

Stocks

DGEN	▼ 0.16%	2,563.69
CSCX	▲ 0.13%	5,083.70

Asian Markets

MUMBAI	▼ 3.42%	9,305.45
TOKYO	▼ 0.38%	7,750.17
SINGAPORE	▼ 1.31%	1,683.31
SHANGHAI	▲ 2.96%	2,389.39

Currencies

	Buy Tk	Sell Tk
USD	68.40	69.40
EUR	85.75	90.34
GBP	95.58	100.48
JPY	0.74	0.78

SOURCE: STANDARD CHARTERED

Commodities

Gold	▲	\$943.58	(per ounce)
Oil	▲	\$37.89	(per barrel)

SOURCE: AFP

(Midday Trade)

More News

Malaysia fears drop in tourists from Bangladesh

Malaysia expects a 38 percent fall in the tourist flow from Bangladesh to 30,000 arrivals in 2009 as many may cut their travels plans in the global financial crisis. The country has also slashed its global tourist arrival forecasts for the current year.

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Stocks slip on profit-taking

Stocks edged down yesterday, as retail investors booked some profit from sell-offs after two days of gains. Some big institutional investors however took position in securities at comparatively low prices. "Turnover seems to be picking up slightly as the institutional investors are becoming more active," Equity Partners Limited, an investment firm, said in an analysis.

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International

A way out of financial gloom



Asians should raid their piggy banks and go shopping if the region wants to dodge the worst fallout from the global economic crisis, but analysts doubt entrenched saving habits can be broken. As the global slowdown has spread across the region in the past few months, the call from economists for Asia to boost sluggish consumer spending has reached a crescendo.

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

Local firm shows feat in making SIM cards

MD HASAN

Silkways Card & Printing Ltd, a local company, has made around 4 million subscriber identity module (SIM) cards since 2007 at its own plant for the country's mobile phone operators, a testimony to the capability of domestic enterprises.

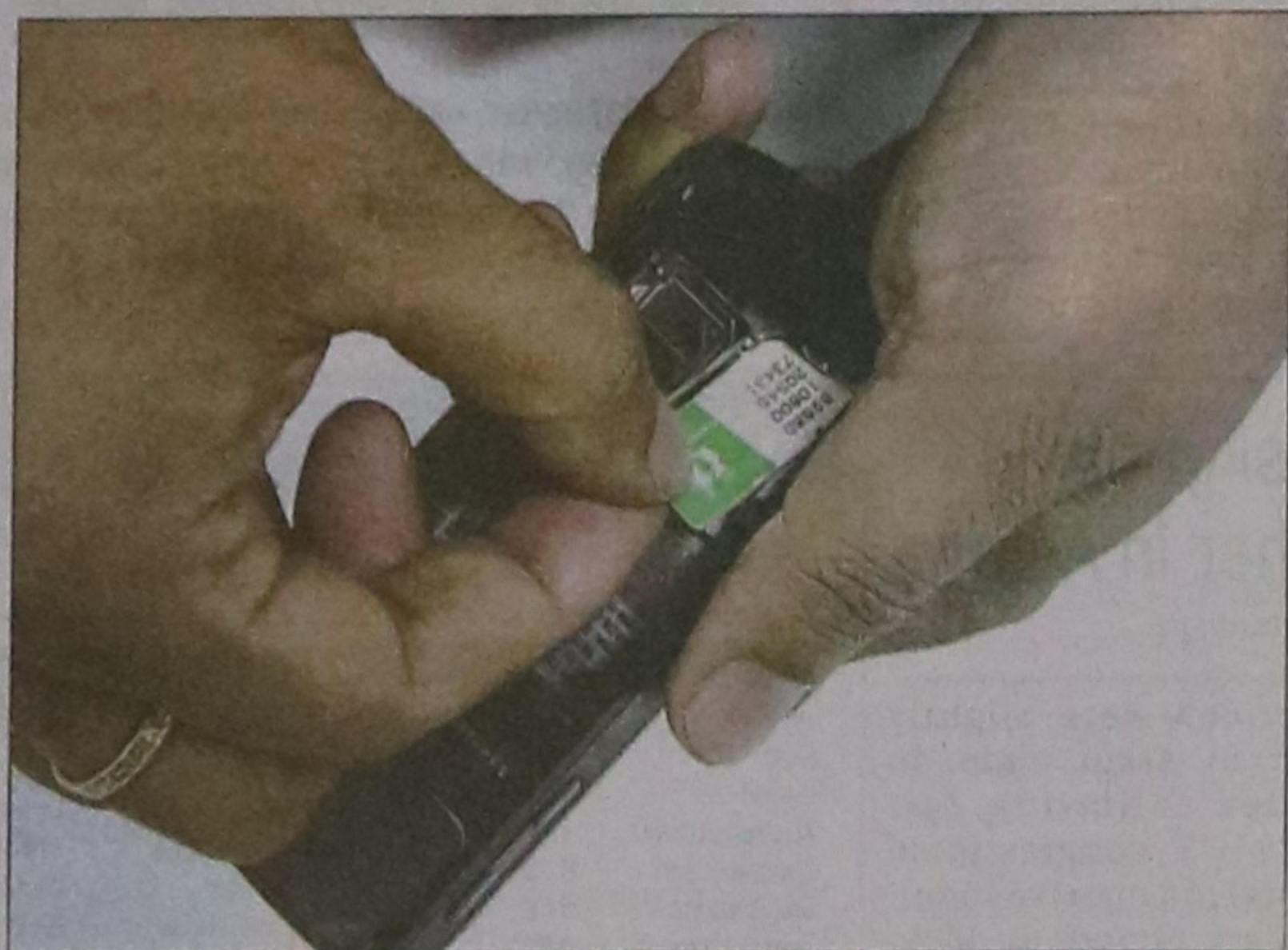
From 2006 the company also has supplied 40 million scratch cards used for recharging balance in mobile phones.

