

Stocks	
DGEN	0.15% 4,410.47
CSCX	0.16% 8,290.99

Asian Markets	
MUMBAI	0.09% 17,185.68
TOKYO	3.84% 9,977.67
SINGAPORE	0.42% 2,808.18
SHANGHAI	0.16% 3,264.63

Currencies	
Buy Tk	Sell Tk
USD	68.50 69.50
EUR	101.48 106.81
GBP	112.37 117.87
JPY	0.76 0.82

SOURCE: BANGLADESH BANK

Commodities

Gold ▲
\$1,218.55
(per ounce)

Oil ▼
\$77.30
(per barrel)
(Midday Trade)

Mutual Trust Bank to fund Biman to buy aircraft

STAR BUSINESS REPORT

Mutual Trust Bank Ltd got licence for offshore banking yesterday and will take part in financing Biman Bangladesh Airlines for purchasing aircraft under a syndicated loan arrangement, the managing director of the bank said.

"We hope to disburse the loan within the shortest possible time. Now we will start working on primary tasks to take part in the syndicated loan arrangement led by Eastern Bank Ltd," said Anis Khan.

"We will complete the initial preparations, including fixing the ratio of the loan amount and the interest rate within this month," he added.

He was speaking at a scholarship giving ceremony styled 'Inspiring the Nation's Future Leaders' jointly organised by Mutual Trust Bank and Dhaka University Alumni Association (DUAA) on the university campus.

"Of the total amount of \$117 million to finance Biman, we are planning to increase our loan up to \$25 million from our offshore banking unit," Khan said, adding that the bank is likely to give the loan at 5-6 percent interest rate.

He also said the bank is set to finance local export-based industries under offshore banking and the companies will have to repay in foreign currencies.

The bank started the scholarship programme in 2008 and awarded scholarships to 34 students yesterday from different departments of the university, who got Tk 2,500 each.

Dr Atiur Rahman, Bangladesh Bank governor, Samson H Chowdhury, chairman of Mutual Trust Bank, and Syed Manzur Elahi, chairman of DUAA, were also present at the ceremony.

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Workers make handicrafts at a fair co-organised by CHT Development Facility and UNDP to mark the 12th anniversary of CHT Peace Accord at Bangabandhu International Conference Centre in Dhaka recently. Handicraft business is gaining popularity in 25 upazilas of the Chittagong Hill Tracts, as around 500 handicraft centres there boast Tk 45-50 lakh in combined sales a day, fetching the local indigenous population handsome profits.

Two more submarine cables in the pipeline

MD HASAN

The telecom regulator has taken a move to connect Bangladesh with two more submarine cables through private sector initiative within one and a half years as internet-based services are often disrupted with the country's lone undersea cable.

Entrepreneurs in the sector have long been demanding such backups with experts suggesting that the regulator should also bring terrestrial connection from neighbouring countries by the time.

Bangladesh was linked with a submarine cable in 2006 at a cost of \$35.1 million. The SMW-4 cable has a capacity to handle 120 Gb bandwidth, of which the country now subscribes to 24.12 Gb.

Bangladesh Submarine Cable Company Ltd handles the lone undersea cable from Cox's Bazar to Dhaka. The country uses 23 percent of its capacity domestically.

The Bangladesh Telecommunication Regulatory Commission (BTRC) in a draft guideline says: "In order to ensure diversity, uninterrupted telecom services and capacity building in international connectivity, two submarine cable licences will be awarded, in addition to the existing one."

Bangladeshi companies or joint venture ones with local partners, or local companies with foreign partners having considerable experience in submarine cable systems and services will be eligible for licences to establish, maintain and operate such system.

"Foreign entities (with Bangladeshi partners) must be registered with the

PROPOSED FEES AND CHARGES	
Licence acquisition fee	Tk 50 crore
Annual licence fee	Tk 25 crore
Gross revenue sharing	The prospective licensee will offer during bidding. 10 percent is the minimum.
Performance bank guarantee	Tk 25 crore
Security deposit	Tk 1 crore

respective Registrar of Joint Stock Companies and Firms or equivalent as well as with the chamber of commerce and industries concerned or equivalent in their countries," according to the draft guideline.

Foreign stake is limited to maximum 40 percent. The overseas partner will invest in foreign currency directly equal to its percentage of ownership and no bank loan from any Bangladeshi financial institutions can be raised for the foreign part of the investment.

The BTRC has sought stake-

holders' views to finalise the draft within this month. The stakeholders can put forward their opinions at BTRC website until December 14. The regulator is expected to go for licence awarding procedure by early next year, said BTRC officials.

The cables will be operational and ready for customer service within 18 months from the date of awarding licences.

Domestic Cable Landing Station (DCLS) will be located in the coastal belt of general area -- Khulna or Patuakhali or Barisal or Chittagong --

and the routes of the proposed submarine cables may be wide apart from the SEA-ME-WE-4 branch line, as far as possible.

In line with the licensing provision, DCLS will not be located in the same place. The regulator in consultation with the licensees will decide the exact location of the DCLS after evaluating the marine survey report and other essentials.

Welcoming the move, Habibullah N Karim, president of Bangladesh Association of Software and Information Services, however said this move should have been taken much earlier.

The country needs multiple cable connections with the upward trend of IT-based business, he said. "Bangladesh should also link it with terrestrial connection of neighbouring countries."

"We should open the cable market to ensure faster internet networks," Karim said.

In Bangladesh six million people are now using internet and the internet penetration rate is four percent, according to government data. But high-speed broadband service is yet to flourish because of costly bandwidth.

Akhtaruzaaman Manju, president of Internet Service Providers' Association of Bangladesh, said the move will help users get uninterrupted internet services.

