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**News in Brief**

**Housing fair targets better sales**

**STAR BUSINESS REPORT**

The country's biggest real estate and housing fair begins on Tuesday in Dhaka on target for crossing the Tk 1,000 crore mark in orders.

Organisers said a government amnesty for homebuyers to purchase apartments through undeclared income would help them log increased sales at the coming show.

The fair that targets mainly the urban middle class will gather the highest number of real estate and house builders.

**REHAB**

"We expect a positive impact of the government's announcement to allow investment of undeclared income in the sector," said Tanveerul Haque Probal, president of Real Estate and Housing Association of Bangladesh (REHAB), at a press conference yesterday.

The press meet was organised at the National Press Club ahead of the five-day fair from January 5-9 at Dhaka Sheraton Hotel.

A total of 268 participants, including 262 REHAB members, are expected to showcase their products at the fair. Six financial institutions are also expected to attend the event.

The programme is being arranged at a time when real estate is on the path to recovery from sluggishness.

Probal said developers and apartment builders bounced back in 2009, supported by the government's decision to allow investment of undeclared income without any question.

**China expected to grow 9.5pc in 2010**

AFP, Beijing

China is expected to grow by about 9.5 percent in 2010, state media quoted a government think tank as saying Friday, exceeding forecasts made by outside experts for the new year.

The world's third-largest economy will be boosted by double-digit growth in real estate investment and mild inflation, the State Council's Development Research Centre said in a report published in the China Economic Times.

"In 2010, the external environment will remain rather grim but it will not deteriorate further," Zhang Liquan, a macroeconomist at the centre, said in the report.

Zhang added that exports -- a key driver of economic growth -- would start to grow again in the coming year.

The think tank's 2010 economic growth forecast is well above Beijing's oft-stated target of eight percent -- seen as crucial for job creation and ensuring social stability -- and is higher than estimates for 2009.

For 2010, the Asian Development Bank has put its economic growth forecast for China at 8.9 percent, while the International Monetary Fund predicted growth of nine percent.

## Green tech takes a leap

MD HASAN

The use of green technology showed a significant rise last year, covering some new areas from rural farming to city restaurants, corporate houses and government offices.

Industry insiders said a fall in prices of green technology-based products on the global market caused by recession has attracted more entrepreneurs to such business, which ultimately pushed the growth up.

Infrastructure Development Company Ltd (IDCOL), a major financier for green technology in Bangladesh, says it receives at least five new proposals for green technology-based business every day.

Installation of solar home system increased to 17,000 per month in 2009 from around 10,000 a month in 2008.

Solar irrigation pumps, water pumps, telecom base stations, and solar panels were the major hit last year.

Experts termed the trend as a 'hidden revolution'. However, they suggested introducing a monitoring system to ensure sustainability of such technology.

According to IDCOL, installation of solar home system by 15 partner organisations increased to 421,202 until November 2009. The number was 300,000 in 2008.

Farzana Rahman, senior investment officer of IDCOL, said this market is becoming more dynamic gradually with the introduction of new solutions.

Citing an example, she said IDCOL has recently financed a 250-KW biomass gasification-based power plant in Kapasia, Gazipur as a pilot project.

The plant uses rice husk for power generation and supplies grid-quality electricity to 500 households and commercial entities of that area.

A total of 9,500 biogas plants were set up until September 2009. Thirty partner organisations of IDCOL and some private entrepreneurs are engaged in this business. The company has a target to finance 12 biomass gasification-based power plants equivalent to 5-MW capacity by 2012.

Some brick kilns also started using environment-friendly solutions to make bricks in 2009.

Diamond Auto Bricks in Narayanganj had set up such a brick kiln. The new technology being used by

Diamond Auto and the likes is Hybrid Hoffman Kiln (HHK) technology imported from China.

A single kiln that runs on HHK technology will produce 15 million bricks and cut carbon emission by 5,000 tonnes a year. A double unit kiln will produce 30 million bricks and cut carbon dioxide emission by 10,000 tonnes every year.

Around 4,000 brickfields produce more than 12 billion bricks a year, and the number is increasing by 10 percent a year due to a boom in real estate.

