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SINGAPORE	0.61% 2,791.01
SHANGHAI	1.61% 3,317.04
(Friday closings)	

Commodities	
Gold	\$1,190.25 (per ounce)
Oil	\$77.61 (per barrel)
(As of Friday)	
SOURCE: AFP	

Big plan for infrastructure in Cox's Bazar, Kuakata

STAR BUSINESS REPORT

The government has undertaken a master plan to develop infrastructure in Cox's Bazar and Kuakata to attract more tourists, said the civil aviation and tourism secretary yesterday.

"We plan to extend the commute by railway from Chittagong to Cox's Bazar to make the communication system easy and accessible," said Shafique Alam Mehedi.

"Simultaneously, the government plans to turn Kuakata into a municipal city to develop communications and accommodation for local and foreign tourists," he added.

He was speaking at a press conference to announce a three-day exposition "Bangladesh Tourism Fair and Festival 2009", organised by World View, a monthly travel magazine, at the National Press Club.

Mehedi also said the government is trying to improve services at the airports, which will help boost tourism.

Civil Aviation and Tourism Minister GM Quader is scheduled to inaugurate the fair, said organisers.

The fair that is to take place at Shilpakala Academy in Dhaka will remain open to all on December 10-12.

A total of 70 organisations, including hotels, motels, resorts, airlines, tour operators, travel agencies, tourism training institutes, tourism publications, travel shops and youth and adventure clubs will participate in the fair.

Bangladesh Parjatan Corporation, the national tourism organisation, will support the event, while Tour Operators Association of Bangladesh and Association of Travel Agents of Bangladesh will be the prime partners.

Channel i, Radio Today and Radio Asia will be the media partners for the event.

The fair will remain open from 11am to 7pm at an entry fee of Tk 10. Students with identity cards will get free entrance to the fair.

Contact Us

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

Three state banks move up ranks

REJAUL KARIM BYRON

Bangladesh Bank (BB) in its latest CAMELS rating has upgraded the position of three state-owned banks (SOBs), but Rupali Bank failed to achieve any improvement.

However, all the four SOBs gave loans beyond their limits in three sectors, which the central bank said may create risk in their resource management.

The CAMELS (capital, asset, management, earning, liquidity and sensitivity to market) rating was conducted in June.

Sonali, Janata and Agrani banks graduated to level-3, while Rupali is still at level-4. In the last two decades they were in level-4 or 5.

A senior BB official said this is the first time the three banks reached level-3 and it was a result of the reform programmes taken in the banks in the last couple of years.

The reform programmes are being implemented with financial assistance from the World Bank. The three banks were turned into public limited companies and their chief executive officers were appointed on competitive basis. The banks were given performance target, which is being evaluated every three months by the central bank.

Besides the performance target, separate memoranda of understanding are signed between the banks and the BB every year and their performances are assessed on the basis of the MoUs.

BB officials said the banks earlier used to incur loss, but now they make good profit every year. The banks logged operating profit of Tk 990 crore in the first three months of this year.

The government had earlier taken an initiative to privatise Rupali Bank but did not succeed. The absence of a decision on how Rupali would run is causing bad performance by the bank, the officials said.

According to the CAMELS rating, the three banks did not have any capital deficiency.

The amount of Sonali Bank's required capital was Tk 2,105 crore, whereas its actual capital was Tk 2,782 crore, BB statistics in June showed.

Janata Bank's required capital was Tk 1,029 crore and its actual capital was Tk 1,160 crore, while Agrani Bank's required capital was Tk 834 crore and its actual capital Tk 925 crore.

However Rupali Bank's deficit was Tk 433 crore against its capital requirement of Tk 531 crore.

According to the BB rating report, other financial indicators also showed significant improvement for the three banks.

The report said the four banks gave excessive amount of loans to readymade garment, housing, textiles and Bangladesh Petroleum Corporation (BPC), which the central bank termed risky.

Sonali Bank gave loan equivalent to 117 percent of its total capital to RMG and textiles sectors, while 45 percent went to BPC alone.

Janata distributed 145 percent of its total capital to RMG and textiles and 107 percent to BPC.

Agrani gave 131 percent of its total capital to the housing sector and 160 percent to BPC, while Rupali disbursed 332 percent of its total capital to RMG and textiles.

