

Stocks	
DGEN	0.24% 2,493.59
CSCX	0.96% 5,296.45

Asian Markets	
MUMBAI	1.37% 12,116.94
TOKYO	4.55% 9,385.70
SINGAPORE	2.87% 2,241.60
SHANGHAI	0.19% 2,597.45

Currencies	
Buy Tk	Sell Tk
USD	68.50 69.50
EUR	89.13 94.11
GBP	101.86 107.20
JPY	0.68 0.75

SOURCE: STANDARD CHARTERED BANK

Commodities	
Gold	\$912.38 (per ounce)
Oil	\$58.05 (per barrel)

SOURCE: AFP

(Midday Trade)

More News

3G licence for mobile operators soon

The much-awaited 3G licence is likely to be awarded to the mobile phone operators some time after the launch of WiMax in between June and July, said the telecom minister yesterday. In the meantime, Rajiuddin Ahmed Raju suggested the prospective 3G operators get ready to launch the 3G services.

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International

Malaysian condos go bust



Prices of luxury condos that have mushroomed around the Malaysian capital's iconic Petronas Twin Towers in recent years are crashing as the global financial crisis hits. Cash-strapped Malaysians and foreign investors from Asia and the Middle East fuelled a boom in plush inner-city apartments that saw some 28 high-end buildings thrown up in the city centre.

Tata to offer low-cost flats

Weeks after coming out with the world's cheapest car Nano, the Tata Group has announced it would offer houses at affordable prices ranging from Rs 3.9 lakh to Rs 6.7 lakh at a price 100 kilometres from India's financial capital Mumbai.

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Contact Us

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

Green shoots sprout in seed business

SOHEL PARVEZ

Seed business is thriving in the country backed by a number of corporate biggies who came up to grab a slice of around Tk 1,000 crore market for hybrid and high-yield seeds.

In the recent years more than half a dozen conglomerates such as Ispahani, Energypac, Square, Paragon, Getco and Northern signed up for the business, with Partex being the latest entrant to take hold of a portion, riding on the present supply shortage of quality seeds.

The existing old players such as Supreme Seed, Brac, Lal Teer, ACI and Aftab are consolidating their positions by concentrating on developing both backward and forward linkages such as investment in research and development (R&D) to introduce their own hybrid seeds, and storage and processing centres.

"We want to take the supply shortage of quality seeds as an opportunity," said Mokhesur Rahman, executive director of Partex Agro, a concern of Partex Group.

Partex made its debut in November 2008 in seed business as the demand and sales of high-yield seeds, including hybrid ones, are on the rise, spurred by the existing companies' marketing campaign and the government support that almost doubled in the last three years.

In fiscal year (FY) 2006-07 over 5,000 tonnes of hybrid rice seeds were used to cultivate around 3.90 lakh hectares of land. So far in the current FY, the quantity of hybrid rice seeds used in around 8 lakh hectares is around 11,000 tonnes.

However the gap in supply and demand for quality seeds remains wide although more than 100 seed companies are in operation now.

Industry estimate shows that the



SYED ZAKIR HOSSAIN

The gap between supply and demand for quality seeds to cultivate rice remains wide, although more than 100 seed companies are in operation now. Companies are investing a huge amount to introduce their own hybrid seeds, and storage and processing centres.

demand for quality seeds stood at more than 11 lakh tonnes in FY2007-08, but both the private and public sector seed firms could supply 2.10 lakh tonnes. The rest were met either by farmers or importers, according to a publication released during the Seed Fair 2009.

"We want to produce quality seeds locally. We have already invested more than Tk 3 crore in R&D as part of our goal to produce seeds here," said the Partex Agro official.

"We are also looking for some 'short duration' hybrid varieties to help farmers harvest early. We aim to introduce some aromatic rice varieties either," he

said.

Currently local production of high-yield seeds by public and private sector organisations remains very low.

According to agriculture ministry officials, out of the total of 11,000 tonnes of hybrid rice seeds used in the outgoing Boro season, only around 2,500 tonnes were produced locally and the rest were imported mainly from China and India.

The price of a kilogram of hybrid rice seeds at domestic market stands between Tk 180 and Tk 210.

Besides the shortage, tax and duty benefits for local production and imports have also encouraged compa-

nies to enter the market.

"The market is growing every year. Presently the market size is around Tk 1,000 crore but we can meet as much as Tk 300 crore of the market demand," said Mohammad Masum, chairman of Supreme Seed Company.

"We welcome the entrants. But the days for short-term business are over. It's time for those who are coming with a long-term vision," he said. "But the overall growth of the market depends on how much of the rice land will be used for hybrid rice cultivation."