United Nations Development Programme also took a project under which 31 energy efficient brick kilns will initially be set up in different parts of the country.

Telecom came to the forefront to go green in 2009.

Bangladesh's largest mobile phone company Grameenphone is going for a transformation to become a 'green company' with a target to reduce 30 percent carbon emission by 2015 by installing solar base stations.

"We are all contributors to this global crisis and need to be part of the solution," said Oddvar Hesjedal, chief executive officer of Grameenphone.

The major change in the green technology market is that the local firms are increasingly opting for new solutions. Grameen Shakti and Rahimafrooz are developing telecom base stations. Rahimafrooz also developed solar pumps.

The Prime Minister Office installed a solar power system to encourage people to go for green energy amid acute power crisis. A similar move the Bangladesh Bank took in 2009 to set an example for banks.

Nando's, a restaurant in Dhaka, installed solar panel as backup.

"Our plan was to use something environment-friendly as backup during power cut," said Abdur Rahim, director of Nando's.

Saiful Haque, secretary of Bangladesh Solar Energy Society, said: "We should understand what we're going to face due to climate change. Green technology should replace the one that emits a huge carbon."

He said sustainability of such technology is crucial for Bangladesh, and so the government should introduce a monitoring system.

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SHAFIQU ALAM

Visitors gather at the 15th Dhaka International Trade Fair on its second day yesterday. The fair that aims to showcase local products to foreign buyers fears slack sales. (Story on B3)

## Banks step into Basel II

SAJJADUR RAHMAN

Bangladesh entered the Basel II regime, the latest version of risk-based capital standards set for banks worldwide, on the first day of 2010.

In a circular on Tuesday, the regulator, Bangladesh Bank, reminded all scheduled banks to follow the guidelines on risk-based capital adequacy (RBCA) from January 1.

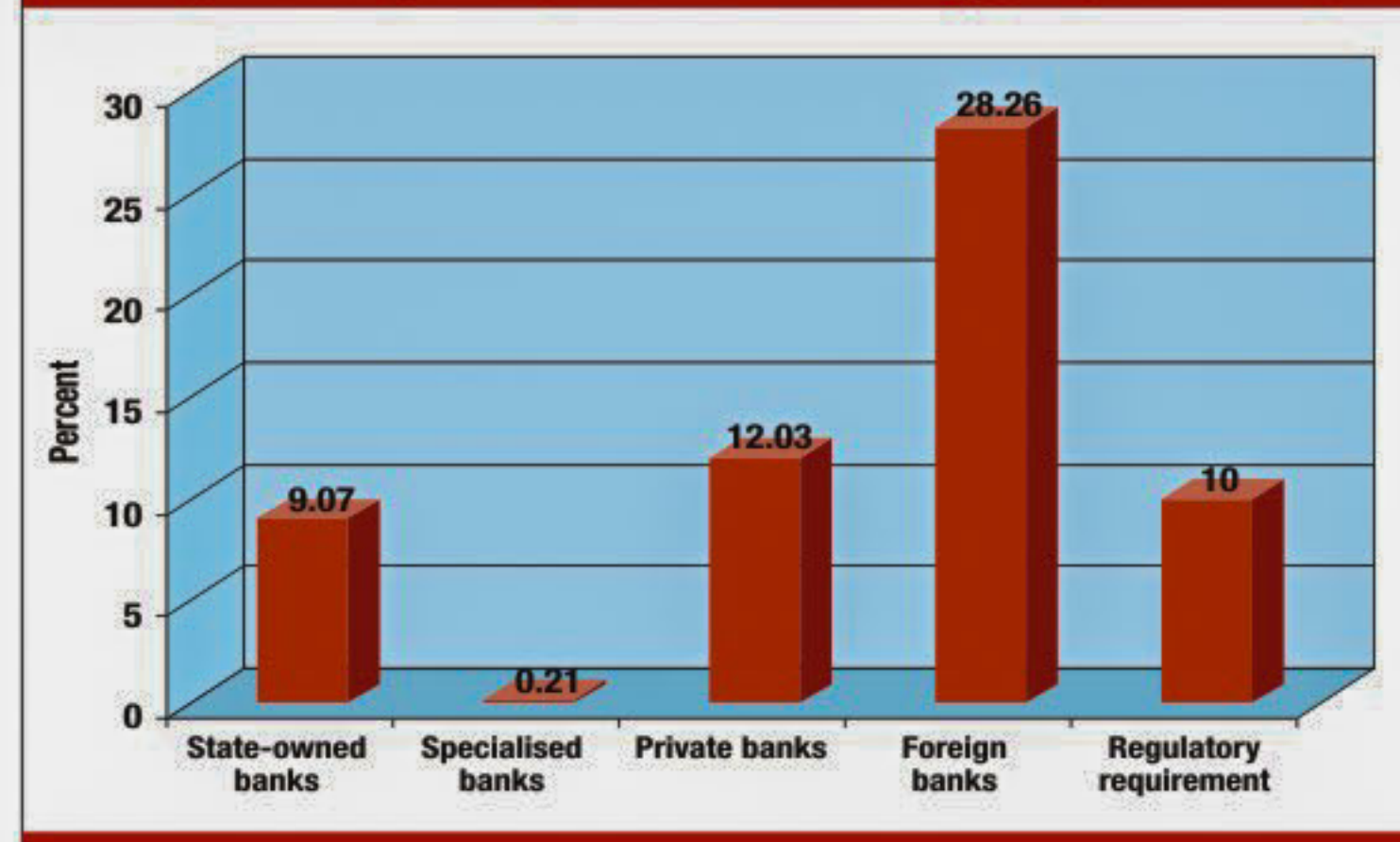
"Accordingly, instructions regarding minimum capital requirement (MCR), adequate capital and disclosure requirement as stated in the guidelines have to be followed by all scheduled banks for the purpose of statutory compliance," the BB said.

