

Stocks

DGEN ▲ 0.32% 2,866.34

CSCX ▼ 0.12% 5,663.55

Asian Markets

MUMBAI ▼ 0.34%
13,994.96

TOKYO ▲ 1.42%
12,090.59

SINGAPORE ▼ 0.58%
2,544.13

SHANGHAI ▲ 7.77%
2,236.41

Currencies

	Buy Tk	Sell Tk
USD	68.00	69.00
EUR	97.27	101.76
GBP	123.08	128.24
JPY	0.63	0.67

SOURCE: STANDARD CHARTERED

Commodities

Gold ▲
\$878.10
(per ounce)

Oil ▲
\$106.00
(per barrel)

SOURCE: AFP

(Midday London Trade)

More News

Tailors face slack time



Today's craze for a man is shirts and trousers that fit him the best. For women, it is a short kameez and 'piped' salwar. All are either bought readymade or made by tailors or seamstresses in the hectic hours ahead of the Eid.

B-4

Bscic hosiery post
Tk 9,240cr exports

Bangladesh Small and Cottage Industries Corporation (Bscic) Hosiery Industrial estate in Narayanganj exported knitting products worth about Tk 9,240 crore in 2007-08 fiscal year.

B-3

International

Japan's Nomura to buy
Lehman Asian operations

Top Japanese brokerage group Nomura Holdings has won a deal to buy the entire Asian operations of failed US investment firm Lehman Brothers Holdings, two sources said on Monday. "It should become official later today," one of the sources told Dow Jones Newswires, declining to specify the amount Nomura will pay.

B-4

Contact Us

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

No more cheap SIM cards

MD HASAN

Mobile phone operators have reduced subsidy on SIM cards, putting their plan to connect people in rural areas at risk.

The top three operators -- Grameenphone, Banglalink and AKTEL -- have hiked prepaid SIM card prices to Tk 400 and post-paid SIM card prices to Tk 1,000 from the average sales price of Tk 150 two months ago.

The increased connection price reflects operators' intention of not willing anymore to bear the burden of Tk 800 in tax on each SIM card, which they said customers should pay.

"The subsidy we have provided until now is primarily on the current Tk 800 SIM tax. We have reduced the subsidy on the SIM tax to ensure our affordability to continue to invest more in the market," said Syed Yamin Bakht, director (public relations) of Grameenphone.

Since the imposition of Tk 900 tax on SIM connection in the 2005-06 budget, the mobile operators have been taking all the burden of this taxation as they anticipated that the government would eventually withdraw the tax. But the government never withdrew the tax. All it did was



Customers wait their turns at an outlet of mobile phone operator Grameenphone yesterday. The country's top three operators Grameenphone, Banglalink and AKTEL have increased their prepaid SIM card prices to Tk 400 and post-paid SIM card prices to Tk 1,000 from an average sales price of Tk 150.

reduce the tax to Tk 800.

The SIM tax coupled with an aggressive customer acquisition placed the operators much short of the breakeven they expected.

According to market insiders, the mobile telephony industry's monthly average revenue per user is only Tk

145. On the other hand, operators spend Tk 1,100 on each new connection, when they sell a SIM card for as low as Tk 100.

On average, the operators have to wait more than seven months to recover the money they pay in tax on behalf of their customers.

Of the six operators, the top three enjoy around 90 percent market share with country-wide network coverage. However, the small operators are now concentrating on rural customer segment.

Mobile industry insiders consider the people of 15 and 65-plus years age groups as

prospective customers, with most living in rural areas.

"Much of the future growth will come from the financially constrained segments and the SIM tax is a major barrier to this growth," Yamin Bakht said.

"We are still providing a considerable amount of subsidy, but we hope the government will either reduce or withdraw the existing SIM tax," he said.

The GP official said any government move for tax cuts would enable a much larger number of people to benefit from the modern communication and information technology and contribute to an increase in government revenue earnings.

Operators fear their plan to connect people living in the rural areas would be hit hard by the increase in the SIM prices.

The top officials of the six mobile operators who met several times after the final budget announcement expressed concern over a huge number of inactive connections. The officials also said availability of low-cost connections was also a reason for making losses even after having a good number customer base.

"We increased the connec-

tion price so that customers can feel they own a phone and they must bear the cost," said Bidyut Kumar Basu, chief commercial officer of AKTEL.

Due to a stiff price war in the highly competitive Bangladesh's mobile telecom market, the mobile phone operators used to bear customers' whole tax burden.

This was done because of industry-wide anticipation that the government would significantly decrease the SIM taxes soon as the tax hurts operators in the industry financially, said Solaiman Alam, head of PR and communications of Banglalink.