The figure could be insignificant in the rapidly growing 45-million mobile market, but the local initiative has already been able to gain confidence in both the national and multinational cellphone companies.

The company, formed in 2006, started SIM manufacturing at its Tk 50 crore Tejgaon plant with German machinery although it needs to import chip, one of the major components of a SIM card.

"Besides chip, we do everything for making SIM cards in our lab -- from assembling chip to installing required software," said Masudur Rahman Tuhin, chief operating officer of the company, yesterday.

"It's a no-nonsense company," he said, adding that Silkways is



A man inserts a SIM card into his mobile phone. A local company has so far made four million SIM cards for mobile operators in the country.

recognised by ISO (International Organisation for Standardisation) and GSM Association, the global platform of mobile technology.

In 2007 and 2008 Bangladesh's six mobile operators, who usually import SIM cards, sold around 10.27 million SIM cards, of which Silkways supplied around 40 percent.

Grameenphone, majority controlled by Norway's Telenor, AKTEL, majority owned by Telekom Malaysia, and state-run TeleTalk are the customers of the company.

The local and multinational operators import SIM cards at an average cost of \$2.5 each. Silkways claims that it sells the same quality SIM at half this import price.

Silkways, a 200-person strong company with the capacity to produce 2 million SIM cards a month, imports ABS sheet and then install chip for making the SIM cards.

But the company is faced with setback due to poor customer acquisition by the operators in the recent time, and the operators' unwillingness to buy the same quality SIM cards from local market for unknown reasons, the official said.

He said the company is yet to reach the break-even point and blamed the situation on a lack of government's policy support.

"We save foreign currency, which operators remit by purchasing SIM cards from the global market," Masudur Rahman said, adding: "If the government considers the foreign currency issue and encourages the operators, especially the local one, we can sustain our growth."

The country's telecommunication penetration rate is only 30 percent now and so there remains a big untapped market. As per the market insiders' projection, the number of telecom customers would be 50 million by the end of this year.

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BB to ask NBFIs to cut bad debt

REJAUL KARIM BYRON

Unnerved by the bad debt that crossed 10 percent of the total lending by non-bank financial institutions (NBFI), the central bank in a meeting with the institutions today will ask for bringing it down at the earliest possible time.

Six to seven issues, including the loans that remain defaulted, will come up for discussion in the meeting to be chaired by Bangladesh Bank (BB) Governor Dr Salehuddin Ahmed.

A BB working paper with regard to the parley has found the NBFI default loans 'alarming'.

The ways the commercial banks and NBFIs adopt in disbursing loans are different, according to BB officials.

When NBFIs collect money from banks at a higher rate to lend it to a limited and selected group, over 10 percent bad loans for them is a matter of serious concern, they said.

