

think electronics... think **DIGITAL**

**TRANSCOM**  
DIGITAL  
Your Trusted Electronics Retailer

Consumer Electronics | Appliances | IT & Cameras | Electrical Products

Customer Care Center: 885366-N, 01712 465463

## Stocks

|      |         |          |
|------|---------|----------|
| DGEN | ▼ 0.59% | 2,539.17 |
| CSCX | ▼ 0.40% | 5,326.67 |

## Currencies

|     | Buy Tk | Sell Tk |
|-----|--------|---------|
| USD | 68.50  | 69.50   |
| EUR | 89.34  | 93.85   |
| GBP | 100.50 | 105.17  |
| JPY | 0.68   | 0.72    |

SOURCE: STANDARD CHARTERED BANK

## Commodities

|      |   |          |              |
|------|---|----------|--------------|
| Gold | ▼ | \$884.50 | (per ounce)  |
| Oil  | ▲ | \$52.11  | (per barrel) |

SOURCE: AFP

(As of Friday)

## More News

### Reaching out to the poor



It is not very common to hear of a central bank governor promising to visit the poorest of the poor, extending support where no bank or NGO has made their mark. Before taking the reins of Bangladesh Bank as its chief, Dr Atiur Rahman visited farmers in charlands and saw their lives up close.

B-4

### Small industries assured of govt help to set up ETPs

The state minister for environment and forests has assured smaller industries of government's financial support to set up effluent treatment plants (ETP). "We have to ensure waste management, but we cannot damage the industry producing any item that somehow endangers environment," Mostafizur Rahman told a discussion, organised by BCI in Dhaka.

B-3

## International

### Fiat boss to discuss Opel bid with German ministers

Fiat boss Sergio Marchionne is to have talks with top German ministers in Berlin Monday amid reports of a bid for Opel after taking a stake in US auto company Chrysler, the government said Saturday. Marchionne will be meeting Economy Minister Karl-Theodor zu Guttenberg and Foreign Minister Frank-Walter Steinmeier, their departments said.

### Japan to offer \$38.4b to Asian forex reserve pool

Japan will contribute 38.4 billion dollars to an Asian emergency currency pool to bolster state finances amid the global economic slump, Finance and Economy Minister Kaoru Yosano said Sunday.

B-4

## Contact Us

If you have views on Star Business or news about business in Bangladesh, please email us at [business@thedailystar.net](mailto:business@thedailystar.net)

# Local energy savers flicker on

MD HASAN

Two local companies that assemble quality energy saving lights are threatened with imported substandard and low-cost bulbs, which reportedly fall short of saving energy to the expected extent, amid a recent rise in demand for such bulbs.

Bangladesh Lamps Ltd and Energypac Electronics Ltd are the two companies, which now together hold around 35 percent share of the domestic market, whereas more than 50 percent share is grabbed by non-branded energy-saving lights, according to officials. The rest is controlled by other importers of branded products.

Non-branded lights cannot save the same energy as they claim, according to a study conducted by Energypac. These non-branded items are mainly imported from China.

In Bangladesh, the campaign for using energy saving lights started in the mid-1990s. The campaign gained a momentum when the government also got involved in it.

The idea of saving 80 percent electricity has encouraged customers to use these lights, whose demand now touches more than 10 million pieces a year.

Bangladesh Lamps and Energypac started assembling quality energy saving lights a few years ago.

"The demand is growing as these have nice luminosity and help save electricity," said Md Habibur Rahman Mollah, chief operating officer of Bangladesh Lamps, the maker of Transtec brand compact fluorescent light (CFL) bulbs that save 80 percent energy.

Bangladesh Lamps, also the market leader in tube light segment with its energy saving Philips brand occupying 65 percent share, set up a unit for assembling CFL bulbs in 2007.

The company sold 8 lakh CFL lights in 2008 and expects to sell 20 lakh in 2009.

Mollah said the growth in the energy saving light industry could be more than 40 percent year-on-year.

When asked why the big importers are discouraged from importing fin-



A worker arranges energy saving bulbs (left), and employees test such bulbs at a factory. Local assemblers are in a stiff competition with substandard imported products.

ished products, he said: "We stopped importing finished CFL bulbs as we had an experience that 40 percent of the imported items were faulty."

