Star Business

DHAKA MONDAY JANUARY 11, 2010

Stocks

DGEN	▲	0.18% 4,730.74
CSCX	▲	0.09% 8,928.73

Currencies

	Buy Tk	Sell Tk
USD	68.65	69.65
EUR	97.51	101.75
GBP	108.61	113.01
JPY	0.72	0.77

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold ▼ $1,130.25 (per ounce)

Oil ▼ $82.22 (per barrel) (As of Friday)

SOURCE: AFP

News in Brief

BTCL gets speed from rural links

STAR BUSINESS REPORT

State-run landline operator BTCL added more than one lakh customers in the three months after it announced free connections at upazila levels in July 2009.

The company subscriber base reached close to 10 lakh at the end of September 2009, according to Bangladesh Telecommunications Company data.

With the addition of new customers, BTCL had 9.72 lakh customers in the July-September quarter, which was stuck at 8.72 lakh for the last few months.

BTCL extended the free connections offer until February 2010 to connect more customers at rural levels under its network capacity of 13 lakh.

"The number of our customers increased rapidly in the rural segment. We acquired one lakh customers in the first three months after the offer was launched," said a high official of the company.

Despite huge demand in the cities, BTCL cannot take on more subscribers due to capacity constraints.

Company subscriber acquisition remained unoccupied in the last few years because of policy hurdles. In the meantime, private landline operators acquired a good number of subscribers.

According to Bangladesh Telecommunication Regulatory Commission statistics, 11 private landline operators added 6.76 lakh customers until September 2009.

In the 15.48 lakh landline market, BTCL leads the market, followed by Ranks Telecom with 2.24 lakh customers and National Telecom with 95,000 customers.

BTCL launched the 'one country one-rate' campaign in July 2009 as well, which helped the company attract more customers and hold on to existing customers in its network.

Under the offer, BTCL charges Tk 0.30 a minute for calls made to BTCL and other landline operators and Tk 0.65 a minute to any mobile operator.

The total number of telecom subscribers in Bangladesh is 52 million, where the six mobile operators account for 50.55 million. The telepenetration rate is about 34 percent.

Analysts urge India to erase trade barriers to Bangladesh

SAJJADUR RAHMAN

India should act fast to eliminate non-tariff barriers (NTBs) and cut the negative list to help Bangladesh export more to the neighbouring country for reducing the huge trade gap between the two states, experts said yesterday.

The suggestions came as Prime Minister Sheikh Hasina left Dhaka for New Delhi yesterday on her first state visit to India after assuming office for a second term a year ago.

