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Asian Markets	
MUMBAI	Closed
TOKYO	0.45% ↑ 10,172.06
SINGAPORE	0.84% ↑ 2,774.06
SHANGHAI	1.18% ↑ 3,087.84

Currencies		
	Buy Tk	Sell Tk
USD	68.60	69.60
EUR	91.98	96.14
GBP	102.67	106.99
JPY	0.75	0.80

Commodities	
Gold	\$1,121.00 (per ounce) ↑
Oil	\$80.16 (per barrel) ↑ (Midday Trade)

Contact Us

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

News in Brief

Barua joins D8 meeting in Tehran

STAR BUSINESS REPORT

The first meeting of industry ministers from the developing eight countries (D8) began in Tehran yesterday. Industries Minister Dilip Barua is participating in the meeting.

The D8 meeting has been designed to utilise capacities and increase influence of the D8 countries in global industry.

The D8 members include Iran, Bangladesh, Egypt, Indonesia, Malaysia, Nigeria, Pakistan and Turkey.

The combined population of the eight countries is about 60 percent of the Muslim population, or close to 13 percent of the world population.

Following the 'Conference on Cooperation for Development' in 1996, and a series of preparatory meetings, the D8 formation was announced officially by the Summit of Heads of State in Istanbul in 1997.

The objectives of the D8 are to diversify and create new opportunities in trade relations, enhance participation in decision-making at international levels and provide better standards of living.

Govt distributes farm input cards in Jamalpur

BSS, Jamalpur

Agriculture input assistance cards are being distributed among farmers in Jamalpur.

The government distributed 365,580 agriculture input assistance cards in the district.

A total of 94,080 cards were handed over to the farmers in Jamalpur Sadar while the numbers are 56,500, 49,000 and 47,000 for Sarishabari, Melandaha and Islampur.

For Dewanganj, Maderganj and Bakshiganj, the numbers are 38,000, 50,000 and 31,000.

Flights to link up domestic airports

JASIM UDDIN KHAN

The government has decided to resume flights to all domestic airports across the country next month.

The decision taken at a meeting of the civil aviation and tourism ministry was meant to deepen inter-district sky connectivity to help business travellers.

The move comes, as about four full-fledged district airports lie unused, resulting in financial losses for the government and depriving customers of air services.

According to the government decision, all private airlines and state-run Biman will coordinate among themselves to run a minimum of one flight a week to keep the airports operational.

Ashis Roy Chowdhury, director (operations) of GMG Airlines, said two to three flights would be better than once a week. "Initially, the government has to pay subsidies and reduce differential charges to make air links meaningful for business purposes."

A Biman official says the national flag carrier runs short of aircraft and has only planes with jet machines, which are expensive to run on short-haul routes.

The official suggested the government import new aircraft with turbo-prop engines to run inter-district flights that are commercially viable.

ATM Nazrul Islam, director (business development) of United Airways, said the existing rate of airport charges, handling charges, VAT and taxes are extremely high, which compelled private operators to discontinue operations among the inter-district airports.

He said United Airways has route permits to operate flights to Barisal, Rajshahi, Syedpur and Jessore. The private airline plans to import small aircraft to reintroduce the flights.

Biman has three operational inter-

district flights -- Chittagong, Sylhet and Cox's Bazar -- where other private airlines are also active.

The country has three international airports -- Dhaka, Chittagong and Sylhet -- and five inter-district airports -- Barisal, Cox's Bazar, Jessore, Rajshahi and Saidpur.

The Civil Aviation Authority is developing another district airport at Bagherhat. It has also seven registered short take-off and landing (STOL) airports -- Bogra, Comilla, Ishwardi, Lalmonirhat, Shamshearnagar, Tejgaon and Thakurgaon -- which could be made operational in future.

Highlights

- Possesses 13 aircraft in fleet, five leased.
- Flies to 18 international and 3 domestic destinations
- Carries over 1 lakh travellers on average a month
- Posts gross profit of Tk 34.45 crore in the July-September quarter of fiscal 2009-10
- Rebrands its logo and livery to attain commercial viability

The civil aviation authorities have also ten underdeveloped, unused airports located at Sandwip, Chakaria, Tangail, Pahar Kanchanpur, Feni-Noakhali, Ghatail-Tangail, Rajendrapur, Moulvibazar, Rasulpur and Sirajganj. These airports do not have adequate infrastructure to operate flights.