"We redesign the products locally that match our electricity fluctuation and weather."

Locally assembled CFL bulbs are faulty by less than three percent, he said.

Market insiders said around 30 percent electricity is used at household level, which consumes around 1,740 megawatt (MW) electricity against the present production of 5,800 MW as claimed by the government.

"If real energy saving lights occupy all the households in line with the 80 percent energy saving parameter, the government can save 1,392 MW power," said Mir TI Faruk Rijvy, manager (marketing and sales) of Energypac Electronics.

He however said unfortunately after testing 42 imported items, most were found substandard.

Energypac sold 6 lakh CFL bulbs in 2008 and is set to sell 10 lakh in 2009, holding around 14 percent market share.

With 40 percent sales growth, the

company assembles 5,000 CFL lights an hour in its factory.

According to the company's own market study, around 2.5 crore families are now under electricity coverage, but only 20 percent of them use energy saving lights, said Rijvy.

The rural areas remain far away from the energy saving devices mainly due to their higher costs.

"So there is a big untapped market. But there is no guarantee that all of the untouched markets will be occupied by the standard energy saving lights, as the government has no mechanism to test imported products whether those really save energy," said Rijvy.

A total of 1,23,77,164 finished energy saving lights were imported between 2006 and 2008, while components to assemble 28,66,974 units were imported during the same period mainly from China and Taiwan.

"The import figures show the dominance of non-branded items," he said.

Besides some branded lights, most of the imported items are substandard and flooding local market in the guise of energy saving bulbs.



A worker arranges energy saving bulbs (left), and employees test such bulbs at a factory. Local assemblers are in a stiff competition with substandard imported products.

Rijvy said Energypac earlier used to import finished CFL bulbs. "We had to replace more than 40 percent of the imported items. Then we went for assembling CFL bulbs locally by importing components."

The government has set a deadline to ban production, import and use of traditional incandescent bulbs by June 2010 to replace the country's lighting arrangement by energy saving devices.

Usually a quality energy saving bulb costs Tk 180 to Tk 1,000 depending on its capacity, but a substandard bulb is selling at Tk 80 to Tk 200.

Both the Bangladesh Lamps and Energypac have testing labs, which ensure around 10,000-hour lifetime of their products and maintain the features that energy saving lights should have.

The government imposes 27.5 percent and 33 percent duties on importing components and finished products respectively, while tube light importers pay 140 percent duty.

"Such a duty structure partially encourages the importers of substandard and low-cost products," said the chief operating officer of Bangladesh Lamps. Local assemblers have to add

value to their product and so it becomes costly, he added.

Mollah pointed out that there is a misconception in the government that tube lights do not save energy.

He said if a particular blast is used with a tube light, it will save more than 85 percent energy.

Transcom Electronics Ltd, the parent company of Bangladesh Lamps, is the sole distributor of Philips brand tube lights in Bangladesh.

Some branded CFL bulbs like Osram and GE are also available in the market and facing stiff competition with the non-branded segment.

Md Moniruzzaman, senior executive (sales) of Osram Lighting Product, said absence of testing lab is the main reason behind the wide spread of substandard products.

"It's difficult to gain a handsome market share with quality products," Moniruzzaman said, adding that they sell 32,000 units each month now, which were only 5,000 three years back.

Only 12 percent customers ask about quality, the Energypac study said.

hasan@thedailystar.net

## ADP should add in steps to offset crisis

### Suggests ICC-B

STAR BUSINESS DESK

The annual development programme (ADP) should incorporate measures to offset the fallout stemming from the global recession, with the national budget approaching, suggested International Chamber of Commerce-Bangladesh (ICC-B). "Investment in bottleneck areas, especially in power generation and gas exploration, should be the top priority and ensuring social safety net should also be adhered to," the chamber said in the editorial of its latest news bulletin released yesterday.

"Stimulus packages for private sector are required to spur investment and create employment," it said, adding that strengthening the local economy through qualitative public spending is now a major challenge for the government to generate new jobs.

The ICC-B said the global financial crisis has led to a nose-dive in economic growth and loss of income and jobs in every corner of the world. The world economy has plunged into its worst crisis since the depression of the 1930s.