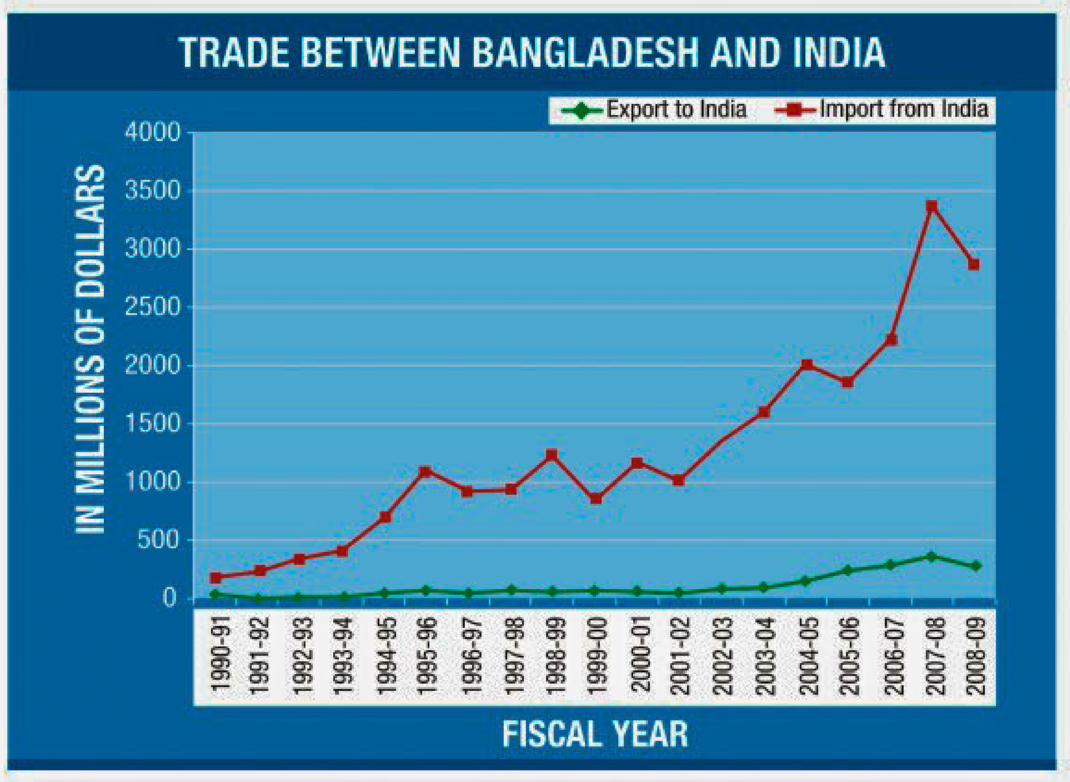
Bangladesh's exports to India nosedived by nearly 23 percent to $276 million in fiscal 2008-09 ended in June 2009 against $358 million a year ago.

The trade gap widened to over $3 billion in fiscal 2007-08 from less than $1 billion in 2001-02. The gap narrowed to around $2.6 billion in 2008-09 mainly because of less imports by Bangladesh worth half a billion dollars.

"NTBs hamper Bangladesh's export to India seriously," said Zaid Bakht, research director of Bangladesh Institute of Development Studies.

"India should cut the negative list to allow more exports from Bangladesh," said Prof Mustafizur Rahman, executive director of Centre for Policy Dialogue (CPD).

According to businesspeople and trade experts, India also deprives Bangladesh of getting a special treatment as a least developed country under the South Asia Free Trade Area (Safta) framework.



NTBs and para-tariff are all measures other than normal tariffs namely trade-related procedures, regulations, standards, licensing systems and even trade defence measures such as anti-dumping duties, which restrict trade between nations.

According to a commerce ministry list, the barriers to discourage import from Bangladesh are: laboratory test for every consignment of food products, cosmetics, and leather and textile products, delay in getting test results, imposition of state tax, packaging requirement, anti-dumping and countervailing duties.

Sanitary import permit has been made mandatory for Indian importers of processed food, toiletries and cosmetics from Bangladesh. The Indian government has recently imposed an 18 percent extra duty on cement imports from Bangladesh, affecting such exports to India's North Eastern region.

Also, inadequate infrastructure facilities such as warehousing, transhipment yard, parking yard and connecting roads at land customs stations of India also hinder exports from Bangladesh, the list elaborated.

NTBs like inordinate delay in clearing Bangladeshi goods from customs for various reasons, including non-availability of their designated officers and certificates from departments concerned of the Indian government, cause problems for Bangladeshi exporters.

The Indian authorities have also recently imposed 18 percent tax on apparels of Bangladesh origin defying the Safta framework although it is supposed to provide duty-free access to eight million pieces of Bangladeshi apparels since 2008.

Besides, India has set a negative list of 480 including apparels for import from Bangladesh.

"Testing and quality control measures can be eased by mutual recognition. The countries can ink a framework agreement to strengthen Bangladesh's testing institution," Rahman of CPD said.

He also said India should make testing facility available at border points, particularly in the north-eastern states.

Maj Gen (retd) Amjad Khan Chowdhury, chief executive of Pran-RFL Group, said the government should negotiate aggressively with India to reduce the yawning trade deficit.