The acceptable limit for giving loan to any sector is 15-50 percent.

The BB report said if excessive loan is given to a sector and it is affected in future, the banks' resource management may plunge into crisis.

A high official of Agrani Bank said: "We are trying to diversify loan gradually."



Honda's green cars to roam streets

MD HASAN

More green cars are poised to hit the streets in Bangladesh with the launch of Honda's Civic Hybrid.

DHS Motors Ltd, the local distributor of Japanese Honda vehicles, brought in 10 hybrid cars with 'green technology', which will be launched today. DHS Motors plans to introduce six cars on average a month from now.

In a hybrid car, an electric motor and an internal combustion engine are installed so that they can both individually or together power the vehicle.

As the vehicle's speed increases or demand for acceleration is higher, the internal combustion engine starts and both the power units work together as parallels.

The Honda Civic hybrid powerplant combines a 1.3 litre three-stage i-VTEC engine with integrated motor assist (IMA) system, which uses a petrol engine as the primary source of energy.

"The IMA battery is charged automatically when the car slows down. The IMA battery never needs to be plugged in for recharging," DHS Motors said.

The electric motor provides addi-

tional power during start-up and acceleration, low speed cruising, acceleration and rapid acceleration mode. The system provides performance equivalent to a 1.8 litre car with 47 percent enhanced fuel efficiency.

Civic's average fuel consumption is about 4.6 litres per 100 kilometres.

"It's completely a green car," NAT Rouf, director of DHS Motors, told The Daily Star.

He said the petrol engine is switched off when the car comes to a halt when the brake pedal is pressed. "These factors contribute greatly to reduced fuel consumption and emission, particularly in city traffic."

The price of the Civic environment-friendly cars will range between Tk 28 lakh and Tk 30 lakh, depending on import prices.

In fiscal 2002-03, some reconditioned car traders imported around 30 Toyota hybrid cars on hopes the cars will be popular in jam-packed streets in Dhaka.

But imports did not speed up as traders found it difficult to provide after-sales services to the customers due to a lack of know-how on the latest

technology among local technicians.

But car importers have been encouraged to import hybrid cars again as the 2009-10 budget cut the duties on environment-friendly car imports. Navana Motors, importer of Japanese Toyota cars, plans to import hybrid cars soon, a company official said.

Abdul Haque, a leading car importer, said the initiative is good. "But we have to see how it works in the market, which still lags in such technology."

But Rouf said the technology would be sustainable, as the company trained some of its engineers in Japan and India.

DHS Motors introduced Honda cars in Bangladesh in 1994. The company has about a 15 percent share of the market in the new car segment and sold 1,800 Honda cars here.

Traders import 15,000 to 20,000 cars a year on average, of which 85 percent are used Japanese cars. The estimated turnover of the country's automobile market is around Tk 2,000 crore a year.

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GP emerges as new market mover

SARWAR A CHOWDHURY

Grameenphone (GP) has been the new market mover since its November 16 debut on bourses.

The first and lone listed telecom company can impact the market capitalisation if its share price goes up or down, the price indices are set in line with this.