The various stimulus packages declared by the developed countries to safeguard their economies, in most cases, have so far failed to get tangible results. The recession might be more damaging unless developed countries take pragmatic measures, it said.

The chamber said the Institute of International Finance (IIF), the Washington-based association representing more than 375 of the world's major banks and financial institutions, projected that the world economy would shrink by 0.4 percent in 2009, after a 2 percent growth in 2008. Since the start of 2007, the reported losses at financial institutions have topped one trillion dollars, the IIF said. Around \$930 billion have been raised by these institutions since mid-2007, with more than one third coming from the public sector.

During the 1997 East Asian financial crisis, International Monetary Fund (IMF) used its \$95-billion package to bail out the western lenders first much to chagrin of the affected states. It became amply clear that there was something deeply wrong in world financial architecture, and the role being played by the IMF, the chamber said.

"Bolstering IMF and the World Bank once again may not bring the desired results of salvaging the world economy from the meltdown, unless closely monitored. Moreover, in the name of bailout, protectionist measures by the developed and advanced developing countries would hamper the global trade flow," it said.

The ICC has already cautioned the world leaders against this problem. It must be ensured that the resources are properly utilised and provided to those countries, in particular to the poorer nations, who are not responsible for the crisis, the chamber said.

In Bangladesh the situation is relatively calmer, as the full-blown impact of the global crisis is yet to hit the country, it said.

United Nations Economic and Social Commission for Asia and the Pacific has recently projected that fallout from global recession to be less severe for Bangladesh. So growth rate will be more than 5.5 percent in current fiscal year, the ICC-B said.

The Asian Development Bank has almost projected the same. "Surprisingly, the World Bank in its Global Economic Prospects 2009 mentioned that Bangladesh's GDP growth rate would sharply decline to 4.5 percent," it said.

Nonetheless, the chamber said, it is a point of concern that some signs of negative impact of the recession, such as decline in non-RMG exports and return of expatriate Bangladeshi workers, have started to creep in. "Immediate policy support is a must to give necessary backup to the exporters so they can absorb the shock," it added.

## Mobile credit retailers seek more returns

STAR BUSINESS REPORT

Cellphone credit retailers have urged mobile operators to increase their commissions to 10 percent from the existing 2.75 percent, claiming that the present rate does not bring in worthy business returns.

A total of 25 lakh retailers load credit for 4.5 crore mobile phone users, on behalf of the six mobile operators.

If a retailer loads Tk 2,000 a day, he will receive Tk 54 in commissions from sales, which amounts to Tk 1,620 a month, said Md Aminul Islam, president of Bangladesh Mobile Phone Load Businessmen Association (BMPLBA).

"How will a retailer run a business with earnings as low as Tk 1,620 a month?" Islam told a discussion at the Dhaka Reporters

Unity yesterday. More than 80 percent of customers now prefer to load a mere Tk 10 to Tk 20 onto their mobiles at one time. The volume and amount of refill has come down, he said.

Retailers said the frequent free talk-time minutes offered with new connections by the mobile operators also lead to a decrease in refills.

The retailers purchase a desired "load amount" from an authorised mobile phone distributor and resell it to customers through a specialised SIM (subscriber identification module).

The BMPLBA president said: "In one sense, we are the main revenue earners on behalf of the mobile operators. But if you calculate what we actually get in return, it is nothing."

## SEC gets new chief

STAR BUSINESS REPORT



Ziaul Haque Khondker, managing director of Investment Corporation of Bangladesh (ICB), has been appointed chairman of the stock market regulator Securities and Exchange Commission (SEC).

Khondker, who was awaiting the government's approval to his application for retirement from the service of ICB, received an establishment ministry letter yesterday, giving him the new assignment.

The SEC top post fell vacant when the contract of Faruq Ahmad Siddiqi, the immediate past chairman, expired on March 14.



Dr Atiur Rahman, left, walks to a meeting on his first day as Bangladesh Bank governor, along with his colleague Murshid Kuli Khan, deputy governor, at the central bank headquarters in Dhaka yesterday. The new governor says his first task will be to provide policy support to the government and the private sector to help them ride out the effects of global economic meltdown. "The banking sector should play the role of a rescuer during any crisis," he says. (Related stories on page 16 and B4).