

Stocks

DGEN ▼ 0.10%
2,554.34

CSCX ▲ 0.03%
5,449.78

Asian Markets

MUMBAI ▼ 1.69%
14,060.66

TOKYO ▲ 0.59%
9,344.64

SINGAPORE ▲ 0.39%
2,269.24

SHANGHAI ▼ 0.94%
2,651.41

Currencies

	Buy Tk	Sell Tk
USD	68.50	69.50
EUR	91.32	96.33
GBP	104.07	109.64
JPY	0.70	0.78

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold ▲
\$929.15
(per ounce)

Oil ▲
\$60.54
(per barrel)

SOURCE: AFP

(Midday Trade)

More News

Deals with MoneyGram for easy transfer of money

Al-Arafah Islami Bank on Tuesday signed an agreement with MoneyGram International. "We are pleased to provide MoneyGram's money transfer services across Bangladesh and offer the convenience of service between 190 countries and territories," said MA Samad Sheikh, managing director of Al-Arafah Islami Bank.

B-3

International

Asian carriers face rough weather



Asia's leading airlines are bracing themselves for more rough weather after earnings nosedived in the first quarter with no signs of a global economic recovery in sight, industry analysts said. Compounding the airlines' woes is the outbreak of swine flu and growing popularity and longer reach of budget airlines in the region, they said.

Indonesian president vows 7pc growth

Indonesian President Susilo Bambang Yudhoyono pledged Wednesday to return the country to strong growth of seven percent by 2014 if he is re-elected in July. The president known simply as SBY said domestic demand would fuel a recovery next year, as he addressed business leaders ahead of the July 8 polls.

B-4

Contact Us

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

Expatriate bank won't be viable

Experts term the move unnecessary



SAJJADUR RAHMAN

The government move to set up an expatriate welfare bank would not be viable with experts terming the initiative 'unnecessary'.

"It won't be viable. It will be a superfluous move," said Khondkar Ibrahim Khaled, a former deputy governor of Bangladesh Bank (BB), now the chairman of Bangladesh Krishi Bank.

Dr Tasneem Siddiqui, an expert on migrant workers, hailed the government for giving importance to the problems faced by migrants, but said a separate bank for them will not be able to provide required services.

"The existing banks that have loan products for overseas job seekers have failed to attract clients," she said. "It's impossible to provide the services with one, two or five branches."

The government announced that it would set up an expatriate bank to support job seekers willing to go abroad with easy loan. The proposed bank will also help around 60 lakh expatriate Bangladeshis with different services including faster delivery of their money.

The government high-ups including Prime Minister Sheikh Hasina have already agreed on the move, officials at the employment ministry said. The minister for expatriate welfare is also moving fast and held meetings with the finance ministry and the BB on setting up the bank.

Currently, some banks -- Agrani, Pubali and Mercantile -- have loan products for overseas job seekers.

Pubali Bank with its countrywide network of 371 branches lent to around 100 job seekers in 2008.

"We have targeted to serve 500 job seekers this year," said Helal Ahmed Chowdhury, managing director of the bank.

Agrani Bank that has over 1,000 branches across the country also has the loan product, but has so far failed to get expected response.



The file photo shows cheated overseas job seekers sitting at Zia International Airport in Dhaka.

"Perhaps, we didn't publicise much," said Syed Abu Naser Bukhtear Ahmed, managing director of the bank.

Meanwhile, the BB has suggested the government set up the proposed expatriate bank as a specialised one instead of a scheduled bank, a senior official concerned said.

The BB made the observation following the Ministry of Expatriates' Welfare and Overseas Employment move to establish the bank as a scheduled one.

"Setting up the bank as a scheduled one won't be feasible," said the official.

He said a scheduled bank needs a capital of Tk 400 crore.

"We have recently informed the ministry of the BB's stance in this regard," the official said. "The bank can be a specialised one like Karmasangsthan (employment) Bank," he suggested.

Employment ministry officials however said they have the fund required for setting up the bank.

"We have around Tk 300 crore fund under the ministry. Many investors at home and abroad

have also shown interest to assist us in setting up the bank," said a ministry official.

Tasneem Siddiqui criticised the ministry move to use the workers' fund worth around Tk 350 crore. She said every worker who has gone abroad deposited Tk 1,300 each to the fund.

"The government has no right to set up the bank with the workers' fund," she said. "The fund must come from the revenue budget."

Ibrahim Khaled suggested the government should provide the services like it is doing with the low-cost housing, SME and women entrepreneurs' loans.