However he suggests upgrading the existing cable and bringing down the bandwidth price to less than Tk 10,000 from existing Tk 18,000 per Mbps (megabits per second).

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Soft drinks pull in hefty ad spending

SAYEDA AKTER

Soft drinks advertisements on television have been increasing fast, with around Tk 25 crore spent in the May-October period.

Monthly ad spending in the sector rose to around Tk 5 crore in October from Tk 3.2 crore in May, with Pepsi being the country's largest spender on television ads.

According to a research by Ryans Archive, a media monitoring company, all soft-drink brands increased their ad spending, especially on television.

Industry leaders said this year's extended hot weather is the driver of growth in ad spending, as demand for drinks peaks at this time. Beverage sales increased by around 60 percent compared to last year, they said.

The annual soft drinks market size is close to Tk 1,000 crore. The market started picking up in 2003, said the industry leaders.

Arif Hossain, market development manager of Transcom Beverages, the franchisee of PepsiCo International, said rising demand and high sales of beverages fuelled ad spending.

"Demand for beverages remains high in summer and that makes us think about reaching out to more customers."

"All market players target the summer to boost sales, as this season stays for quite a long time here," Hossain said. "Simultaneously, the number of competitors is bigger than before, which prompts companies to spend more on ad."

Among top 10 ad spenders for soft drinks, eight are local companies.

Kamruzzaman Kamal, marketing director of Pran Foods Ltd, said local companies are launching new products and spending on ads as domestic consumption has increased in recent years. "New investment entering the sector also increases marketing spending."

Around 10 new brands have entered the market in the last five years.

Sales growth also prompted marketing campaigns from Akij Foods and Beverage Ltd, manufacturer of Mojo and Clemon, said Shafiqul Islam Tushar, the company's brand manager.

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Monthly remittance crosses \$1b mark

STAR BUSINESS REPORT

Remittance reached \$1.05 billion in November, an all-time high in a single month, Bangladesh Bank (BB) statistics show.

This record inflow proved Bangladesh's capacity to receive "extraordinary" remittance, beating forecasts that it might fall due to global recession, BB officials said.

The previous monthly record was \$938 million in August.

BB officials credited the latest record to Eid-ul-Azha and the upcoming boro cultivation season.

However, bankers give credit to the energetic steps undertaken by both the state-owned and private commercial banks, to increase flow through formal channels.

Many private banks have been providing better rates and reliable services to clients by taking help of renowned global money transfer companies and exchange houses.

"Banks are undertaking aggressive marketing campaigns to net more remittance," said Syed Abu Naser Bukhtear Ahmed, managing director of state-owned Agrani Bank.

He said few banks were connected with exchange houses abroad some years ago. Now almost all banks are getting connected, he added.

"We offer loans to people who want to go abroad. Incentives are also there for the highest remitters," said Ahmed.

Over six million Bangladeshis work abroad, according to government figures.

MCCI backs use of excess liquidity in productive sectors

STAR BUSINESS REPORT

The large volume of excess liquidity in the banking system could increase inflationary pressure in the economy unless it is utilised in productive economic activities, Metropolitan Chamber of Commerce and Industry (MCCI) has observed.

In a review of economic situation in the first quarter of fiscal year 2009-10 published yesterday, the chamber also found low demand for private sector credit as the main reason for the liquidity overhang and urged the government to promptly adopt appropriate policies before situation goes out of control.

The inflation rate has started rising again, and with no increase in real sector production, unemployment has surged, the quarterly observed saying "these problems are serious enough to threaten the short-and medium-term growth prospects of the economy..."

Though average inflation in July-September

quarter declined to 5.7 percent from 7.2 percent in the previous quarter, point-to-point inflation rose to 4.7 percent in the quarter from 2.2 percent of the previous quarter.

Rise in food prices, however, was the primary reason behind the increase in the rate of point-to-point inflation, it observed.

Food and commodity prices, which are showing a rising trend in global market, are bound to impact domestic prices, the quarterly observed, suggesting a prudent management of excess liquidity in banks to tame inflationary pressure.

In the review, the MCCI held a high optimism about the immediate and medium term economic prospects, inspired by some positive signs mainly in production sector and in export of some manufacturing industries such as leather, footwear, home textile, frozen foods and jute goods.

It urged the government to continue its supportive monetary and fiscal policies, adopted already to retain growths of those sectors.

Terming the improved infrastructure, among

few others, as a prerequisite to a favourable investment-environment, the chamber urged the government to take power generation and gas exploration, along with the overall development of the country's physical infrastructure, as its top priority.

The MCCI also urged upon the government to give policy support for the industry and services sectors to enable them quickly recover from the adverse impact of the global recession and initiate expansion.

Though the international economic slowdown had a part in the country's present financial deceleration, MCCI viewed that inadequate supply of gas, slow growth of electricity, high bank interest rates and a host of non-economic factors including corruption are essentially endogenous constraints, which need to be removed by appropriate policy and action.

In the quarter under review, the country's economy slowed down compared to the same quarter last fiscal, when relatively a good growth had been witnessed.

Slow growth of investment in the real sectors, slower growth in consumption expenditure, and slow external demands were the main causes of the decline, according to the quarterly.

There was no harvest of rice in the July-September quarter of the current fiscal.

According to the chamber's assessment, the overall food production this fiscal may exceed last year's actual production of 32.36 million tonnes, but may slightly fall short of over 35-million tonnes target.

It did not see any immediate danger for food security, as there was a large stock of food grains with the farmers and the government.

The quarterly also signalled caution about the poor implementation of annual development plan (ADP).

Implementation of government's ADP in the quarter was only 10 percent of the total ADP allocation for the fiscal, which, according to many, was an important factor behind the slow economic growth during the quarter, the quarterly maintained.