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Currencies

	Buy Tk	Sell Tk
USD	68.45	69.45
EUR	91.86	96.40
GBP	102.65	107.35
JPY	0.69	0.72

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold ▼
\$907.00
(per ounce)

Oil ▼
\$57.60
(per barrel)

SOURCE: AFP

(As of Friday)

More News

Minister stresses financial transparency

Commerce Minister Faruk Khan yesterday called on cost accountants to provide effective ideas for ensuring transparency in the financial matters of both public and private entities. "It's important to introduce cost-audit practice in both public and private bodies for establishing accountability and good governance."

International

Islamic finance must boost regulation



Islamic finance must strengthen regulation, boost its professional staff and diversify as it takes on a bigger global role in the aftermath of the worldwide financial crisis, experts said. Financial products compliant with Islamic shariah law are likely to gain in popularity as investors seek safer havens after the ruin caused by toxic derivatives sold globally by mainstream Western banks, they said.

Japan minister defends stimulus spending package

A Japanese minister defended his government's \$150 billion stimulus package Sunday against criticism it allocates too much money to wasteful pet projects meant to woo voters. Minister of Finance Kaoru Yosano said the stimulus measures, which won legislative approval recently, would encourage gradual but basic structural changes to the economy to boost growth and steer it away from export dependence.

Australia braces for unpopular budget

Australia is gearing up for a tough budget on Tuesday, facing the prospect of the largest deficit in the country's history as the economy struggles with its first recession in almost two decades.

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

Manage core risks to bypass crisis

BB chief asks banks

STAR BUSINESS REPORT

Bangladesh Bank (BB) Governor Dr Atiur Rahman cautioned yesterday the country's financial institutions against poor risk management system, asking them to set up a separate division to manage core risks.

He told a group of top bankers that an improved risk management system will help financial institutions avoid a crisis now facing the banks in developed countries.

"It's the high time for banks to set up a separate division to manage core risks," Rahman told a gathering of top bankers and businesspeople at the Metropolitan Chamber of Commerce and Industry in Dhaka.

He said: "Risks have to be assessed by banks every moment."

Industrial and Infrastructure Development Finance Company (IIDFC) Limited hosted a luncheon meeting in honour of the newly appointed central bank governor and the immediate past governor.

Rahman expressed his gratitude to his predecessors for leaving the banking sector in a healthy position.

Banks here are in a much stronger position than in many countries. Here banks are rescuing enterprises, whereas banks are being rescued by the governments in developed countries, said Rahman.

But he said there is nothing to be complacent.

He said banks and other financial institutions should comply with risk management standards to avoid any future crisis.

Risk management has become an important issue in today's world of recession. Financial players now consider risk management a top priority. Banks in all countries are in the process of complying with Basel II, a globally agreed risk management guideline for financial institutions.

The governor assured bankers of ensuring stability in the financial sector, and vowed to improve automation in the central bank.

He said Credit Information



Md Asaduzzaman Khan (3-L), managing director of Industrial and Infrastructure Development Finance Company (IIDFC) Ltd, presents a crest to Dr Atiur Rahman (2-R), Bangladesh Bank governor, at a function in Dhaka yesterday. Dr Salehuddin Ahmed (2-L), immediate past BB governor, Dr Mohammed Farashuddin (extreme left), a former BB governor, and M Matiul Islam (extreme right), chairman of IIDFC, are also seen.

Bureau is in the process of getting automated soon.

He also urged banks to be environment-friendly.

Immediate past governor Dr

Salehuddin Ahmed asked the banking sector to improve their services in an impartial way.

IIDFC Chairman M Matiul Islam delivered the address of

welcome. Former finance adviser Dr AB Mirza Azizul Islam and former BB governor Dr Mohammed Farashuddin, among others, were present.

Recession threatens Mideast oil exporters: IMF

AFP, Dubai

The economies of Middle East oil exporters are likely to suffer from a possible prolonged global recession as demand for the region's main export wanes, the International Monetary Fund warned on Sunday.

Arab states in the Gulf and other oil exporters in the Middle East were previously seen as less vulnerable to financial turmoil as they were cushioned by accumulated windfall revenues from oil.

But with a continued oil price slide, those governments will be less inclined to maintain robust public spending, a key policy in mitigating the fallout from the economic downturn, the IMF said in a report released in Dubai.

"A major risk to the economic outlook is the possibility of a prolonged recession. This would keep oil demand and prices low," it said.

Betel leaf growers in south left in peril



Workers at a betel leaf garden at Kalaskati village in Bakerganj upazila under Barisal district. Production of betel, also an export item, went down drastically in the last few years.

RAFIQUL ISLAM, BARISAL

Production of betel leaf in southern districts slid to almost one third in the last few years mainly because of a lack of government support, marketing facilities and bank loans, increased prices of agro inputs and unfavourable weather.

The prices of betel leaf, also an export item, increased four to five times in the last two years compared to years earlier, farmers and traders said.

Eleven upazilas under Barisal, Barguna, Jhalakathi and Pirojpur districts are famous for producing good varieties of betel leaf, most of which are exported to Europe, North and South America and the Middle East.

The upazilas are Bakerganj, Uzirpur, Gournadi, Agailjhara, Kathalia, Bamna, Betagi, Vandaria, Kawkhali, Razapur, and Mathbaria.

A farmer in the region is Sri Dhor whose small piece of land is now lying vacant except for a few invading weeds. He stares blankly at the trellis made of bamboo strips, which should have been entwined with betel leaf vines.

Sri Dhor's 25-year-old betel leaf garden on eight decimals of land at Kalaskati village in Bakerganj upazila under Barisal district used to earn him Tk 2,000 per month.

