

PHILIPS 52" Full HD LCD TV

RSP: Tk. 399,000/-
Discounted Price: Tk. 365,000/-

Assembled in Europe

28.9 Billion Color Processing
50000:1 Contrast Ratio
5ms Response Time

Full HD 1080p

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DIGITAL
Your Trusted Electronics Retailer

Stocks

DGEN ▲ 1.93%
5,095.21

CSCX ▲ 1.92%
9,616.23

Asian Markets

MUMBAI ▼ 2.42%
17,051.14

TOKYO ▲ 1.22%
10,868.41

SINGAPORE ▼ 1.46%
2,850.98

SHANGHAI ▲ 0.22%
3,158.86

Currencies

| | Buy Tk | Sell Tk |
|-----|--------|---------|
| USD | 68.55 | 69.55 |
| EUR | 95.21 | 99.43 |
| GBP | 110.11 | 114.53 |
| JPY | 0.73 | 0.78 |

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold ▼ \$1,105.15 (per ounce)

Oil ▼ \$77.81 (per barrel) (Midday Trade)

SOURCE: AFP

News in Brief

MCCI suggests more credit for private sector

STAR BUSINESS DESK

The Metropolitan Chamber of Commerce and Industry (MCCI) has expected that the government will borrow as little as possible to allow the private sector a greater access to bank credit.

The chamber body said in a statement yesterday hailing the central bank's monetary policy.

Bangladesh Bank announced a supportive monetary policy on Tuesday for the second half of the current fiscal year aiming to increase investment in the productive sector and control inflation.

The trade body said the GDP (gross domestic product) could be higher if the budgetary outlays in the ADP projects are fully and timely used.

"The private sector credit is set to increase by a lower rate of 16.70 percent in the second half, compared to 16.73 percent in the first half of the fiscal year but still it will be much higher than the public sector credit growth," it commented on credit growth, adding that a much higher target for the private sector credit growth will be appropriated.

On the ceilings on interest rates on loans for some priority sectors, the MCCI said if the administered ceilings are maintained for too long, the so-called priority sectors may soon be deprived of credit as banks are likely to be tempted to divert loans to non-priority sectors for earning higher interest incomes.

It also welcomed lower government borrowing from the banking system in the first half of the fiscal year.

Goldman Sachs earns \$4.79B in fourth quarter

AP, New York

Goldman Sachs Group Inc said Thursday it earned \$4.79 billion in the fourth quarter as the bank cut back on compensation and its trading business again outdistanced the rest of the financial industry.

The company rewarded its employees with \$16.2 billion in salaries and bonuses for 2009, up 47 percent from the previous year but still lower than many had expected.

State banks to get more leeway

REJAUL KARIM BYRON

The central bank plans to ease some terms and conditions for state-owned banks on credit growth and operating costs, letting them compete with their private peers with vigour.

"More autonomy will be given to the boards of four state-run banks," said a high official of Bangladesh Bank, pointing to a shift in government policy following the banks' transformation into public limited companies.

A concrete step in this regard will be taken following the appointment of new chief executive officers for Sonali, Janata, Agrani and Rupali banks, according to the finance ministry.

Despite such relaxation, monitoring by the central bank must not cease, some top officials of state banks said, suggesting a check on any uneven influence from bad borrowers.

Four years back, Bangladesh Bank entered into a memorandum of understanding with the boards of state banks. At that time, as many as 17 conditions had been imposed on those with expectations of improved performances.

As per one of these conditions, the 2009 credit growth of the banks was restricted to 10 percent over the amount spent in the previous year.

In line with Bangladesh Bank rules, commercial banks in general are not allowed to lend any individual or organisation an amount that exceeds 35 percent of any bank's paid-up capital. The ceiling is 10-25 percent for state banks.

Sonali Bank's limit is 10 percent, Janata and Agrani's 20 percent and Rupali's 25 percent.

The borrowing limit is likely to be at par with other banks as part of the new move.

In 2009, none of the four state banks was allowed to go for any operating cost that crosses the amount spent a year earlier. However this type of expenditure could not be checked, despite the central bank's controlling move. This condition, officials hinted, will also be eased to run banks with a commercial attitude.

Central bank statistics show a decline in the state banks' market share -- both in loans and deposits. For state banks, the market share is 27 percent of the total deposits and 23 percent of the total loans. On the contrary, the share of the private banks is 60 percent of their total deposits and 64 percent of their total loans.

The lifting of restrictions will enable the state banks to run independently, say many bankers.

