Star Business
DHAKA MONDAY DECEMBER 7, 2009

Stocks

DGEN	▼	0.61% 4,383.30
CSCX	▼	0.56% 8,244.18

Currencies

	Buy Tk	Sell Tk
USD	68.50	69.50
EUR	101.46	106.77
GBP	111.82	117.30
JPY	0.77	0.83

SOURCE: BANGLADESH BANK

Commodities

Gold	▼	$1,190.25 (per ounce)
Oil	▲	$77.61 (per barrel)

SOURCE: AFP (As of Friday)

Tourism on a roll as funds pour in

SAYEDA AKTER

The hospitality industry witnessed rapid growth, receiving Tk 5,000 crore in 2005-2009, said the civil aviation and tourism ministry.

The funds went mostly into the development of hotels, motels, resorts, amusement parks and restaurants at popular tourist destinations.

From 2005 to 2009, around 500 hotels have been built at popular tourist destinations, including Dhaka, Cox's Bazar, Chittagong, Sylhet, Bogra and Khulna that created around 40,000 new jobs. At the same time, around 40 resorts and 15 amusement parks were also built across the country in the same period.

Most investment came from the private sector to tap the growing trend of travelling to tourist destinations by the urban middle class, according to the ministry.

The government spent around Tk 30 crore in the same period to build accommodation facilities, increase product quality, renovate tourist destinations and identify new tourist spots.

Most hotels and motels were built in Cox's Bazar. Around 180 hotels were built there in the last five years. Industry insiders said the investment flow started to grow from 2001, with many new investors entering the sector.

Hasan Mansur, managing director of Guide Tours Ltd, the oldest private tour operator in the country, said better accommodation at different tourist spots played a major role in increasing the number of domestic tourists.

"The first and foremost concern of a tourist is accommodation, which improved a lot in the last five years. The increasing number of new hotels, motels and resorts across the country played a role in boosting domestic tourism," he said.

"The new hotels, motels and other entertainment facilities catered to the needs of both tourists and local entrepreneurs. It increased revenue for the sector. Simultaneously, employment was also generated for many locals," he added.

However, Mansur stressed the need for government monitoring to ensure environment-friendly construction and better sewerage system.

Despite intense competition, business is brisk for different hotels and motels.

Abul Kashem Chowdhury, owner of Honeymoon Cottage in Cox's Bazar, said he began operations in 2006 and is now thinking about opening another small hotel next to his present establishment.

"When I started, there were only 40-50 hotels operating in Cox's Bazar. Now the number is more than 250, which increases competition in the sector," he said. "We have to think about improving our services, as many real estate companies are now coming here."

"At the same time, business is never dull here anymore, so I am thinking about opening another small hotel," said Chowdhury.

He said business is satisfactory, as occupancy remains full during the peak season and at least 60 percent in the off-peak season.

Apart from Cox's Bazar, business at other destinations is also promising. One example is Nazim Gahr, built on a hillock in Sylhet.

It started operations in October 2007 and achieved more than 90 percent occupancy during the peak season, according to owners.

"When we started off in our native village, we were inspired by an observation that people are now comfortable travelling inside the country, instead of going to Malaysia or Singapore," said Nazim Farhan Choudhury, owner of the resort.

Starting with only 14 rooms, the resort has recently completed a major renovation and added 30 more rooms to enhance occupancy and revenue.

"I don't think we will lose out in this business, as we are getting more guests and more investors in the sector. The future is bright," added Choudhury.

Along with private investment, the government is trying to take policy and budgetary measures to further give a boost to the tourism industry, said Shafique Alam Mehedi, acting secretary of the civil aviation and tourism ministry.

He said the government is now investing in several projects at different destinations.

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A view of Padma Resort, located in a shoal on the mighty river. Over the last five years, new investors have entered the tourism sector with a lot of funds. The private sector has emerged as the driver of the hospitality industry in Bangladesh.

Rupali Bank gets new chairman

STAR BUSINESS REPORT

The government yesterday appointed Dr Ahmad Al Kabir as the chairman of Rupali Bank as part of the ongoing reshuffling process in the state banks.

Kabir is the managing partner and chief executive officer of RTM International.

Four directors were also appointed -- Kazi Morshed Hossain Kamal, SM Mahfuzur Rahman, Md Abdus Salam and Mohammad Moinuddin.

The new directors replaced Additional Secretary on LPR (leave preparatory to retirement) Khondker Rashidul Haque, Power Division Secretary Abul Kalam Azad, former managing director of Shilpa Bank Mahmudul Karim and Maj Gen Mohammad Moinul Islam.

Earlier, the government brought changes to the boards of Sonali, Janata and Agrani banks.

UK awaits budget steps to fight debt

AFP, *London*

Britain's Labour government delivers its latest taxation and spending plans next week against the backdrop of soaring national debt and a record recession and ahead of a general election in 2010.

Finance minister Alistair Darling unveils his pre-budget report -- a curtain-raiser to the main 2010-2011 budget due early next year -- before parliament on Wednesday in the midst of the nation's longest recession on record.

