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Asian Markets

MUMBAI	▲ 0.22%	16,843.54
TOKYO	▲ 0.34%	9,832.47

SINGAPORE

SINGAPORE	▲ 0.62%	2,650.95
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SHANGHAI

Closed

Currencies

	Buy Tk	Sell Tk
USD	68.42	69.42
EUR	99.08	104.33
GBP	107.58	112.99
JPY	0.756	0.85

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold	▲	\$1,056.55	(per ounce)
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Oil	▼	\$70.50	(per barrel)
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SOURCE: AFP

(Midday Trade)

Onion prices shoot up in Dinajpur

KONGKON KARMAKER, Dinajpur

Onion prices shot up by Tk 16 a kilogram over the last three days on local retail markets in the northern district of Dinajpur, despite sufficient supplies by import.

Local market insiders said onion was being sold at Tk 24 a kilogram on Monday, which rose to Tk 40 in a space of three days.

About three lakh tonnes of onions were imported in the last nine months from Hill and Sona-Mosjid land ports at \$250 a tonne, of which, 1.53 lakh tonnes came from the Sona-Mosjid port.

Nurul Moeen Minu, president of Dinajpur Chamber of Commerce and Industry, held a meeting on Wednesday at the chamber to inform the deputy commissioner about the issue.

Another meeting on the matter was held yesterday, chaired by DC Abdul Jalil, at the commissioner's office in the presence of other chamber members.

The meetings decided that onion prices will be monitored on the domestic market and tough legal action was vowed against any hoarding.

Recent floods in parts of India destroyed crops, which eventually led to the hike, as the domestic market depends on the flow of imported onions from the neighbouring country.

The prices of onions were Tk 20 to Tk 22 a kilogram in October 2008, according to statistics from wholesale markets.

Local retailers said they purchase the item at high prices from wholesalers, but the wholesalers claim they will have to import at high prices.

Contact Us

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

PSI firms may linger

Govt not ready yet to carry out inspection

SAJJADUR RAHMAN

The government may extend the service period of pre-shipment inspection (PSI) firms until June next year despite their poor performances and irregularities, hinted National Board of Revenue (NBR) officials.

The NBR is yet to equip it to take over PSI activities, while the current term of contract of the PSI firms will expire on December 31.

The revenue board, especially its customs department, was seen busy throughout the last week centring a seminar on PSI scheduled for Sunday.

Although the seminar will look into whether the customs department can immediately take over PSI activities, or possibility of time extension for the firms, the NBR officials confidently forecast another extension as it happened earlier.

"The time extension decision may come at the Sunday meeting," a senior NBR official told The Daily Star yesterday.

Stakeholders, including business and chamber leaders, are likely to give their opinions on the issue at the meeting.

Earlier, PSI of imported goods was made mandatory in August 2000 in the wake of growing complaints of corruption and inefficiency against customs officials.

The BNP-led government appointed four PSI companies -- Cotecna Inspection SA, SGS (Bangladesh) Ltd, Bureau Veritas BIVAC (Bangladesh) Ltd and Intertek Testing Service (ITS) -- in August 2005 for three years for certifying price, quality and quantity of imported goods.

Later, the caretaker government in 2008 extended their service period till December this year, saying that the country's customs department is not yet equipped enough to carry out the job of the PSI firms.

Bangladesh imported goods worth over \$20 billion in fiscal 2007-08 and 2008-09. PSI firms charge one percent of import value of any goods as their fees.



- 2000: PSI of imported goods made mandatory
- 2005: Government appoints 4 foreign firms for 3 years
- 2008: Services extended by 16 months until Dec 2009
- 2008: Govt scraps services of Cotecna, one of the 4 firms for corruption, and fines 3 others
- 2009: Government may extend services by another 6 months to June 2010

These firms have earned nearly Tk 1,500 crore since 2005 as fees in addition to their 'income' from under-invoicing of goods, according to NBR officials.

The time extension, if allowed further, will come amid widespread allegations that the PSI companies have been involved in undervaluing goods, wrong declaration, or allowing entry of substandard and adulterated products in the country.

These firms were fined several times for their wrongdoings, according to the NBR.

Even, the caretaker government in 2008 was forced to scrap the deal of one of the four PSI companies, Cotecna Inspection, after an NBR probe had found that it was involved in undervaluation of imported goods.