Officials said there is no projection on how much of rice land the government

wants to bring under hybrid rice cultivation, but expected that hybrid rice cultivation area would increase in the days ahead to ensure food security against the backdrop of declining arable land.

To survive in the business, Masum stressed investment in R&D. "You will have to concentrate on developing your own hybrid variety through R&D. Unless you have your own variety, it's tough to sustain," said Masum whose company has developed its own hybrid variety, Hira 5, and invested in building its own storage and processing centres to preserve around 1,500 tonnes.

Himadri Kumar Saha, in-charge for seed and agri division of Ispahani Foods, a concern of Ispahani Group, said the company has started production of vegetable seeds.

"We already invested around Tk 12 crore in the last two years," he said, adding that the company, apart from focusing on R&D, attempts to build stores and processing centres.

Other conglomerates like Square are yet to start operation in full swing in the rice seed segment. But the company now produces and markets certified seeds of potato, an official of Square said.

FH Ansarey, executive director of agribusiness division of ACI, also welcomed entry of new companies, saying that it would help expand the market, benefit the farmers and enhance efficiency.

"We are going for massive expansion to produce both the high-yield varieties and hybrid seeds locally. We have also built infrastructure to support expansion," said the official of ACI, which aims to triple its hybrid rice seed production to around 600 tonnes this year from around 200 tonnes last year.

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Telecom market shrinking

GP CEO blames high tax for slow customer acquisition

STAR BUSINESS REPORT

Grameenphone (GP) has blamed high taxation for the recent stagnant growth of the telecom industry saying customer acquisition by six mobile operators marked 76 percent less in the first three months of the current year than the period a year ago.

"The telecom market is shrinking. High taxation is the main reason behind such stagnant growth," said Oddvar Hesjedal, GP's chief executive officer, yesterday.

The country's six mobile operators added only 1.1 million customers during January-March, while the addition was 4.02 million during this specific time in 2008.

"If the Tk800 tax on SIM (subscriber identification module) is scrapped in the upcoming budget, we believe the industry can back to its usual growth," observed the Grameenphone CEO at a press meet disclosing the company's first quarter financial report at its office in Dhaka.

Grameenphone and its majority stakeholder Norway's Telenor come out as strong performers, even in the global economic crisis, as the local mobile operator posted an 83 percent rise in operating profit in the first quarter of 2009 over the same period a year ago.

GP is a joint venture -- 62 percent owned by Telenor and 38 percent by local Grameen Telecom. Telenor provides voice, data, content and other communication services in 13 countries across Europe and Asia.

Norwegian telecommunications group Telenor reported a 65 percent decline in first quarter net profits, compared with a year earlier.

The group said the net profit in January-March period was 1.62 billion kroner (\$248 million) against 4.57 billion kroner a year earlier. Revenues rose to 27.1 billion kroner from 26.38 billion kroner.

GP's operating profit jumped to 530 million Norwegian Kroner (NOK) (Tk 562.86 crore) in the first three months of 2009, NOK 289 million up from the same period of 2008, according to Telenor's financial report.

Grameen's net profit stood at Tk230 crore this time. Pointing to a big untapped market in Bangladesh, GP's Chief Financial Officer Arif Al Islam said telecom communication penetration is 30 percent here and it would be increased more if the tax on SIM card goes.

"When the customer acquisition growth goes up, the government can earn more revenues from the mobile industry," said Islam.

GP is the market leader among the six. The company now holds 46 percent market share with 21 million customers up to March 2009.

Its revenue also went up by 6 percent in the first quarter this year over the same period a year earlier. The first quarter revenue was NOK 1,574 million (NOK 1 = BDT 10.62), while it was NOK 1,153 million in the same period of 2008. Last year's total revenue was NOK 5,049 million.

The number of subscribers added in Q1 of 2009 was 63,000, a slowdown attributable to the higher start-up price on inclusion of the SIM (subscriber identity module) tax. Along with some other mobile operators, GP increased its connection price to Tk800.

The operator's EBITDA (earnings before interest, taxes, depreciation and amortisation) up to March was NOK 934 million, which was NOK 545 million a year earlier. The company said EBITDA increased mainly on higher revenues combined with lower subscription acquisition costs.

The Telenor financial report said GP's monthly average revenue per user (ARPU) to March was NOK 25, which was NOK 22 a year ago.

The \$3.2 billion Grameenphone is the first mobile company that has submitted its plan for listing on the capital market. The \$65 million (Tk 449 crore) initial public offering (IPO) proposal however is still under consideration of the capital market watchdog.