But the garden, his only source of income, was destroyed by the cyclone Sidr in 2007. The fragile plants rotted and died.

"I protected my garden with dikes during the 1998 flood. But this time I did not bother as it is a lot of hard works and I am too old now," said a hapless Dhor.

Barun Mistry of the same village also fought a battle to save his 33-year-old betel garden from the Sidr.

The fight cost him around Tk 25,000, which he spent on making a dike around his garden and hiring people to guard it round the clock.

Shamol Chandro Howladar, who also lost a similar betel leaf garden during the Sidr, has now decided to leave his age-old family occupation.

"I am now sick and tired and have no patience left," said a frustrated Howladar.

Kala Chandro Mistry, another victim in the area, faced the similar onslaught.

They are among around two thousand betel leaf growers in Bakerganj upazila

whose farms were destroyed by the cyclone.

The betel leaf business is now facing a setback as supplies to wholesale markets in the region came down to one third in the last two years compared to the years earlier, said traders.

The traders depicted a frustrating picture as this correspondent visited a few markets in the region recently. The total daily sale in these wholesale markets has come down around 5,000 kuris (1 kuri=5,000 pieces of betel leaf) from around 1,500 kuris earlier.

Prices have increased up to Tk 2,000 per kuri from Tk 800, depending on the variety, traders said.

Some of the wholesalers said they even gave money in advance to the growers but failed to get supplies. The prices of bamboo, jute sticks, straws, natural and agro-manure like oil cake, which are needed for betel leaf cultivation, increased sharply, they said.

A quality bamboo sells at Tk 180 to Tk 220. Straws and jute sticks are not available in many areas.

The growers said adverse weather conditions like excessive cold, fog and drought affect production. Long-lasting fog during winter this year affected the crop badly, they said.

The Department of Agriculture Extension (DAE) in a survey in 1988 in 20 betel leaf growing districts found that three varieties of betel leaf -- Mitha (sweet), Saji or Sanchi and Gachh-- are grown in the southern region.

Among the varieties, Mitha is the best and most popular and is cultivated mainly in southern districts.

Being an export item, betel leaf cultivation never got any government support. Even the DAE has no arrangement to help and advise the farmers.

Correction

In the report headlined "Footwear exports buoyant", published yesterday, it was inadvertently mentioned that EPB data showed around 22 percent drop in footwear and a 72 percent decline in bag exports up to February in the current financial year. Actually, the exports of the two items increased 22 percent and 72 percent respectively. We regret the mistake.

Warid seeks partnership

MD HASAN

Warid Telecom, the fourth largest mobile phone operator, is on the lookout for a partner to raise fresh capital for investment in the next phase of operations in Bangladesh.

Warid made its Bangladesh debut as the sixth mobile operator in May 2007 and has bagged 2.5 million subscribers until March 09. Partnership is crucial to Warid as its investment cost is higher than the other market operators because of "discrimination" in frequency allocations, said officials of the company.

"We are willing to invite a partner, as a huge investment is required to take our operations to next level," said Muneeb Farooqui, chief executive officer of Warid Telecom.

Farooqui was speaking to The Daily Star on the sidelines of the press meet that was organised to celebrate the company's second year of operations in Bangladesh.

Several companies, such as SingTel, Vodafone and Etisalat, had approached Warid to form a partnership in Bangladesh.

"Nothing on the matter of a partnership has been finalised as yet," he said. "However, Warid's shareholders are committed to the next level of operations here," Farooqui said.

Among the bottom three operators, Warid is a lucrative option for prospective investors, as the company is the lone owner of the next generation networks. However, the company's network expansion plans have been

disrupted due to a lack of frequency.

Farooqui explained that Warid is now operating only with 1800 MHz of frequency, while other operators own both 1800 MHz and 900 MHz of frequency.

"We have given a notice to the government in this regard, but nothing has materialised," said Farooqui.

He said this frequency specification requires large capital spending.

Talks of either a merger, acquisition or a new partnership in the telecom industry has widely been discussed over the last few years, as the bottom three operators have failed to gain significant market shares.

At present, Grameenphone, Banglalink and AKTEL dominate more than 90 percent of the 45 million customer mobile market.

Top officials of the leading mobile phone operators are already anticipating that a merger or acquisition will take place in the six-operator market.

A major partnership took place last year: NIT DoCoMo, Japan's largest telecom operator, bought AK Khan and Company's 30 percent stake in AKTEL for \$350 million.

Issues over a new partnership again came to light when AFK Sistema, the owning company of Russia's largest mobile phone operator OAO Mobile TeleSystems, expressed interest in July 2008 to buy an operator, either a GSM or a CDMA.

In a press statement, the Warid CEO said he hopes to triple the company's subscriptions in the next three years.

KEY FACTS

- In December 2005, UAE-based Warid Telecom paid \$50 million to obtain a GSM licence from Bangladesh Telecommunication Regulatory Commission
- Warid commercially launched its operation in Bangladesh in 2007 as the sixth mobile phone operator
- Within two years, the company added 2.5 million customers to its network and became the market's fourth largest operator
- The company has so far invested \$600 million in network development
- Warid is the single company, which owns a next generation network

The major areas Warid is looking at are the untapped markets and new innovative products, which are yet to be offered by the other operators.

Bangladesh's present mobile penetration is 30 percent.

Farooqui said returns have been unimpressive over the last two years, but its next generation network is an outstanding technology and is capable of doing something unique in the highly competitive market.

In terms of subscriber base, Warid has a 7 percent market share and has so far invested \$600 million in Bangladesh. The monthly average revenue per user stands at around Tk 170 for the company.

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