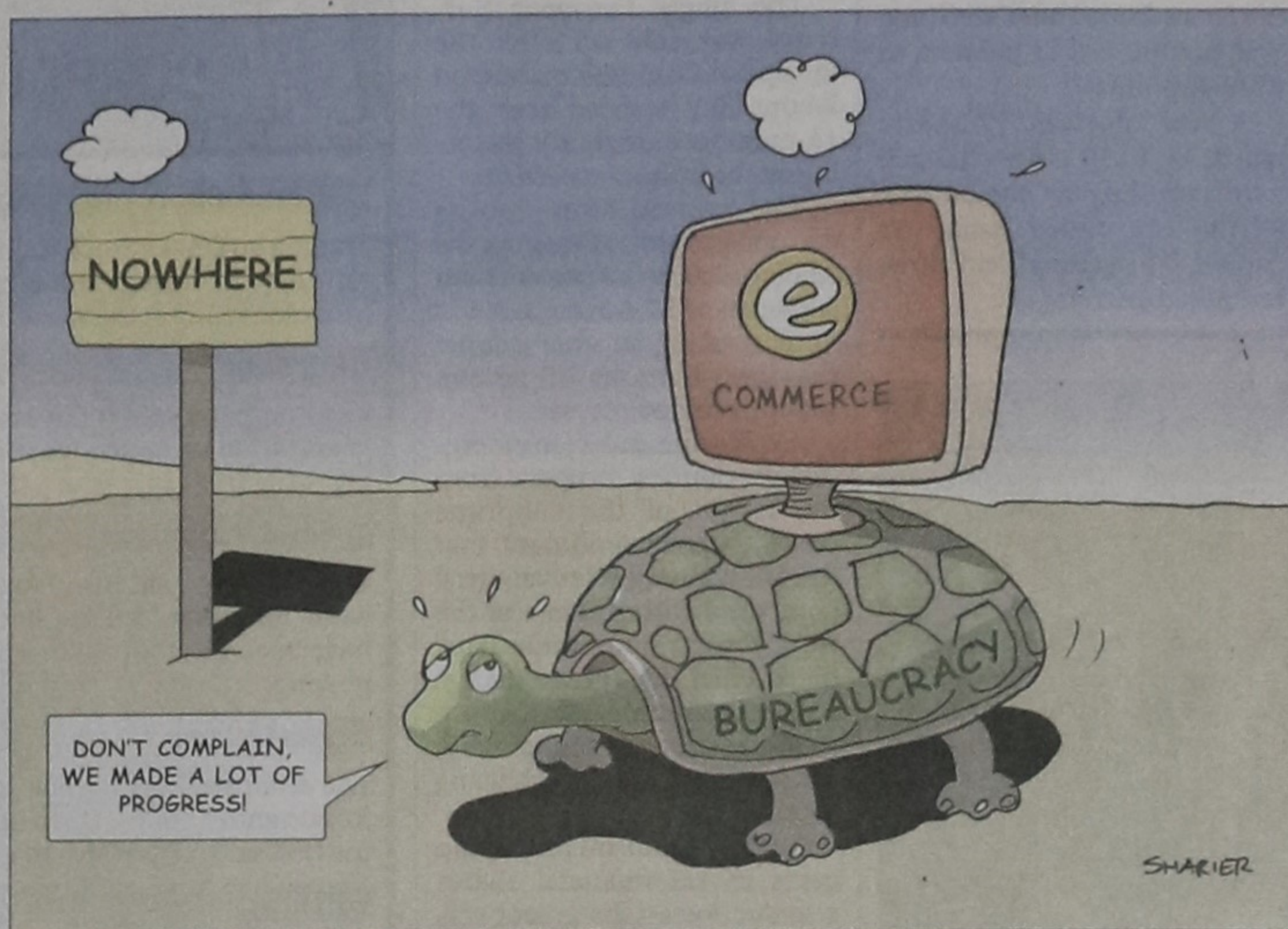
"A number of recent meetings between the central bank and different stakeholders, held at the CAO, recommended the establishment of this platform in a span of six months," he said.

From 2002 to 2006, the year the government passed the Information and Communication Technology Act, a considerable number of committees were formed and sessions of talks held to introduce e-commerce, but all efforts were confined to transferring the issue from one government agency to another, industry insiders say.

As per the Clause 18 in the ICT law of 2006, it was the government's obligation to form a certifying authority within 90 days after the passage of the law.

The main responsibility of this body is to regulate the e-commerce merchants who develop online sites.

"The certifying authority has not yet been established, which is required to authenticate digital signatures of online



customers and the merchants as well," said Habibullah N Karim, president of Bangladesh Association of Software and Information Services (BASIS).

The taskforce committee on internet-banking made recommendations last week to decide on the digital signature for online shopping and other transaction.

"We are working on it. A

team comprising government and UNDP officials visited Singapore recently to see how it is functioning there," said Lusa Mirza, consultant, Access to Information Programme of UNDP, which is supporting the government on the issue.