"Separate divisions and wings can be opened at different offices to support the overseas job seekers," he added.

In Bangladesh 48 scheduled banks are in operations. Of those, four are state-owned commercial banks, 30 private commercial banks, nine foreign commercial banks and five are state-owned specialised banks.

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DSE reiterates demand for allowing black money investment

UNB, Dhaka

Scoffing at the critics of whitening black money, Dhaka Stock Exchange (DSE) authorities said they want to see a specific announcement in the next budget on corporate-tax cuts, allowing undisclosed money into the capital market and 'stabilizing fund' for crisis period.

While making the strong plea, DSE President Mohammad Rakibur Rahman yesterday criticised recent comments of former finance adviser AB Mirza Mohammad Azizul Islam against reduction of corporate tax.

Rakib said the comments disappointed him as he thinks that many may feel encouraged to come under tax net if the rate of corporate tax can be slashed.

The premier bourse chief also disagreed with the finance minister's idea about investment of undisclosed money in cement, drug, toy and frozen industries.

He termed this proposition "unrealistic" as he said people would not feel like disclosing their hidden money for investing in industries.

Placing their budget proposals, he suggested that shares of different development projects like Padma Bridge, power plant, TeleTalk and other big projects should be released for trading so that people can invest their undisclosed money through the capital market.

"Undisclosed money is a major part of the economy; it should be allowed to invest in the capital market without paying tax, which will make the capital market vibrant," said Rakib.

He said if the huge undisclosed money could be brought into the bourse without imposing tax, it would make country's capital market stronger and vibrant and remove liquidity crisis for a long term.

The chief of the country's premier bourse came up with the remarks while addressing a pre-budget press briefing fronting the banner 'Budget-2009-10: Our Expectations' in the DSE conference room.

The stock-exchange leader suggested the government to give up the tendency of bank-based economy and make all-out effort to mobilise investment in the stock markets, which should be channelled for implementing much-needed big national projects like power plants and Padma Bridge.

"Public-private partnership would be the best mechanism to pool finances instead of begging money from external sources," he said about the need for discarding drip-feed of foreign aid.

He urged the government to reduce tax for financial institutions to 35 percent from 45 percent so that they can increase the rate of dividends for the investors in the capital market.

Ban calls for new way to finance development

STAR BUSINESS REPORT

The global recession is eroding traditional forms of financing in poorer nations, UN Secretary General Ban Ki-moon warned yesterday, as he addressed a meeting in Geneva tasked with finding creative alternatives to funding development.

In his opening remarks to the I-8 Meeting on Innovative Financing for Development, Ban noted that as economies shrink, official development assistance (ODA) from governments come under tighter budgetary pressures, according to a press release of the UN News Centre.

He said falling commodity prices, shrinking private investments and the slashing of overseas remittances underscore the importance of innovative financing solutions for development.

"Innovative financing must help bridge the gap between what is available and what we need to reach the Millennium Development Goals (MDGs)," he said, referring to the eight internationally agreed anti-poverty targets with a 2015 deadline. "The economic crisis makes that job even harder."

Innovative financing, identified at the UN Conference on Financing for Development in 2002 in Monterrey, Mexico, aims to find sustainable sources of funding that do not substitute ODA.



Ban Ki-moon

Banglalink, AKTEL may merge

MD HASAN

Mobile operators Banglalink and AKTEL are in talks for a possible merger in an aggressive bid to grab a substantial market share of Bangladesh's 46 million market, giving a hint that the number of operators will come down in the already saturated six-operator market.

The merger issue was disclosed by Orascom Telecom Holdings Chairman Naguib Sawiris recently, when he talked with journalists on the sidelines of the World Economic Forum in Jordan, according to media reports.

Sawiris said mobile operators would benefit from merger because "in long term the smaller companies won't be able to compete".

"But right now our feeling is that more consolidation has to happen in the market on the subsidiary level, like we're doing in Bangladesh. We're in discussions now with Telekom Malaysia to combine our operations," he said.

Orascom Telecom Holdings is the owning company of local Banglalink, which is yet to break even after holding the market's second largest position with 10.90 million customers as of April 2009.

Banglalink's probable consolidation partner AKTEL has the third



position in the market with 8.83 million subscribers as of April.

Telekom Malaysia International has 70 percent stake and Japanese NTT DoCoMo the rest in AKTEL.

If the expected merger happens, the new operator's market share will be around 45 percent in terms of accumulated customers of 19.73 million.