"We have repeatedly requested the government to address the issue," said Chowdhury who is included in a high-profile business delegation accompanying the prime minister on her three-day visit to India.

On rising import from India, he said it is good if imported products can be re-exported there. But it is not happening, he added.

Zaid Bakht suggested the government should go for a bilateral free trade agreement with India to maximise benefits.

Rahman hopes there will be deals between the two neighbours on Nepal-Bhutan transit during the premier's visit.

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Muhith asks SOBs for pay scale proposals

REJAUL KARIM BYRON

Finance Minister AMA Muhith yesterday directed the central bank and three state-owned banks (SOBs) to send proposals for separate pay scales to the government.

He also asked the banks to submit business plans on how those plans cover up the increased salary expenses.

A draft pay scale was placed for three SOBs at a review meeting. The minister asked the banks to get the draft approved by their boards and send it to the Finance Division.

According to the draft pay scale, the basic pay for a deputy managing director (DMD) will be Tk 67,000 a month, instead of Tk 33,500 now. The basic salary for an officer has been proposed at Tk 12,000 a month, up from Tk 8,000.

The new basic pay will be Tk 6,150 a month at the lowest grade, which is Tk 4,100 now.

The minister said the SOBs will be allowed a separate pay scale so that those can sustain competition with the private sector banks.

Bangladesh Bank was also asked to submit a separate draft pay scale.

A committee will be formed to scrutinise the proposals.

Muhith recommended that the banks reduce discrepancies between the salaries of the top executives and lower level officials.

Salaries of officials at other banks and financial institutions will also be increased, but not to this tune, he said.

The chief executive officers of the three SOBs were appointed on a contractual basis. The Sonali Bank CEO receives Tk 8 lakh a month, while the Agrani CEO draws Tk 6 lakh. The monthly salary for the Janata CEO is Tk 7 lakh, but it is going to be halved under a new contract.

The draft proposes Tk 1,28,500 in gross salary for a state-owned bank DMD.

General managers' basic salary will be Tk 58,625 a month, which is Tk 33,500 now. The gross salary will be Tk 1,10,937 for GMs.

SOB deputy general managers' basic salaries have been proposed at Tk 46,400 a month, up from Tk 29,000. The DGMs' gross salary will be Tk 84,600 a month.

The basic salary of assistant general managers (AGM) will be Tk 40,200 a month, which is Tk 25,750 as per the existing scale. The gross salary of AGM will stand at Tk 70,800 a month.

The gross salary of an officer will stand at Tk 23,700 a month. At the lowest rank, the salary will be Tk 7,697 a month.

Employees will receive house rent of 50 percent to 65 percent of the basic salary. Allowances recommended for AGMs and posts above include house maintenance at Tk 5,000 to Tk 20,000, utility bills at Tk 800 to Tk 5,000. Medical bills have been recommended from Tk 1,000 to Tk 3,000.

SHAWKAT JAMIL

Toys made of jute are on display at a stall at the ongoing Dhaka International Trade Fair. Diversified use of jute to make fashionable items and home décor is now set to win the urban hearts.

Committee to plan out for Expatriates Welfare Bank

STAR BUSINESS REPORT

A three-member committee led by Expatriates Welfare Secretary Ilias Ahmed has been assigned to design modalities for the Expatriates Welfare Bank.

The committee has been asked to submit recommendations in a month.

A meeting at the Finance Division, chaired by Finance Minister AMA Muhith yesterday, named two other members of the committee. They are Additional Secretary Shafiqur Rahman Patwari and Bangladesh Bank Deputy Governor Nazrul Huda.

The committee will recommend whether the proposed bank would be scheduled or specialised, and see whether the banking sector is saturated or there is scope for any new scheduled bank to operate, Muhith said.

"I think the existing banks should merge to build stronger banks."