However a state bank CEO sees the restrictions in a different way and says experiences are mixed: opportunities and problems. The problem was, they had to make profit competing with other banks while their hands were tied. The benefit was, unwanted pressure in sanctioning loans could be avoided under new conditions.

After making the new move effective, he said, the central bank should continue monitoring to make sure that political or other influential quarters do not exert pressure on them.



A model poses with a Sonalika-brand tractor at an agricultural machinery exposition organised by the Department of Agricultural Extension at Khamarbari in Dhaka recently. With the rise of "rent-a-tractor" business in rural areas, agricultural machinery sales now enjoy strong demand.

Demand drives tractor sales

SOHEL PARVEZ

The market for tractors is getting pace by the year as a section of relatively well-off rural people comes up with investments in 'rent-a-tractor' business, cashing in on rising demand for mechanised tilling and hauling, according to operators.

Faster cultivation, or relatively deeper ploughing capacity compared to power tillers is driving demand for tractors among farmers.

Besides, its high capacity of carrying goods is linked to the growth in tractor market. Operators say this cultivation device is also used for carrying both farm and non-farm products such as brick and soil.

Its market size reached around 4,500 units in 2009, up from about 3,500 units a year

ago. Offers from sellers for repayment in monthly instalments has also contributed to the rise in sales of tractors, market insiders say.

"We sold 500 units of tractor in December of 2009, which has doubled the amount we had sold in the whole year of 2009," said Sadid Jamil, managing director of The Metal (pvt) Ltd, a marketer of Tafe brand tractor in Bangladesh.

"It's really impressive that the market has been growing at a faster rate for the last two-three years," said the official adding that more than 20,000 tractors have so far been sold out.

"But majority of our buyers are not farmers, instead relatively better-off groups and returnee migrant workers. They are buying tractors for engaging in rental business in

rural areas."

This practice is now a common feature in rural areas, as majority of farmers, with small landholdings, cannot afford to invest in irrigation pumps, power tillers and tractors for cultivation purposes at a time when farming animal and agricultural labour is declining.

Agriculturalists said owners of power tillers and tractors offer tillage to small farmers on contract basis. The rate of such tillage per acre however varies from place to place.

According to Jamil, the rate of tilling by tractors stands between Tk 800-1000 per acre, which lure many people in the rural areas to purchase a tractor by investing Tk 8-10 lakh for entering the business.

Tractor marketers said some 10-12 acres of land could be

tilled in eight hours a day. For power tillers, about 6-7 acres could be ploughed.

"Tractors help plough as much as 6 inches deep inside the land compared to about 3 inches by power tillers. It helps farmers get higher yield," said Arun Kumar Sarkar, general manager of Karnaphuli Ltd, which markets Mahindra brand tractors.

"Increased carrying capacity is also another factor," he added.

FH Ansarey, executive director of Agribusiness division of ACI, also pointed to the fact that demand for tilling by tractors propels the rise in sales of tractors.

"In the past, tractors were used mainly for hauling purposes. But sales rose because of the increased demand for ploughing," he said.



Abu Saeed Khan, a strategy analyst for Ericsson Southeast Asia, speaks as panel moderator at a seminar, organised by GSM Association at Radisson Water Garden Hotel in Dhaka yesterday. Left to right, Andy Chong, head of group marketing of Axiata, Oddvar Hesjedal, chief executive officer of Grameenphone, Michael Kuehner, MD of AKTEL, Muneer Farooqui, CEO of Warid Telecom, Sunil Kantil Bose, post and telecom secretary, Tom Phillips, chief government and regulatory affairs officer of GSM Association, Ahmed Abou Doma, MD of Banglalink, Michael Bjärhov, director of Ericsson Asia-Pacific, and Rishi Dhingra, director of Qualcomm, are also seen. (Story on B3)

DGEN crosses 5,000 points

GP decides to set up IT subsidiary, leads the rally

STAR BUSINESS REPORT

News of Grameenphone setting up a subsidiary led the stockmarket to a new high yesterday, with the benchmark index crossing 5,000 points for the first time.

Grameenphone, the largest and lone listed mobile operator, yesterday disclosed that its board of directors decided to form and incorporate the IT company, which will be its fully-owned subsidiary.

According to a posting on the Dhaka Stock Exchange website, the proposed company -- Grameenphone IT Ltd -- will support all IT needs of Grameenphone and provide such services and support to third parties as well.

The formation and incorporation of the subsidiary is subject to regulatory approval.