At present, the top three operators -- Grameenphone, Banglalink and AKTEL -- hold more than 90 percent market share. Norwegian Telenor's majority shareholding company Grameenphone is in the number one position with 46 percent market share and 21.02 million customers as of April 2009.

Sawiris' recent disclosure about merger matches the hint he had given to the journalists during his visit to Dhaka last year.

In a press meet in Dhaka he was asked about the possibility of acquisition and merger in Bangladesh's cellphone market. He said: "Frankly speaking you have six operators, but

we see only three."

He however said: "Most competitors don't want to sell unless they have built some value. And that's why we don't see someone wants to sell its stake right now. But I believe six is a crowd."

Talking to The Daily Star, a Banglalink official said it could happen as Sawiris told the press. "There is something going on. But we are not fully aware of the development."

AKTEL officials echoed the same, saying they also heard about the issue but Telekom Malaysia International is yet to give any hint to the AKTEL office.

Talks of merger, acquisition or a new partnership in the telecom industry surfaced over the last few years, as most operators have failed to gain profitability.

Only Grameenphone now enjoys break-even. AKTEL remained profitable until the end of 2007. But then the company became a losing concern even after having a new part-

nership with Japanese NTT DoCoMo at the end of 2008.

Top officials of the leading mobile phone operators are already anticipating that a merger or acquisition will take place. However such talks were centring around the bottom three operators earlier.

So any merger among the leading operators will change the market's characteristics and fuel competition, experts said.

"We had mentioned earlier that for the six operators in this market it would be difficult to sustain. So it comes as no surprise that the two companies now are in discussions. Whether there will be a merger or not remains to be seen," Oddvar Hesjedal, chief executive officer of Grameenphone, told The Daily Star yesterday.

He said: "If it becomes a reality, Grameenphone will do its best to be a worthy competitor. We are confident that we will remain as the number one operator in Bangladesh in the years to come."

Warid Telecom, the fourth largest operator, said recently it was on the lookout for a partner to raise fresh capital for investment in the next phase of its operations.

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Fare war on Dhaka-Kolkata air route

SOHEL PARVEZ

A fare war has now surfaced on the Dhaka-Kolkata route, as Indian carriers recently slashed fares drastically to secure a slice of the market, airline officials said yesterday.

In the last couple of days, three Indian carriers operating from Bangladesh reduced their fares for flights between Dhaka-Kolkata. Air India Express was the first to cut fare, followed by Jet Airways and the newest entrant Kingfisher Airlines.

Local carriers--Biman Bangladesh Airlines, GMG and United Airways -- are yet to respond to the price cuts by the Indian carriers and some said they are first observing the situation.

"We cut our fares to allure more travellers to our flights on the route. Our Dhaka-Delhi route has a 90 percent rate of occupancy, but it is quite low for our Dhaka-Kolkata route. I hope we will be able to attract more travellers after the reduction in fares," said Sudhakar Rao, general manager of Jet Airways in Bangladesh.

The Jet Airways official termed the latest fare promotional and said it would continue from May 18 to June 30.

The fare war began as Liquor baron Vijay Malviya led private airline Kingfisher Airlines to debut on the Dhaka-Kolkata route on May 15. It is the sixth airline to secure a slice of the air-travel market, which is blessed mainly by Bangladeshi medical treatment seekers, tourists and business people.

Industry insiders said air-travel on the Dhaka-Kolkata route is limited, with about 200 air-travellers commuting a day.

Jet Airways now offers Dhaka-Kolkata-Dhaka flights at a total of Tk 5,700, down from Tk 11,900 from last week.

Indian budget carrier Air India Express also brought down fares from Tk 9,635 for return flights to about Tk 6,149. Officials of the carrier in Dhaka however said the airline slashed fares to attract travellers during the recession, which cast a shadow on air travel.

On May 20, Kingfisher Airlines, operating a 66-seater ATR aircraft on the route, started charging Tk 5,730 for the Dhaka-Kolkata-Dhaka route, as a promotional step.

Launching operations on May 15 from Dhaka, the carrier offered Tk 10,518 on return flights on the Dhaka-Kolkata-Dhaka route, a reservations official said. Dhaka is the third global destinations for the airline.

However, none of the three local carriers-Biman, GMG and United--are yet to cut fares. Rather, local carriers have kept their fares as low as Tk 10,000 for return flights between Dhaka and Kolkata.

"We don't want to engage in the price war. Let them do what they prefer," said Sadad Rahman, vice president in charge of marketing for private carrier GMG Airlines.

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