Penalties were also imposed on other PSI firms following detection of irregularities in deciding valuation of imported goods.

Cotecna was penalised Tk 2.65 crore, SGS Tk 1.86 crore, Bureau Veritas Tk 78 lakh and ITS Tk 48 lakh in different times, according to the figures of the tax appellate tribunal of the NBR.

Mahfuz Ahmed, managing director of Gulf Orient Sea Ways, blamed SGS for delaying inspection reports.

"The firm is supposed to send the reports to banks and customs offices within four days of inspection, but it takes 15 to 30 days," said Ahmed who imports goods from India.

However, the president of the country's apex trade body, the Federation of Bangladesh Chambers of Commerce and Industry (FCCI), hinted his support to the extension of the PSI services by six months.

"We need to develop our own database before scrapping the deals with PSI agencies," said Annisul Huq. "We may support six months' extension proposal," the FCCI boss added.

The government was supposed to develop the customs department to replace the PSI companies. But the condition of the department remains more or less the same as it was previously.

"The NBR failed to develop a strong database and capacity of the customs officials," a customs commissioner told The Daily Star seeking not to be named.

During the last time-extension, the then finance adviser of the caretaker government AB Mirza Azizul Islam had said the government would develop its own capacity to replace the PSI firms within the next 16 months till December 2009.

Meanwhile, the NBR had also failed to appoint an auditor to review the activities of the PSI companies in the last nine years despite having a provision in the rules to do so.

The NBR officials blamed the failure on resistance from vested interests, both from the revenue board and PSI firms.

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GP IPO expects four times oversubscription



Prospective investors line up at a DBBL branch in Motijheel yesterday for subscription of the Grameenphone IPO that pulled in huge responses from a wider spectrum of people.

STAR BUSINESS REPORT

The five-day craze over Grameenphone's initial public offering (IPO) came to an end yesterday.

With huge responses from prospective investors over the GP IPO subscriptions, the largest of its kind in the history of Bangladesh capital market, it might be over-subscribed four times.

The final report on the IPO subscription will be available next week, said officials of Citigroup Global Markets Bangladesh Private Ltd, the issue manager for the Grameenphone IPO.

"The overwhelming response from retail investors, both resident and non-resident Bangladeshis, and the all-out support from capital market stakeholders, especially regulators, regarding the Grameenphone IPO have reinforced the potential of the capital markets as a viable engine of economic growth for Bangladesh," said Siltat Chisti, head of Citigroup Global Markets.

"We are grateful to all involved and look forward to a successful listing and trading of Grameenphone shares in bourses," she added.

Subscriptions began on Sunday across

the country at 503 branches of the 15 selected banks and Investment Corporation of Bangladesh where prospective investors, from retired officials to students, queued to deposit money against Grameenphone shares.

The subscription will however continue till October 18 for non-resident Bangladeshis.

Grameenphone, the country's largest mobile phone operator, is to raise Tk 486.08 crore from the public by issuing 69,439,400 ordinary shares worth Tk 10 each, in addition to a Tk 60 premium per share.

Grameenphone, which received the final approval from the Securities and Exchange Commission on August 20, will use proceeds from the issue to expand its network and develop information technology and for corporate purposes.

Grameenphone's 62 percent is owned by Telenor of Norway and the rest by Grameen Telecom, a subsidiary of micro-finance giant Grameen Bank, which was set up by Nobel peace prize-winner Muhammad Yunus.

It controls 21.16 million of Bangladesh's fast growing 48 million cellular subscriber base and is also the largest private company by revenue.

Osram makes a comeback

MD HASAN

German lighting products maker Osram will restore operations in Bangladesh, with plans to produce energy-saving lights locally.

The global-giant light producer, which earlier marketed its products through its parent company, Siemens, now has appointed a local representative, IlluminateBD, to sell its products in Bangladesh.

In addition to selling the latest in lighting innovations by Osram, IlluminateBD also plans to provide consultancy services to the growing energy-saving lights market, like lighting in interior design, saving energy and maintenance.

"We acquired a site in Tejgaon industrial area to manufacture at least 25 Osram items initially with German technology," said Javed Ahamed Bhuyan, chief executive officer of IlluminateBD.