Each Grameenphone share soared Tk 17.50 to Tk 244.40, a 7.71 percent jump, which is the main reason behind such an aggressive movement in the



stockmarket. A total of 50,70,200 Grameenphone shares worth Tk 120.22 crore traded on the DSE, making the cell phone operator the top turnover leader.

The benchmark DSE General Index (DGEN) shot up by more than 96 points, of which, Grameenphone contributed around 70 points. DGEN closed at 5,095.21, up 1.93 percent.

"It's a historical moment," said DSE President Rakibur Rahman.

"Other sectors are also performing well. This resulted in the share price rally," he said, adding that no irrational behaviour was identified so far.

"Demand has been created in the market and so, the most important thing is to ensure an

adequate supply of new shares," Rahman said. He urged the market regulator to give the green light to new companies that planned for initial public offerings.

But M Fazlur Rahman, president of Bangladesh Merchant Bankers Association, said there is no room for complacency with the new achievement.

"The supply side should be ensured first -- to keep the momentum in pace."

Advancers beat losers 153 to 83 with five securities remaining unchanged on the DSE. A total of 5,06,10,026 shares and mutual fund units worth Tk 1,241 crore were traded.

Chittagong stocks also marked a sharp rise riding on Grameenphone shares. The CSE Selective Categories Index went up 180.88 points, or 1.91 percent, to 9,616.22.

Each Grameenphone share on the Chittagong Stock Exchange jumped 7.09 percent to Tk 243.10.

Minister, regulator justify Airtel-Warid deal

STAR BUSINESS REPORT

A minister and the telecom regulator yesterday justified the deal between Bharti Airtel and Warid Telecom, brushing aside all the questions that surfaced in Bangladesh's telecom industry centring the agreement.

They said all the things happened in line with the law.

Telecom Minister Rajiuddin Ahmed Raju and BTRC Chairman Zia Ahmed said Abu Dhabi Group, which was unwilling to invest anymore in Warid because of its financial crisis, has taken Bharti Airtel Ltd as a 'strategic alliance' to run the mobile operator.

Bharti Airtel has already received permission from regulatory body to acquire 70 percent shares in Warid. However, some legal aspects raised questions among the telecom industry people.

"Warid became financially burdened. We wanted to allow new investment in the company so it can run business," said the minister.

"It's not that Warid will transfer its licence to Bharti," said the BTRC chairman. "Bharti Airtel will be the strategic partner of Warid by acquiring its 70 percent stake."

The minister and the chairman of Bangladesh Telecommunication Regulatory Commission (BTRC) were replying to journalists' queries after attending a seminar on 'Achieving 2021: A Digital Age for Bangladesh' organised by GSM Association at Radisson Water Garden Hotel in Dhaka.

When asked how much money Bharti agreed to pay for the 70 percent stake in Warid, the BTRC chairman said Bharti will invest \$300 million in network development of Warid. The company however will pay \$100,000 to Warid for the 70 percent share transfer, as Bharti is going to take all its liabilities.

About the justification for paying \$100,000 for 70 percent shares, Zia said: "If Warid agrees to accept \$100,000 as token money for the stake, we have no problem."

It can happen as Warid is suffering negative equity with huge bank loans, he added.

Warid's existing bank liabilities are worth around \$350 million, said an official of the operator, which bought the GSM (Global System for Mobile Communication) licence for \$50 million in December 2005.

"In line with the deal, Bharti is going to take all the liabilities of Warid. So, the amount seems insignificant," said a Warid official.

According to a letter of BTRC issued on January 4 to the operator, "The commission has accorded permission to Warid Telecom International Limited to form a strategic alliance with Bharti Airtel Limited (directly or through subsidiary)."

"It approved the proposed 70 percent shareholding of Warid Telecom International Ltd being acquired by Bharti Airtel Limited (directly or through subsidiary) through transfer of existing shares and the issuance of new shares of Warid Telecom International Ltd."

The letter also said: "The commission has approved the proposed amendment to vest licence in the sole name Warid Telecom International Ltd by replacement of the word 'Warid Telecom International Ltd' and/or its hundred percent subsidiary in Bangladesh' with the words 'Warid Telecom International Ltd' in clause 1(j) of the mobile operator licence issued on December 20, 2005 and other places where so required."

However, as per the Telecom Act 2001 (section 37) and Warid licence (section 29, clause 29.1), "The licence and any right acquired hereunder shall not be transferred, wholly or partly, and such transfer, if any, shall be void."