The committee will also assess whether non-resident Bangladeshis (NRBs) could fully own the bank.

In the case of ownership by NRBs, they would have to apply to the central bank and bring all capital in foreign currency from abroad.

Asked about the formation of a separate banking division in the finance ministry, Muhith said it would not hurt independence of Bangladesh Bank as the government did not amend any law for it.

The government formed the new unit to deal better with banks and other financial institutions, insurance companies and stock market, he reasoned out.

Also, Muhith presided over a meeting of Fiscal Coordination Council at the finance ministry yesterday.

The minister told reporters that the meeting had reviewed the implementation of the budget and macro-economic situation.

In line with a review, GDP growth will be 6 percent this fiscal year, Muhith said.

Muhith expects inflation will remain within the budgetary target of 6.5 percent. The finance ministry will place a report in parliament on January 19 on the macro-economic situation in the first quarter of the current fiscal year.

The minister also said the revised budged would be placed in parliament in March or April.

DSE turnover sets new record

Hasina's visit to India jives up power shares

STAR BUSINESS REPORT

The single-day turnover on the premier bourse reached a new high of Tk 1,325 crore yesterday, backed by price rallies in the power sector shares that were riding on the prime minister's visit to India and a probable deal on electricity import.

Prime Minister Sheikh Hasina left Dhaka yesterday evening on a three-day visit to India. According to media reports, an agreement on power sharing between Bangladesh and India would be signed during her visit.

Market insiders said the investors were betting on state-owned power companies on anticipation that the companies would be assigned for transmission and distribution of the imported electricity from India, resulting in more business and profitability.

The craze was for two state-owned enterprises -- Power Grid Company of Bangladesh (Powergrid) and Dhaka Electric Supply Company (Desco).

On the Dhaka Stock Exchange (DSE) yesterday, each Powergrid share advanced by 4.3 percent to Tk 819, while each Desco share went up by 3.8 percent to Tk 1,634.75.

A huge transaction in the two companies' shares also put them on the second and fourth positions in the list of top turnover leaders. A total of 720,800 Powergrid shares worth Tk 58.08 crore were traded on the DSE, while a total of 251,850 Desco shares worth Tk 40.66 crore changed hands.

"The record level turnover is the reflection of investors' continued confidence in the market," said Yawer Sayeed, managing director of AIMS of Bangladesh, an asset management company.

"However, the momentum is required to be sustained by attending to the supply side deficiency," he said.

The rally in the power sector shares also pushed up the benchmark index, DSE General Index, to a new high of 4,730.74 points, which rose by 8.64 points, or 0.18 percent. The broader DSE All Share Price Index increased 13.03 points, or 0.33 percent, to 3,917.69.

However, the major market movers such as banking, non-bank financial institutions and telecom sectors declined yesterday.

Advancers beat losers 127 to 113. Four securities remained unchanged. A total of 3,95,87,648 shares and mutual fund units were traded on the prime bourse.

Beximco topped the turnover leaders with 30,32,500 shares worth Tk 99.06 crore being traded on the DSE.

S Alam Cold Roll Steel Mill, which advanced 13.73 percent, was the largest gainer, while 2nd ICB Mutual Fund, which declined 5.76 percent, was the biggest loser.

Chittagong stocks also marked a slight rise. The CSE Selective Categories Index gained 8.7 points, or 0.09 percent, to 8,928.73. The CSE All Share Price Index increased 33.52 points, or 0.24 percent, to 13,780.94.

A total of 42,56,186 shares worth Tk 80.56 crore changed hands on the Chittagong Stock Exchange. Of the traded securities, 74 advanced, 95 declined and eight remained unchanged.

S Alam Cold Roll Steel Mill was the biggest gainer, rising 14.85 percent, while Olympic Industries was the largest loser, declining 11.9 percent.

Beximco topped the turnover leaders with 180,100 shares worth Tk 5.87 crore being traded on the port city bourse.