Now a team of domestic and foreign consultants is working on to formulate rules and regulations for digital signature, she said, adding that the 1972

Evidence Act might need to be amended.

Who should handle electronic payment gateway? The debate on ownership of the gateway also surfaced in the last few months. IT entrepreneurs and banks both are interested to own the gateway.

BRAC Bank has already proposed to the Bangladesh Bank to set up the gateway, but rejection from other banks

held back the move, said Access to Information Programme officials.

"The gateway could be established on private ownership or on public private partnership basis," said Shoeb Ahmed Masud, a member of the BASIS executive committee who represented in some committees made for e-commerce execution.

Central Depository Bangladesh Limited (CDBL), the operator of central depository system of the capital market, could be an example of setting up such kind of gateway, he said.

Experts see a wider business activity on the introduction of e-commerce in the country.

"If government introduces e-commerce, its revenue earnings will jump significantly. Any government's levy including income tax, bills and corporate tax could be paid without any hassle," said Masud.

The purchase of various things ranging from transportation tickets to anything from mega shops without physical presence is possible by e-commerce, the BASIS official added.

But low internet penetration (below one percent) is another setback to boosting e-commerce. At present, only one million people use the internet in the 150 million

populated country. "Internet access costs are still high, which hinder widespread use of online services," said the BASIS president.

However, the internet usage is expected to increase, as the telecom regulator has recently taken measures to introduce a range of wireless internet services.

Referring to India's tourism market, a web portal developer said: "When India earns more than its expectation from the e-commerce based tourism industry, our government high-ups end up with series of parleys."

The size of online travel industry stands at Rs5500 crore at the end of fiscal 2006-07, according to a study by Internet and Mobile Association of India.

Kamal S Qaudir, chief executive officer of Cellbazar, the country's largest mobile based e-commerce owner, said: "E-commerce, or to be more precise m-commerce, has more potential in developing countries such as Bangladesh because it brings a new paradigm where none existed before."

"Bangladesh cannot afford to delay e-commerce or m-commerce any further (in fact we are quite late as neighbouring countries are far ahead)," he said.

hasan@thedailystar.net

State-owned banks cut capital deficit

REJAUL KARIM BYRON and SARWAR A CHOWDHURY

Three state-owned commercial banks cut their capital deficit by Tk 6,219 crore in the three months to March, turning cumulative losses into assets in what is known as valuation adjustment.

After a deep cut in the shortfall, the banks' integrated capital deficit stood at Tk 962 crore at the end of March, down from Tk 7,181 crore in December 2007.

Banks	Capital deficit as of December 2007	Capital deficit as of March 2008
Sonali Bank	Tk 4,359 crore	Tk 527 crore
Janata Bank	Tk 859 crore	Tk 14 crore (surplus)
Agrani Bank	Tk 1,963 crore	Tk 449 crore

According to a quarterly evaluation report by Bangladesh Bank, the banks counted their integrated losses as 'goodwill' and converted the losses into 'other assets'.

"As a result, massive changes have taken place in the banks' capital structure," the report said.

After the end of December, the banks transferred the cumulative losses of Tk 8,791 crore into assets. Sonali Bank converted the cumulative losses of Tk 6,574 crore into assets, Janata Bank Tk 888 crore and Agrani Bank Tk 1,329 crore.

The three banks started a new journey after they became public limited companies last year.

"A new company never takes responsibility for the losses of the previous ones. On the other hand, the government has full ownership of the banks. That's why the losses have been converted into assets as goodwill," Agrani Bank Managing Director Syed Abu Naser Bakhtiar told The Daily Star yesterday.

A senior Janata Bank official

said the banks have a well set-up branch network across the country apart from the government ownership. "We also evaluate the assets of the branches and consider cuts in the capital deficit," the official said.

According to the central bank's quarterly report that covered three months from January, Sonali Bank's integrated capital deficit stood at Tk 527 crore in March, down from Tk 4,359 crore in December 2007, thanks to an

adjustment of cumulative losses.

In March, Agrani Bank's integrated capital deficit narrowed to Tk 449 crore from Tk 1,963 crore in December 2007.

Janata Bank now runs a surplus of Tk 14 crore. It recorded a deficit of Tk 859 crore in December 2007.

Despite the reduction in the capital deficit, the Bangladesh Bank report expressed concern over the banks' loan centralisation in specific sectors.

More than 163 percent of Sonali Bank's capital is centred on the RMG and textile sector in loans, although the standard limit is 25 percent to 50 percent.

The bank gave 66.01 percent of capital in funded loans to Bangladesh Petroleum Corporation and 38.09 percent of capital in non-funded loans to Power Development Board, although the permitted limits are 15 percent and 35 percent respectively.

Janata Bank and Agrani Bank handed 189 percent and 204 percent of their capital respectively to the RMG and textile sector in loans.

Banks warned of risky lending

STAR BUSINESS REPORT

Bangladesh Bank (BB) yesterday advised commercial banks not to do any lending violating the core risk guideline.