The higher rate of classified loans means a higher risk in business, the working paper observed, stressing a continuous monitoring of the issue.

Of the 29 NBFIs, 20 have raised their capital through issuing initial public offerings (IPO), the paper also pointed out.

Today's parley is likely to set a deadline for the NBFIs to issue such IPO, as many institutions are yet to comply with the repeated directives from the Bangladesh Bank and Securities and Exchange Commission to do so.

There is a provision for depositing 25 percent of the state institutions' money with private commercial banks (PCBs).

The NBFIs have earlier proposed to the government for taking steps for depositing a 15 percent money with the NBFIs instead of PCBs. On a review of the issue in today's meeting, a decision would be taken whether the issue would be forwarded to the Cabinet meeting.

Meanwhile, the NBFIs have already sought the central bank's nod to their intention for borrowing from foreign multinational lenders to face their fund constraints.

The BB may recommend a fund raising by them from bond market. The central bank also emphasises capacity building the NBFI staff.

Persona gets revenue glamour

Earnings rise to Tk 5.30 crore

SAYEDA AKTER

Persona Hair and Beauty Ltd recorded a 47.22 percent rise in revenue in 2008 despite fierce competition from rivals.

The rise in revenue earnings from Tk 3.60 crore in 2007 to Tk 5.30 crore in 2008 came from only two out of its four branches, said Kaniz Almas Khan, owner of Persona.

The salon also paid Tk 69.15 lakh in VAT and Tk 2.74 lakh in other taxes to the government last year, according to Khan, also the brand ambassador of Sunsilk.

Khan said the reason behind growth was the "better services" provided by the company at reasonable prices.

"Another reason is the overall growth of the beauty industry, which significantly flourished over the past decade."

Khan said the sector's growth was driven by increasing beauty consciousness among women and a desire to take care of one's appearance, especially among the middle class.

"Beauty consciousness further spread because of the soap operas on satellite channels, introduced in the 1990s," she said.

"At the same time, the number of working women increased and that gave women more liberty to spend their own money to take care of themselves," she added.

It is a Tk 100 crore-plus industry, providing employment for an estimated 1 lakh people, of which 99 percent are women.

Khan started her venture in the late 1990s, opening a salon named "Glamour" with a loan of Tk 2 lakh from MIDAS (Micro Industries Development Assistance and Services), as an initial investment and nine workers in a 2000 square feet room at her Kalabagan home.

Later in 1998, Glamour turned into Persona Hair and Beauty Ltd in Dhanmondi (Road No. 27) in a 3,400 square feet salon with around 200 workers.

Persona has three other salons: two in Gulshan and one in Mirpur. The company employs

1,200 people.

Persona's Dhanmondi salon is able to serve 300 women at a time on a space of 11,000 square feet, with separate sections for spa services and services for men at 'Adams', one floor up.

"On weekdays, we provide services to around 700 clients a day and the number often crosses 1,000 on the weekend," said Khan.

Last year, Persona also recorded Tk 8.73 lakh in operating profit. However, profits for 2008 were much lower than the profits recorded in 2007, amounting to Tk 61.68 lakh.

"We initiated several new projects, catering to the needs of different segments of people in 2007, such as Persona Health, Spring Spa, Adams for men, Training Institute, which ultimately lowered the company's profit in 2008," Khan explained.

The beautician said one of the main problems the industry faces is a lack of professional training institutes. "People who are interested to work in the

industry suffer from a lack of professional training and skills," she said.

"We have now opened an institute in Dhaka and there are one or two more institutes that opened recently but the numbers are inadequate in terms of demand," she added.

Persona Hair and Beauty Ltd also runs an independent studio and a monthly publication named Canvas, regularly.

Persona also extended its hands to social responsibilities. In 2005, it started providing training for 25 acid victims from the Acid Survivors Foundation and now 23 of them are working for Persona.

Last year, the company joined hands with the Development Assistance for Background Society, a non-profitable organisation, and provided scholarships to 10 students from the University of Dhaka.

Khan emphasised formation of an association to protect the interests of the industry people.

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Kaniz Almas Khan

Japan economy shrinks fastest since WWII

AP, Tokyo

Strangled by the collapse in global export demand, Japan's economy shrank at its fastest rate in 35 years in the fourth quarter and shows no signs of reversing course anytime soon.

Japan's gross domestic product contracted 3.3 percent from the previous quarter, or an annual pace of 12.7 percent, in the October-December period, the government said Monday.