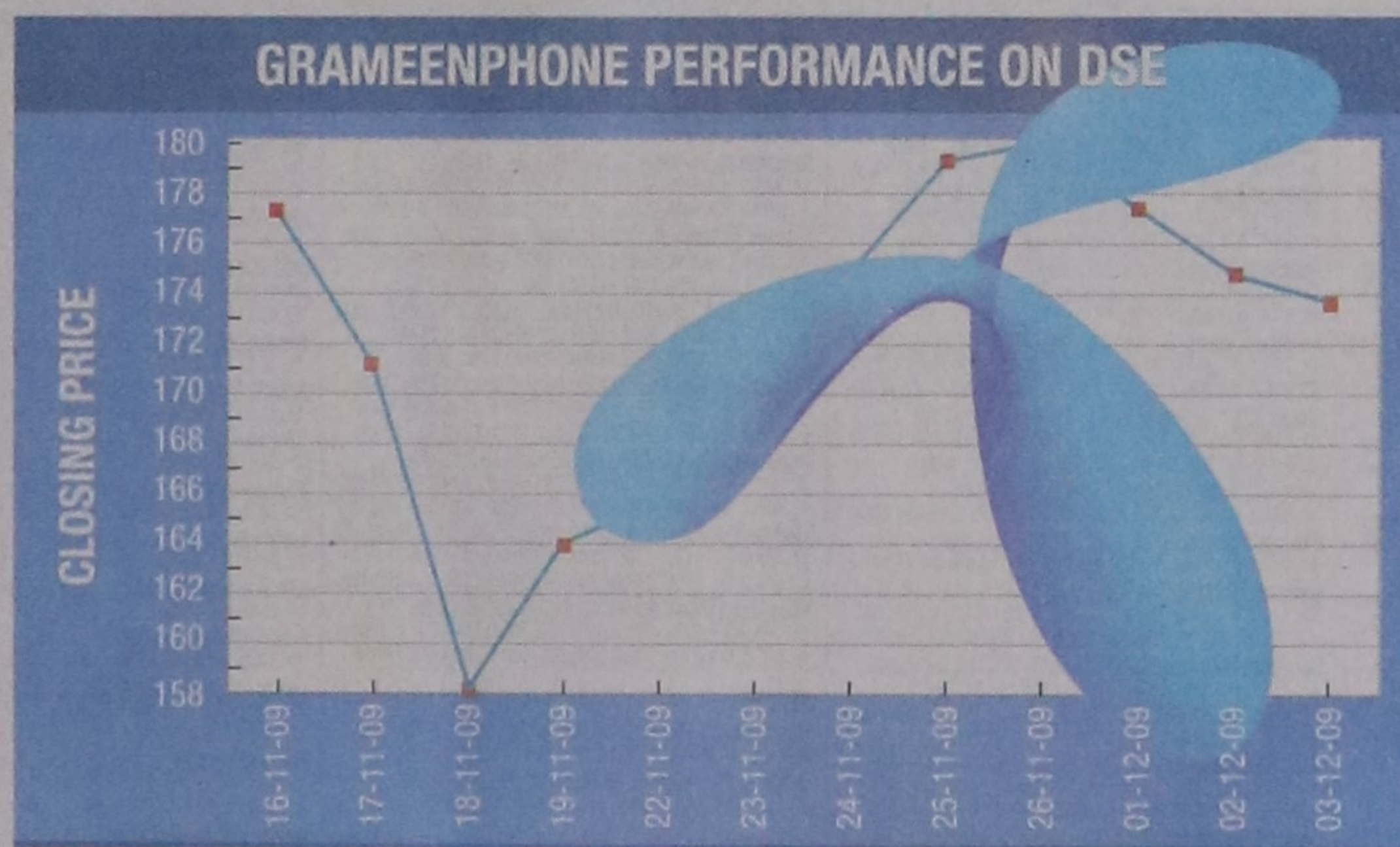
Before GP stepped in, banking, fuel and power sectors besides non-bank financial institutions had been on the forefront.

On November 24, GP alone led the market to finish in the black offsetting the fall in banking sector, considered a prime mover. On the day, shares of the mobile operator advanced 3.74 percent or 90 points, which was enough to cover a 2.54 percent fall in the banking sector.

Market observers point to the company's capital and share base for being a market mover. It joined the stock market as the largest-ever issue having 135 crore ordinary shares of Tk 10 each.

The company, however, floated 13 crore shares to general public and institutions before joining the market. For the public the offer price was Tk 70, including Tk 60 as premium, while the price was Tk 74 for institutions, including Tk 64 as premium.

"Entry of GP was a milestone for Bangladesh capital market. And the company as telecom sector accounts for a huge portion of the total market capitalisation, which many other sectors with a number of companies do not," Arif Khan, deputy managing director of IDLC



Finance, told The Daily Star.

He also pointed out: "If GP share prices fall or up by Tk 1 on a single trading day, the indices will decline or increase by 4 points."

He however said it does not send any bad signal for the market. "Rather inclusion of a largest corporate body like GP will have a positive impact. It will encourage other big companies to be listed on the market."