Darling is expected to focus on fixing Britain's public finances, which have buckled under the weight of massive bailouts of struggling banks and a sharp economic downturn that has slashed taxation revenues.

This year's pre-budget also comes ahead of a general election due by mid-2010 that British Prime Minister Gordon Brown's ruling Labour party is widely tipped to lose to the main opposition Conservatives, according to polls.

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ADP picks up speed

Implementation rate touches four-year high

REJAUL KARIM BYRON

The implementation rate of annual development programme (ADP) has turned around to reach 16 percent of allocation in the first four months of the current fiscal year -- the highest in the last four years.

An ambitious ADP of Tk 30,500 crore was taken for fiscal year 2009-10, whereas expenditure stood at Tk 4,939 crore in the first four months.

In the July-October period of FY2009, FY2008 and FY2007 the implementation rates were 13 percent, 11 percent and 14 percent respectively.

Officials at the Implementation, Monitoring and Evaluation Division (IMED) said the prime minister holds Executive Committee of the National Economic Council meeting every week and lays emphasis on ADP implementation.

The premier in different government meetings also stresses the issue, which creates a moral pressure on the ministries. So the implementation rate is increasing gradually, the officials said.

The ministries hold ADP review meetings every month, having a positive impact on ADP implementation. The officials said if the rate gains a momentum, ADP implementation would be higher this year than the previous years.

The implementation rate of top 10 ministries or divisions that got 76 percent of the total allocation of ADP is better than others' average and they have achieved 18 percent of their allocation.

Primary and mass education ministry was the best performer with 33 percent implementation rate.

Energy and mineral resources division achieved 28 percent, agriculture ministry 24 percent, local government division 21 percent, education ministry 19 percent, health and family welfare ministry 17 percent and power division logged 14 percent.

But the rate of implementation by many other ministries and divisions is still poor with achievement of 2-10 percent. These include communications ministry, water resources, housing and public works ministry, industries ministry, post and telecommunications ministry, youth and sports ministry, and law, justice and parliamentary affairs ministry.

Finance ministry officials said the works on revised budget this time would be complete by December. The low performing ministries have been asked to surrender by December their ADP allocation that remained unspent.

The officials said the allocation would be increased for the ministries that showed higher implementation rates.

A report on budget implementation would be placed in parliament in January, they said.

According to IMED report, local resource utilisation rate is higher than that of foreign resources. Total local resource implementation in the first four months of fiscal 2009-10 was 17 percent and project aid implementation was 16 percent.

The ministry officials said the project aid implementation would increase, as 31 percent of the total allocation has already been released.

AKTEL makes a comeback

STAR BUSINESS REPORT

AKTEL, the third largest mobile operator, recorded profits worth Tk 147 million at the end of September, rising from a loss of Tk 737 million in the same period last year.

However, the company recorded a loss of Tk 472 million in the third quarter (July-September) compared to the second quarter (April -June) this year. In Q2, the company recorded profits worth Tk 598 million.

AKTEL's EBITDA (earnings before interest, taxes and depreciation) margin declined to 17 percent in Q3 from 47 percent in Q2, which mainly accounted for the losses incurred.

"The EBITDA declined quarter-on-quarter due to the higher subscriber acquisition costs in Q3. The quarter recorded a loss of Tk 472 million," according to the financial report of Axiata, the Malaysia-based controlling company of AKTEL.

AKTEL added 1.7 million customers in Q3. The company's total subscribers reached 11.07 million at the end of September.

AKTEL saw continued revenue growth of 7 percent in the period, representing the highest quarterly revenue achieved of Tk 4.89 billion in Q3 from Tk 4.5 billion in Q2.

The aggressive marketing strategy in Q3 will be tempered with more prudent acquisition efforts and a retention strategy moving forward into Q4, according to the company's financial report.

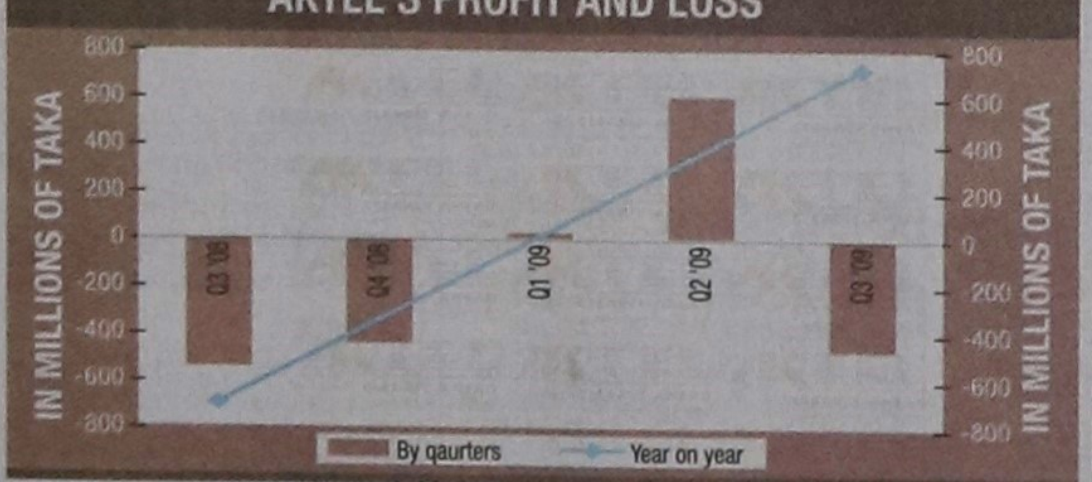
Alongside this, there will be a continued focus on distribution and services whilst increasing brand presence. Cost optimisation will also be a priority, including infrastructure-sharing efforts, says the report.