Presently, only five to seven Osram lamps are sold in the local market, while IlluminateBD plans to introduce 70 in the next few years. With a rapid growth in

the number of local energy saving light producers, Osram's market share was less than 10 percent until 2008.

Two local energy saving bulb assemblers -- Bangladesh Lamps Ltd and Energypac Electronics Ltd -- hold around 40 percent of the market share.

In Bangladesh, the campaign for energy saving lights began in the mid-1990s. The campaign later gained a momentum when the government got involved.

Customers are encouraged to use these bulbs as it promises to save electricity by 80 percent. Demand for such bulbs nears 10 million pieces a year.

About 30 percent of electricity is used at household levels, consuming around 1,740 megawatt (MW) of electricity, against a production of 5,800 MW, as claimed by the government.

Energy saving light traders said if energy saving light usage covers all consumers, around 350 MW of power will be saved.

However, Bangladeshi market is still mostly reluctant to go for quality lighting products because of higher prices.



A good quality energy saving bulb costs between Tk 180 and Tk 1,000, depending on capacity, while a sub-standard bulb is selling at Tk 80 to Tk 200.

So, IlluminateBD plans to supply products focusing on the customers' purchasing capacity.

"We will supply good quality products for the mass, but as affordability is a big factor here, price differentiation is required for rural and urban customers,"

Bhuyan said. As electrification is yet to spread to mass levels, there is a big untapped market for the energy saving lights.

Bhuyan said at first, building awareness is important for the country to make people go for efficient electricity use, as carbon credit issues are also involved.

He said if Bangladesh government initiates, Osram will come forward to obtain carbon credit against the growing

use of energy saving lights. Bangladesh is one of the signatories of the United Nation's Kyoto Protocol, under which it can get compensation from developed nations by reducing carbon emission.

In 2008, Osram sales amounted to 4.6 billion euros.

Osram is one of the two largest lighting products manufacturers in the world and has 46 factories in 17 countries.

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A man operates a fabric-cutting machine at a garment factory. International apparel buyers now seek innovative local designs.

Local fashion designs win heart of the West

REFAJET ULLAH MIRDHA

International buyers of apparel items now seek innovative designs from the local designers and manufacturers as the demand for the fashion design of Indian subcontinent is increasing in the West, industry insiders said.

So traditional Bangladeshi designs are becoming popular in the Western countries, said the businessmen.

The businesspeople and experts said if such demand for innovative designs can be met properly, the country will get a huge advantage in the international apparel business.

Previously, Bangladesh used to produce the apparel items on the basis of designs supplied by the international buyers, which were known as 'cut and paste' designs. But, the situation is taking a shift as the taste of the Western people is also changing, the manufacturers said.

Talking to The Daily Star, an international buyer working in Bangladesh said they were adopting the local design at a slower pace. "But,

we are now opting for the local designs, which was not possible previously as the customers did not like those much," the buyer said, requesting anonymity.

KM Rezaul Hasanat, chairman and managing director of Viyellatex Group, a compliant garment maker, said previously Bangladesh was not ready to develop design, but now the local manufacturers are supplying either full or part of the design.

"Now the manufacturers also set up design houses, where a team of designers develop innovative designs for the international buyers," Hasanat said.

Bangladesh is coming out from the traditional 'cut and paste' regime, said Rushmita Alam, head of the Department of Fashion Design and Technology at BGMEA Institute of Fashion & Technology (BIFT).

"Now many Bangladeshi designers are working at top positions in foreign companies. They are designing for the buyers," Rushmita said.

She said the local fashion designs have had a lot of exposure in the

Western countries over the last five to seven years, thanks to the media.

Rushmita also said fashion design is a matter of teamwork as individual ideas flock together to make a design.

New fashion designers are coming up as many educational institutes are now offering courses on fashion- or design-related subjects, she said.

She said Bangladesh has advanced much in apparel manufacturing and exporting, and so the country now should develop its human resources on such sub-sectors to make the garment business more sustainable.

Selim Al-Din, a fourth year student of Design Technology at the BIFT, said the demand for local designs is increasing, but most of the designers are doing the job of developers on the designs supplied by the buyers.

"Many garment owners do not try to improve the efficiency of their designers," he said. As a result, Bangladesh is being deprived of the benefit of value addition, he added.

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