As of last Thursday, GP's market capitalisation was Tk 23,441.21 crore, or 12.5 percent of the total market capitalisation of Tk 1,86,488.19 crore. The banking sector's market

capitalisation was Tk 40,640.57 crore, or around 22 percent of the total market capitalisation.

Norway's telecom giant Telenor owns GP's 55.80 percent stakes, while local Grameen Telecom owns 34.20 percent and the rest 10 percent is held by general public and institutions.

GP is the most profitable mobile phone operator in the country, with its revenue expected to hit billion dollars mark by the year-end.

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Knitting tech fair starts Dec 10

BSS, Dhaka

The three-day second Knit+Tex Bangladesh 2009 exposition will start on December 10 at Bangabandhu International Conference Centre in Dhaka.

The Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) and Conference and Exhibition Management Services (CEMS) Ltd will jointly organise the exposition for displaying knitting technology and machinery.

BKMEA President Md Fazlul Hoque announced the show from a press conference at the BKMEA office yesterday.

BKMEA Vice-Presidents Abdur Rashed, MA Baset, directors Abul Kalam Azad, Sheikh Monwar Hossain, CEMS President Mehrun N Islam and Group Director SS Sarwar were present.

The exposition is being organised at a time when the



investment in the sector has already crossed the \$2 billion, the BKMEA chief said.

The country's knitwear sector will benefit from this exposition, as the industry will be able to update their units with new technology that ultimately raises standards of their products, Hoque said.

The exposition will also create an opportunity for the exhibiting firms to display advanced technology, he said.

A total of 75 firms from home and abroad will take part in the show. The fair will remain open every day from 10:30am to 7:30pm.

Sales of hybrid rice seed go slack

SOHEL PARVEZ

Hybrid rice seed sales go sluggish, as growers are losing interest in it mainly because of low market price of coarse rice, officials of leading seed companies said yesterday.

They also blamed late harvest of Aman crop for sluggish demand which some fear might hit overall sales and cultivation coverage this year.

"It appears seed sales will decline this year from a year ago," Sudhir Chandra Nath, programme manager of Agro-marketing Division of Brac, an nongovernmental organisation that is engaged in such seed sales.

The fear of slack sales comes as the government sets a target of bringing about 10 lakh hectares of land under hybrid paddy cultivation during the current boro season, eyeing production of about 48

lakh tonnes of hybrid rice as part of attaining food security.

There is hardly any chance of gaining such achievement, as sales scenario is very discouraging," said Mahub Anam, president of Bangladesh Seed Growers, Dealers and Merchants Association.

Anam feared that hybrid cultivation area might be 30 percent lower than the target this year.

Hybrid rice was cultivated on more than 8 lakh hectares of land last year with production standing at about 37.25 lakh tonnes, according to preliminary estimates of Bangladesh Bureau of Statistics.

Seed sellers said more than 7,000 tonnes of hybrid rice seed were sold in the last boro season. This year sales volume might be lower than it was in the previous year, they added.

"Farmers are showing more interests in planting high yielding

varieties BR-28 and BR-29 to reap price benefit," said Nath of Brac.

"Till November last year, we distributed about 1,500 tonnes of seed to dealers. This year, distribution amount is about 900 tonnes," said the official of the NGO, which slashed its sales target to more than 1,450 tonnes this boro season, about 20 percent the down previous year.

Nath anticipates a sales-drop in some major hybrid rice cultivation belts -- Mymensingh, Jamalpur and Sherpur region.

"There is a very good market in these areas. But signs of dip in sales are there," he said.

However, one silver lining is the recent rise in demand for hybrid rice seed in the north, the main boro crop production area.

"Market demand is comparatively slow this season. But now we are not so depressed as we were in the pre-Eid-ul Azha period.

Demand in the north has picked up after Eid," said Mohammed Masum, chairman of Supreme Seed Company, the leading hybrid rice seed marketer.

"If demand continues to remain vibrant among farmers in the north, we may have achieved our sales target," he said, adding that his firm wanted to sell about 2500 tonnes of hybrid rice seed in the boro season.

Masum also linked late harvest of second biggest rice crop -- Aman -- to slow demand for seed, sales season of which normally hovers between mid-October and end-November.

"But this year, sales season appears to start late as Aman is yet to be harvested in many places," he said, expecting a continued seed demand until the month-end.

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