Axiata Group Berhad (formerly known as TM International) is controlling interests in Malaysia, Indonesia, Sri Lanka, Bangladesh and Cambodia with significant strategic stakes in India and Singapore.

Presently, Axiata controls 70 percent of AKTEL, while Japanese NTT DoCoMo controls the remaining 30 percent.

In the six-operator market, Grameenphone is the market leader with 21.98 million customers, followed by Bangalink with 12.13 million at the end of September. More than 50 million subscribers were under the mobile networks at the end of September.

AKTEL'S PROFIT AND LOSS



Subscription to 3 IPOs starts

STAR BUSINESS REPORT

IPO subscriptions started for two closed-end mutual funds and an insurance company yesterday.

The new issues -- Prime Bank 1st ICB AMCL Mutual Fund, Trust Bank 1st Mutual Fund and Dhaka Insurance -- will remain open for subscription until Thursday for resident Bangladeshis and until December 19 for non-resident Bangladeshis (NRBs).

Besides, the IPO (initial public offering) subscription of another mutual fund -- DBH First Mutual Fund -- will begin on Sunday and remain open until December 20 for resident Bangladeshis and December 29 for NRBs.

The 10-yearly Tk 100 crore Prime Bank 1st ICB AMCL Mutual Fund is raising Tk 40 crore by issuing four crore units worth Tk 10 each from the public through IPO.

Of the remaining Tk 60 crore, sponsors funded Tk 20 crore and Tk 40 crore was raised through pre-IPO placement. ICB (Investment Corporation of Bangladesh) Asset Management Company Limited (AMCL) is the asset manager of the fund.

The Tk 200 crore Trust Bank 1st Mutual Fund is also a 10-yearly scheme, in which, the IPO and sponsor's portion is Tk 40 crore each. The remaining Tk 120 crore has already been raised through pre-IPO placement.

Dhaka Insurance is offering nine lakh ordinary shares worth Tk 100 each, with Tk 20 as premium. The company is undertaking the IPO to strengthen its capital base and augment business expansion. The raised fund will be used for investment, the company said in its prospectus.

In the Tk 120 crore DBH First Mutual Fund, Tk 40 crore has been kept for IPO, while Tk 60 crore was raised through pre-IPO placement and sponsors funded Tk 20 crore.

Dhaka awaits response from Delhi on hidden tax on RMG exports

REFAYET ULLAH MIRDHA

The commerce ministry in a recent letter has sought clarafications from Delhi for imposing higher hidden taxes on export of eight million pieces of readymade garment products to India under duty-free facility, a ministry official said.

Bangladesh can hardly benefit from the opportunity of exporting the apparel items because of higher hidden taxes although those products were meant for duty-free export under the South Asia Free Trade Agreement (Safta) framework, the official said.

"We expect responses from Delhi for imposing higher hidden tax, which is now more than 18 percent, before the visit of our prime minister to India beginning from December 19," he said, requesting anonymity.

The official said the explanations have been sought from Delhi and Kolkata through the Bangladesh mission in India.

During the prime minister's visit, Dhaka will also urge Delhi to increase the duty-free quota and remove non-tariff and para-tariff barriers to increase the volume of trade between the two countries, he said.

However the official said Bangladesh cannot expect full duty waiver on exports of its apparel items to India as both the countries make almost the same kind of RMG products.

"This is true that both Bangladeshi exporters and Indian importers feel discouraged to go for a bilateral deal due to the higher taxes, which include provincial tax and higher school education charge," he said.

"We asked for explanations as we think imposing such taxes is illogical. We are entitled to the duty-free benefit."

The official said the ministry sent the letter following a complaint lodged by Bangladesh Garment Manufacturers and Exporters Association (BGMEA) as the enlisted companies of the association were facing problems in exporting products under duty-free facility.

BGMEA President Abdus Salam Murshedy said Bangladesh could send only 40 percent of eight million pieces in the first nine months this year.

"We couldn't fulfil our quota since the beginning of the facility from 2008," Murshedy said.

Bangladesh signed an agreement with India in September 2007 to export eight million pieces of garment items a year under duty-free facility.

Of the total quota, affiliated members of the BGMEA get a 70 percent share, while the rest goes to the members Bangladesh Knitwear Manufacturers and Exporters Association.

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