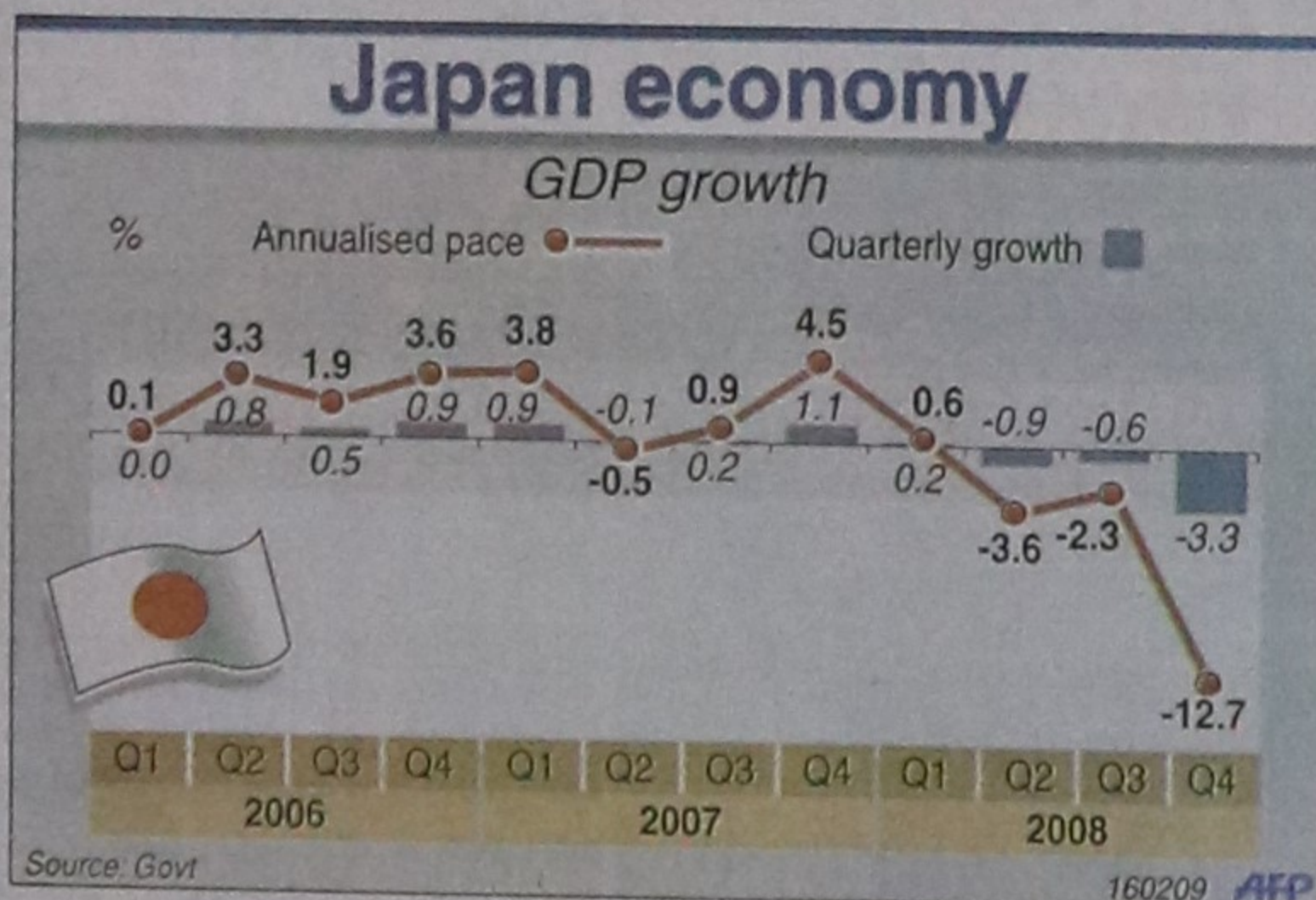
That was worse than expected and the steepest slide for Japan since the oil shock in 1974. It is more than triple the 3.8 percent annualised contraction in the US in the same quarter.

"There is no question that this is the worst economic crisis since the end of World War II," said Economy Minister Kaoru Yosano. "The outcome clearly shows that Japan's export-dependent economy has been severely hit."

Chief Cabinet Secretary Takeo Kawamura went further, calling the economic downturn a once-in-a-century calamity.