Crisis to fuel fiscal vulnerability

Says UK economist

STAR BUSINESS REPORT

The global financial crisis will increase the fiscal vulnerability of lower income countries (LICs) like Bangladesh, said a UK economist yesterday.

"In recession, the countries with lower income will have lower tax receipts and a decrease in aid flows," said L Alan Winters, chief economist of UK Department for International Development (DFID) at British Council in Dhaka.

LICs will also face challenges with the requirement of an increase in social spending, he said.

Winters was delivering a lecture on "Exploring the global crisis and its consequences for developing countries" organised by DFID in collaboration with the Centre for Policy Dialogue and British Council.

Economist Prof Wahiduddin Mahmud chaired the discussion. CPD Executive Director Mustafizur Rahman also spoke.

Winters joined DFID as its chief economist soon after the financial crisis began last year. Before DFID, he taught economics at the University of Sussex.

In his lecture, the economist explored the reasons for the crisis and its consequences on the economies,



L Alan Winters, chief economist of UK Department for International Development, speaks on the global financial crisis in Dhaka yesterday.

both developed and developing. He also made some policy suggestions on how to deal with the crisis.

Winters said the crisis that originated in the US would create financial stresses such as a reduced access to international credit markets.

Investors will flock to sovereign assets for safer investment, he said.

The crisis will also dry up domestic-market capital, as subsidiaries of foreign-owned banks tend to repatriate funds in times of trouble, he said.

"Capital markets across the globe will have a hard time this year," said the economist.

Winters said tightening of credit, lower trade, investment, aid flows and exports would have a knock-on effect on the LICs.

He asked countries to keep their markets open and help increase the flow of capital and aid.

On the monetary and fiscal policy measures, Winters said: "These must be timely, growth and poverty-oriented."

But he said fiscal measures have their limitation because a fall in export demand could not easily be substituted by domestic demand.

"A lack of social programmes will

also make the things difficult for a government to help the needy," said Winters.

He asked the poor countries to ensure investments in human resources and basic services, such as health, education and safety nets.

Winters regarded by Wahiduddin Mahmud as a passionate believer of trade expansion, opposed rising protectionism.

"I urge for lower protectionism," Winters said.

He said the last G20 Summit in London had some significant progresses, including building capacity of the International Monetary Fund. "The rest requires implementation."

Mahmud said the fiscal package the government has recently announced is not as good as it should be.

He said the government must have its own analytical capacity to devise a mechanism on how it could tackle the situation.

Dr Mashur Rahman, the prime minister's adviser for economic affairs, termed the stimulus packages offered by developed world 'inequitable and inefficient'.

"The crisis has been created in the developed countries, but we are also facing the impacts," Rahman added.

On growing protectionism, Rahman said if developed nations go for it others would follow suit.

Ananda to export its eighth ship

STAR BUSINESS REPORT

Ananda Shipyard and Slipways Ltd, one of the leading local shipbuilders, is going to sell its eighth ship to a Danish buyer at \$7.5 million, marking an important milestone in the country's emerging shipbuilding industry, said a senior official of the company yesterday.

Ananda will formally hand over the 'Stella Moon' to Denmark-based Stella Shipping P/S on Sunday at the company's office at Meghnaghat in Narayanganj, said Managing Director of the company Afruja Bari at a press conference in the capital.

Afruja said Industries Minister Dilip Barua is expected to handover the ship to its buyer at a function at Meghnaghat as the chief guest.

Earlier Ananda exported its first ship Stella Maris to another Danish company at \$6 million on May 5 last year and six others to the Mozambique government at \$6.2 million on November 13, said the company officials.

Talking to The Daily Star, the officials of the company also said they are now building 10 ships of which six have been ordered by Komorowski and four others by Wessell, two German companies.

"We hope to deliver the ships within the next three years as the construction works are going on in full swing," said a company official.

He said Ananda Shipyard is receiving a good number of orders from Denmark, China and Vietnam as they consider Bangladesh as a cost-effective destination for shipbuilding for its cheaper labour and lower production costs.



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Afruja said Stella Moon has 64 TEUs (twenty-foot equivalent units) container carrying capacity with 2,950 deadweight tonnages.

Deadweight tonnage, also known as deadweight (DWT), is a measure of how much mass or weight of cargo or burden a ship can carry safely.

Afruja urged the government to give a 30 percent cash incentive to the shipbuilding industry, scrap the bank guarantee system for importing raw materials, exempt L/C (letter of credit) confirmation costs and give working loan as working capital at seven percent interest rate.