According to the accord, a bank's minimum capital must be Tk 400 crore by August 11 next year. Of the amount, Tk 200 crore must be in paid-up capital.

On the other hand, the RBCA ratio has to be a minimum 10 percent of assets.

"This is good for the country's banking industry. An increase in

**RISK-BASED CAPITAL ADEQUACY RATIO**



capital will strengthen the sector," said Muhammad A (Rume) Ali, former deputy governor of the central bank and current chairman of BRAC Bank.

The Basel II accord has been prepared on the basis of three pillars: minimum capital requirement, supervisory review process and market discipline. And three types of risks -- credit risk, market risk and operational risk -- have to

be considered under the minimum capital requirement.

Earlier in 2009, Bangladesh Bank allowed commercial banks to raise their capital even by subordinated debt.

Under the accord, risk of assets of a bank client must be rated by external credit rating agencies, otherwise provision will be higher -- at 125 percent instead of 50 percent which is for rated ones.

BB statistics show private and foreign commercial banks maintained the capital adequacy ratio of over 12 percent and 28 percent, as in June 2009. The ratio is slightly over 9 percent for state-owned commercial banks while it is 0.21 percent for state-owned specialised banks.

Touhidul Alam Khan, executive vice president (corporate banking) of Prime Bank, said Basel II has emphasised risk issues, which was ignored in Basel I.

"Basel II correlates with credit risk with and new focuses of operational risks. It also emphasised banks' internal risks and their choices in managing them to the amount of regulatory capital requirement they must maintain," Khan said.

There are challenges for the banks to implement the accord. BB has made it mandatory for banks to rate corporate clients under Basel II.

"The credit rating of huge number corporate clients only by two agencies will be a big challenge for the banks," said Rume Ali. sajjad@thedailystar.net

## Hopes for growing boro rice on more brackish land

SOHEL PARVEZ

Hopes for growing boro rice on more brackish land in coastal areas in the south have surfaced, as the Bangladesh Institute of Nuclear Agriculture (BINA) has recently developed two rice seeds that have strengths to resist higher level of salinity.

These two seeds now wait for evaluation by the National Seed Board (NSB) with experts expecting an increased cultivation of boro paddy following the development of more salt-tolerant seed varieties.