Operators now feel that huge subsidy is a reason for incurring losses.

"The burden of high SIM taxes coupled with continuous negative earnings has led us to revise the acquisition costs," Alam said.

"With the increased prices we will provide products that offer the best value, which will ensure the connections being used by the more serious users as opposed to multiple SIM users," he said.

At present, except Grameenphone, all other operators fall short of profitability.

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Aramit to expand

SARWAR A CHOWDHURY

Aramit Limited, a building materials manufacturing company, plans to set up a new production unit at a cost of more than Tk 14 crore.

The company, which produces asbestos roofing materials, drainage pipes and ceiling insulating sheets, targets to add more than Tk 3 crore to its profit through the new plant.

As per the expansion plan, the additional turnover of Aramit Ltd will be around Tk 23 crore, company officials said.

As of June this year, the Chittagong-based listed company's half-yearly net turnover was Tk 23.08 crore and net profit was Tk 3.88 crore, according to Dhaka Stock Exchange website.

The new plant will start commercial production by June next year.

Ibrahim Khalil, executive director of Aramit Group, the parent company of Aramit Ltd, said presently the local demand for such building materials as asbestos roofing materials, drainage pipes and ceiling insulating sheets is around 70 to 80 lakh square metres per year.

"In our first unit, we produce around 30 lakh square metres materials a year and after completion of the new plant we will produce another 30 lakh square metres."

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DSE market capitalisation crosses Tk 1 trillion mark

STAR BUSINESS REPORT

The market capitalisation of Dhaka Stock Exchange yesterday reached Tk 1,00,970 crore (over Tk 1 trillion) for the first time on the trading debut of First Security Bank shares.

Such capitalisation was Tk 99,592 crore the previous day. Market capitalisation represents the aggregate value of a company or stock. It is calculated by multiplying the number of shares outstanding by the current price on each share.

It set a new milestone crossing the Tk 1 trillion mark mainly riding on the trading debut of First Security Bank shares, said DSE Chief Executive Officer Salahuddin Ahmed Khan.

First Security Bank joined the stock market with

1,15,00,000 primary shares of Tk 100 each. Earlier, the bank raised Tk 115 crore from the public. Opening at Tk 185 on the DSE, each share of the bank rose yesterday as high as Tk 208 before closing at Tk 193.25.

"With entering of new companies including state-owned enterprises in future, the market capitalisation will further increase," the DSE CEO said.

Meanwhile, Dhaka stocks closed higher slightly yesterday. The DSE General Index rose 9.11 points, or 0.31 percent, to 2866.34 points, while the DSE All Share Price Index gained 6.07 points, or 0.25 percent, to 2418.03 points.

A total of 3,02,84,276 shares worth Tk 401.36 crore changed hands on the DSE. Of the 226 issues traded, 93 gained, 120 declined and 13 remained unchanged.

Titas Gas topped the turnover list with 8,24,800 traded shares worth Tk 39.84 crore.

The day's other turnover leaders were Grameen 1 Scheme 2, First Security Bank, AIMS 1st Mutual Fund, ACI, Summit Power, ICB 2nd NRB Mutual Fund, Beximco Pharma, Beximco and Prime Finance.

Chittagong stocks, however, closed lower slightly.

The CSE Selective Categories Index fell 6.71 points, or 0.11 percent, to 5663.55 points. The CSE All Share Price Index declined 9.67 points, or 0.11 percent, to 8674.02 points.

A total of 62,23,899 shares worth Tk 53.99 crore changed hands on the port city bourse. Of the 135 traded issues, 46 gained, 84 declined and 45 remained unchanged.

Air Asia may fly from Dhaka

PORIMOL PALMA

The government is likely to allow operation of low-cost airline, Air Asia Berhad, from Dhaka.

However, as per an inter-ministerial committee recommendation any such airline willing to operate from Bangladesh has to first fly from Chittagong.

"A meeting scheduled to be held today will take the final decision if the Kuala Lumpur-based airline will be allowed to operate on Dhaka-Kuala Lumpur route," an official of the Ministry of Civil Aviation and Tourism told The Daily Star yesterday.

Asked why the government accepted Air Asia Berhad's application seeking permission of operating 7 flights a week from Zia International Airport when the inter-ministerial committee set conditions for operation of low



cost airline from Dhaka, the official said, "Air Asia Berhad said it would operate from Dhaka like those of the traditional airlines."

Businesses concerned however say it is not possible for a low cost airline to act like a legacy airline suddenly.