Rattled officials hinted they may soon call for more government steps to stem the widening damage but urged lawmakers to first give final approval to a \$52.2 billion extra budget, which includes cash payouts to taxpayers.

Already, Toyota Motor Corp., Sony Corp. and a slew of other companies have announced deep



Source: Govt

160209 AFP

job cuts and projected net losses for the fiscal year through March. The yen's appreciation, which erodes income from abroad, has only intensified the pain.

The fallout has begun to penetrate families, which are spending less amid rising unemployment and waning confidence.

Japan's economy - the world's second-largest - has now contracted for three straight quarters and is almost certainly headed for a fourth.

The first three months of the year will likely be "another horrifying quarter," said Kyohei Morita, chief economist at Barclays Capital in Tokyo, who predicts GDP to contract an annualised 10 percent during the period.

The latest data underscore the

vulnerability of Asia's export-driven economies during global downturns and point toward more cuts in jobs, production and profits in the coming months. Even demand from emerging markets, which earlier had partly offset declines in North America and Europe, began falling sharply in the fourth quarter.

For all of 2008, GDP, or the total value of the nation's goods and services, shrank 0.7 percent - the first decline in nine years, according to the Cabinet Office.

Martin Schulz, an economist at Fujitsu Research Institute in Tokyo, said the three main pillars that lifted Japan out of the so-called "lost decade" of the 1990s had crumbled - favorable exchange rates, overseas invest-

ment and demand, and old industry such steel, cars and chemicals.

"The recovery was unsustainable," Schulz said. "It was built on a major global bubble, and now basically the economy is paying the price."

Indeed, Japan's exports plummeted a record 13.9 percent in the fourth quarter from the previous three months, the government said. Capital expenditure - business investment in factories and equipment - fell 5.3 percent from the previous quarter, while consumer spending slipped 0.4 percent.

Manufacturers have been extremely quick to adjust to the deteriorating conditions. Companies in recent years have hired more short-term dispatch workers and fewer permanent employees, making it considerably easier to slim down when needed.

Last week electronics company Pioneer Corp. said it will cut 10,000 jobs globally, joining a growing list of the country's corporate giants scrambling to slash their payrolls. Sony is shedding 8,000 workers, while Nissan Motor Co. and NEC Corp. are each cutting 20,000 people.

In its latest forecast, the International Monetary Fund predicts Japan's economy will shrink 2.6 percent this year, outpacing the 2 percent overall decline it expects for advanced

economies.

To revive the economy, Japan's parliament passed a contentious 4.8 trillion yen (\$52.2 billion) extra budget in January that includes business tax credits and a cash payout of 12,000 yen (\$133) per Japanese taxpayer. Prime Minister Tarō Aso - who faces single-digit approval ratings - has championed the idea, saying it will stimulate sagging consumer spending.

But critics have panned the handouts as a lavish waste of public money with limited impact. The resulting political wrangling has delayed implementation of the stimulus measures, which still await Diet passage of some related bills.

Morita of Barclays Capital said Japanese policymakers tend to introduce measures to boost approval ratings rather than GDP, especially with mandated elections later this year.

"We cannot expect much from Japanese fiscal spending," he said. "But given the large negative (GDP) number, this will probably be a factor to make politicians think seriously about implementing a supplementary budget for (next fiscal year)."

Media reports over the weekend said Japan may be considering additional measures to shore up the economy with fresh spending likely to top 10 trillion yen (\$109 billion).

BB's alternative approach to reduce PCBs' lending rate

UNB, Dhaka

Bangladesh Bank would take an alternative approach to reduce the interest rate on loans of private commercial banks which have so far given cold shoulder to the central bank's efforts in this regard.

"We'll continue to pursue the banks to reduce the interest rate. It may be in a different manner, different dimension," Governor Dr Salehuddin Ahmed told the news agency yesterday.

He did not elaborate what could be the approach, but indicated that the PCBs would be interested in lending at lower interest rate if the government-owned commercial banks perform better with low interest rates.

The central bank has long been asking the private commercial banks (PCBs) to reduce the spread below to 5 percent from an average of over 6 percent through reducing the lending rate now ranges from 12.5 percent to 18.0 percent.

But the PCBs have so far given cold shoulder to the "moral suasion", making the central bank boss unhappy and prompting him to consider about an alternative approach.