They are also upbeat on Bangladesh's capacity to adapt to the climate change impact on farming.

"It's amazing. These two seeds will have greater strength to fight salinity," Dr Mirza Mofazzal Islam, BINA's principal scientific officer, told The Daily Star recently.

BINA developed such varieties of seeds at a time when a majority of nearly 10 lakh hectares of land in the southern coastal region remain almost barren during boro season mainly because of salinity, which begins rising slowly from December.

In February, the salinity reaches its peak and starts declining with the advent of monsoon, according to agriculturists.

Until January 2007, prior to the release of a salt-tolerant variety -- BR-47 -- by Bangladesh Rice Research Institute (BRRI), farmers in the south had almost no option to grow boro crop on their brackish lands.

BR-47 is now gaining popularity among farmers in the southern coastal districts.

Experts see BINA's two new rice seeds as a widening scope for farmers to grow paddy on the lands hit by a higher level of salinity.

According to Mofazzal, also the principal breeder, these two advanced rice seeds will have tolerance of 8-10 deci-seimen per meter (dS/m) at all growth stage.

Deci-seimen per meter is a unit to measure salinity level.

"We will recommend these seeds for plantation in Sathkhira, Bagerhat, Khulna, Banshkhalia of Chittagong, Cox's Bazar and Teknaf during dry season," he said, adding that the seeds could be planted on the brackish land where water logging is low.

"In areas of tidal surge, these seeds will not be effective," said the BINA scientist.

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## Industrial policy sees major changes

**Cabinet committee to scrutinise the draft today**

REJAUL KARIM BYRON

The new industrial policy with a major shift in divestment strategy will be placed in today's meeting of the cabinet committee on economic affairs for its perusal.

The policy, drafted after four years, also envisages a stimulus package for special economic zones and enhanced foreign direct investment benefits.

Industries ministry officials said the new policy will put emphasis on SoE (state-owned enterprises) reforms and public-private partnership (PPP) initiatives, signalling a massive shift from the 2005 policy for the industrial sector.

According to the draft policy, regulated industrial units will require approval from the government, as those are specialised ones. Such regulated industries include fishing in the deep sea, bank and non-bank financial institutions and insurers in the private sector, power

generation projects, natural gas exploration industry, extraction of coal and other natural mineral resources, big infrastructure projects like fly-over, elevated expressway, monorail etc, crude oil refinery, medium and big industries using natural gas, satellite channels and cargo and passenger planes.

It will also identify industrially-lagged areas besides the advanced ones, in order to give those a benefit of reduced tariffs on imported capital machinery. Officials said as many as 51 districts will be entitled to such facilities to accelerate industrialisation.

The government targets this time making the losing SoEs profitable ones instead of divesting those, they pointed out. Also, placing those under private management or utilising better technologies are some other options the government is considering.

Even foreign entrepreneurs might be invited to run those loss-

making state enterprises, or shares be offloaded to make it sure that those stay competitive.

In reforming those, staff will be offered competitive compensation packages and quality products be more focused, and the produced commodity will be made competitive.

The government is now considering enacting a law to set up economic zones for export and local market oriented industries in a good number of areas across the country. The new law will allow establishment of no other export processing zone or industrial estate.

The institutional and regulatory framework for such zones will design its fiscal and other stimulus packages by this year.

In setting up industrial parks, implementation of One District One Product will be taken into consideration.

Industries cannot be set up using agricultural land, cutting hills

and hillocks, by filling rivers, canals or any other natural water bodies. Relocation of the pollution-prone industries in metropolitan areas to these zones has also been envisaged in the new draft policy.

Any industry detrimental to national security, culture and economy will not get any permission to setup.

To encourage FDI, foreigners will be given five-year multiple visas instead of a three-year multiple visa.

Citizenship might be considered for any foreign national who invests \$5 lakh or transfer \$1 million to any recognised financial institution.

The amount the existing law allows a foreigner to invest has also been raised by the draft industrial policy to \$1 lakh from \$75,000 in case of awarding permanent residency to any.

The policy has cut the number of thrust sectors down to 28 from 33.

Happy New Year!

2010

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