The committee engaging the ministries of civil aviation, foreign affairs, home, expatriate's welfare, Civil Aviation Authorities of Bangladesh (CAAB), Biman Bangladesh Airlines Ltd and GMG Airlines recommended last February

that Bangladesh should allow operation of low-cost carriers from Dhaka subject to at least three weekly flights from Chittagong.

Low-cost airlines offers air fares \$100-\$150 lower than that of the legacy carriers because of using same category aircraft and crew, low maintenance and fuel cost, short-haul flights, curtailment of onboard services like food and beverage, restrictions on baggage weight, online booking system and non-refundable tickets.

The services onboard are however available on demand.

The committee suggested that in the free market economy the government should ensure competitive business environment and consumers' interests so that they have chances to choose in line with their purchase capacity.

An official from Biman Bangladesh Airlines said, "Arbitrary allowing of low-cost airline will eat up the market share of the Biman and other local airlines."

As per the present agreement between Bangladesh and Malaysia, Bangladesh Biman Airlines operate 7 flights and local GMG Airlines operate 7 flights on the Dhaka-Kuala Lumpur route.

Presently only Air Arabia, a low cost airline operating on Chittagong-Sharjah route for over a year, started operating 6 flights a week on Dhaka-Sharjah route from June.

Goldman, Morgan Stanley end Wall Street era

AFP, New York

Goldman Sachs and Morgan Stanley brought down the curtain on a Wall Street era Sunday, agreeing to a radical revamp that completes the biggest overhaul in high finance since the Great Depression.

The last two major independent investment banks in the United States will become holding companies, a rescue move which accepts the kind of government regulation that Wall Street's top high-rollers long fought bitterly against.

Even as the United States announced a 700 billion dollar bailout to save financial institutions, the firms themselves asked for the change as one after the other of their rivals were swallowed up in the global financial crisis.

The move submits both firms to significantly more regulation and will limit the massive profits that spawned a culture of high-risk finance and made them, along with other

GOLDMAN SACHS

- Founded in 1869
- It became a listed company in 1999 having been a private partnership
- Provides investment banking, securities and investment management services
- Recently reported a 70 percent fall in third-quarter earnings to \$845m

MORGAN STANLEY

- Founded in 1935
- Reas included institutional securities, wealth management and asset management
- Merged with Dean Witter, Discover & Co in 1997
- Recently saw third quarter earnings fall 3 percent to \$1.43b



The headquarters of Morgan Stanley in Times Square in New York City

investment banks, the envy of Wall Street.

As holding companies, both firms will have easier access to credit to survive the current crisis -- unlike former rivals Lehman Brothers, which collapsed, and Bear Stearns and Merrill Lynch, which were taken over.

But it will also halt much of

the massive risk-taking, often funded with huge debt, that created the swaggering investment-banking culture of Wall Street legend -- a winner-take-all mentality often caricatured as naked greed.

Both firms will have to radically cut back the amount of money they borrow relative to the capital they have, a restric-

tion that will curb profits dramatically.

"We believe that Goldman Sachs, under Federal Reserve supervision, will be regarded as an even more secure institution with an exceptionally clean balance sheet," said Goldman chairman Lloyd Blankfein.

He said the decision had been "accelerated by market

sentiment" -- an acknowledgment of the global financial turmoil that has transformed the face of Wall Street virtually overnight.

As the world financial crisis deepened last week, the US government took over troubled insurer AIG, Lehman Brothers collapsed and Merrill Lynch was bought out. Morgan

Stanley was already in talks on a possible merger.

"This new bank holding structure will ensure that Morgan Stanley is in the strongest possible position," chairman John Mack said.

Looking to shore up confidence and draw a line under the crisis, the US government put together a 700 billion dollar

bailout proposal.

The plan, now urgently awaiting approval by US lawmakers, would give the US Treasury almost free rein to buy up bad mortgage-related debts which sparked the current crisis.

US Treasury Secretary Henry Paulson said at the weekend that the US Congress now needed to take action fast.

WHAT IS AN INVESTMENT BANK?

Goldman, Morgan Stanley ahead of the bell

An investment bank is an intermediary that performs a variety of financial services. This includes underwriting, acting as an intermediary between an issuer of securities and the investing public, facilitating mergers and other corporate reorganisations, and also acting as a broker for institutional clients.

The role of an investment bank begins with pre-underwriting counselling and continues after the distribution of securities in the form of advice. Goldman Sachs and Morgan Stanley, the last two major investment banks in the US, have changed their status to become bank holding companies, allowing them to take deposits from investors.

The changes should enable Goldman and Morgan Stanley to raise more funds by opening commercial banks. The move, part of a huge restructuring effort on Wall Street, will also give them access to Federal Reserve support. Transforming the investment giants into licensed, deposit-taking banks marked the end of an era for Wall Street.