The central bank also said the credit deposit ratio should be below 82 percent.

The advice followed separate meetings between the central bank and two commercial banks -- AB Bank and Eastern Bank.

The meetings are part of the BB move to protect the banks from doing risky lending. More than 70 percent banks are now doing so.

AB Bank's lending was found 85 percent of its deposit and Eastern Bank's 97 percent. But the standard limit of lending is 82 percent of a bank's deposit.

Out of 48 banks, credit deposit ratio of eight banks is more than 100 percent, while the ratio of 11 other banks is more than 90 percent. The ratio is more than 82 in the case of the remaining ones.

On Sunday, the central bank will sit with two other banks to discuss about the risky lending.

Internet disrupted for five hours

UNB, Cox's Bazar

Internet service was hampered across the country for about five hours as miscreants again cut off the optical fibre cable near Cox's Bazar Government College early yesterday.

Someone severed the cable on Chittagong-Cox's Bazar Optical Fibre cable route, off Cox's Bazar Submarine Cable Landing Station, at about 2:30am, disrupting the internet service.

Engineers from Chittagong rushed in and restored communications on the information superhighway at about 7:30am.

Pran to invest Tk 450cr in Indian venture

Seeks to emerge as regional brand

SOHEL PARVEZ

Pran, one of the leading food processing companies in the country, wants to invest around Rs 300 crore (Tk450 crore) to set up five food processing plants in parts of India with a vision to stand up as a regional brand.

Pran will raise a major portion of the fund by borrowing from Indian banks and financial institutions for establishing these factories in Tripura, Orissa and Tamil Nadu in the next five years, Deputy Managing Director of the company Ahsan Khan Chowdhury told The Daily Star yesterday.

"We look forward to becoming a regional brand to be accepted across the subcontinent. We feel our drive to set up factories in India will help our dream come true," he said.

Chowdhury's remark came as Pran got go-ahead from the Indian government for its planned investment under Pran Agricultural Products (Pvt) Ltd.

The company early this year unveiled its plan to go beyond the border after India had lifted ban on investment from its neighbouring countries such as Bangladesh.

Pran, now exporting juice and other processed foods to India and 69 other countries, will be the first Bangladeshi company to invest in India.

The company officials said construction of the first plant will begin in October 2008 at an industrial estate in Agartala, capital of Tripura. Tripura is one of the seven states of the north-eastern India. The cost for establishing the plant has



The photo shows some processed food items of Pran, a local company that wants to invest around Tk 450 crore to set up five food processing plants in parts of India. The company will raise a major portion of the fund by borrowing from Indian banks and financial institutions for establishing the factories in Tripura, Orissa and Tamil Nadu in the next five years.

been estimated at Rs 25 crore (Tk 37 crore), Chowdhury said, adding that the plant will mainly process fruit juice and food products to cater to the need of the local Indian market.

Pran officials said the company had chosen Tripura due to its closeness to Bangladesh. Similar lifestyle and culture of people of Bangladesh and these parts of India encouraged the local food conglomerate to select Agartala.

India also offers various incentives such as 10-year tax holiday, land at subsidised price and subsidy on cost of transportation of raw materials and equipment that have also

encouraged the company to invest in India, said Chowdhury.

The Pran DMD said the company is investing in India with an aim to localise its products and stay close to the local people.

"India is a very good place for us because of its huge market. Its economic growth is also creating more market opportunities. If we can catch Indian market, we will be able to grow an immense potential," he said.

Pran recorded combined sales of over Tk 450 crore during the financial year that ended on June 30, 2007. sohel@thedailystar.net

Oil prices slide to six-month lows under \$98

AFP, London

Oil prices tumbled to six-month low points below 98 dollars a barrel on Thursday as the dollar rallied and demand for energy decreased around the world amid an economic slowdown, traders said.

Prices had risen earlier in the day as Hurricane Ike headed toward key energy facilities on the southern US coast and after Opec on Wednesday reduced output to curb falling prices, analysts said.

Brent North Sea crude for delivery in October dropped to 97.85 dollars a barrel on Thursday -- the lowest level since March 5. It later recovered to 98.22 dollars, a loss of 75 cents from Wednesday's close.

New York's main contract, light sweet crude for October, slid 93 cents to 101.65 dollars a barrel.

"Crude oil futures slipped further... as the market focused on demand concerns and the strengthening dollar," said Sueden analyst Michael Davies.

A strong dollar makes goods, such as oil, priced in the US unit more expensive for foreign buyers, dampening demand. The euro on Thursday slid below 1.39 dollars for the first time in a year on heightened concerns about a weak European economy, dealers said.

Concerns about oil demand in a slowing global economy were meanwhile highlighted by the latest monthly report from the International Energy Agency (IEA), which cut its estimate for global oil demand this year by 100,000 barrels per day and in 2009 by 140,000 bpd.

The IEA monthly report, published Wednesday, highlighted shrinking oil demand in North America, saying consumers mainly in the United States are cutting back energy use in response to high prices.