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Farmers pile up bags of potato on the roadside in front of a cold store in Rangpur. A hike in cold storage rents rattles growers.

Storage rent hike worries potato farmers

SOHEL PARVEZ and RAFIQUE SARKER

Cold storage operators have increased space rent for potato by over 18 percent to Tk 260 per sack for the current year on the ground of a rise in electricity tariff, labour and other costs.

The rent hike has rattled farmers. Many now fear mounting losses as a supply glut caused by higher production is dampening the prices of potato.

Now a kilogram of tuber is traded at Tk 10-Tk 12 at retail level in Dhaka, down by 15.38 percent from Tk 12-Tk 14 a year ago, according to retail price data compiled by Trading Corporation of Bangladesh.

"We are incurring losses of Tk 100 per 85 kg now due to low market price. The hike in space rent has deepened our worries of further losses," said Ranjit Kumar, who cultivated potato on 20 acres of land in Mahiganj, Rangpur.

The farmers in different potato producing areas said they receive between Tk 8-Tk 9.75 per kilogram depending on variety and quality, but the price stands below their production costs.

Cold storage owners, however, said

they took the decision to increase the charge for preserving potato due mainly to a rise in electricity tariff recently. Increasing labour and other operational costs have also added to the hike in charges for the year.

"We have raised the rent because of a rise in electricity bills and other costs," said Jasim Uddin, chairman of Bangladesh Cold Storage Association, a body of around 300 cold storage operators.

"The main raw material of cold storages is electricity, cost of which has increased by around 10 percent per unit since January this year. Labour wages have also gone up," he added.

The space rent was Tk 220 per 80-kg sack in 2009, the operators said.

The cold storage owners raised the charge at a time when the growers have started sending their potato for storage, expecting a rebound in prices in the coming off-season.

"The sudden rent hike has added to our woes," said Boku Bhuiyan, a farmer in Munshiganj.

"The present market price is lower than my production costs of over Tk 12 per kg," he said, adding that he had to

bear additional costs for buying potato seeds, renting lands and hiring labourers this season.

The farmers said some cold storages are demanding advance payment.

However agriculture officials think the rise in rent came amid speculation that potato production would be higher this year because of favourable weather and increased plantation.

Stakeholders expect that potato output would exceed the target of 70.12 lakh tonnes set for this year.

Production stood at 67.46 lakh tonnes last year, according to Department of Agricultural Extension.

The owners said all the cold storages would be able to store around 24 lakh tonnes of potato this year, up from 18 lakh tonnes a year ago.

Of the total output, the farmers usually keep around 40 lakh tonnes at their houses to sell in the first half of the year.

Cold Storage Association Chairman Jasim said the government should increase incentive to export to manage the remaining quantity. sohel@thedailystar.net



A stall attendant briefs visitors on an automated teller machine at an exhibition on the sidelines of an international conference -- Bangladesh Banking 2010 -- at Sonargaon Hotel in Dhaka yesterday. (Story on B3)

SEC settles on uniform face value of shares

SARWAR A CHOWDHURY

The stockmarket regulator has decided to set a uniform face value of stocks in line with a government instruction.

The Securities and Exchange Commission (SEC) yesterday settled on a finance ministry decision on the uniform face value of shares that was taken in November last year.

With the latest move, new companies having Tk 100 face value in shares will be allowed to go public.

However, the consultative committee of the SEC on November 11 recommended a uniform face value of shares at Tk 10.

The face value of shares of the existing listed companies will remain unchanged as prescribed by the finance ministry.

The move will also restrict some 10 listed companies from denominating their shares, as the SEC has

directed all the listed companies to refrain from taking any step to change the existing face value of their shares.

The 10 companies, which declared denomination of shares from existing face value, includes Prime Finance, Fareast Islami Life Insurance, Aftab Automobiles, First Security Bank, Al Arafah Islami Bank, Social Islami Bank, Southeast Bank and Premier Bank.

The parliamentary standing committee on finance ministry also recommended on November 25 that the SEC set a uniform face value and market lot of shares, which would end misinterpretation and confusion.

"The Securities and Exchange Commission should fix the uniform face value of shares in consultation with the Dhaka and Chittagong stock exchanges," ANH Mostafa Kamal, the committee chairman,

said.

A debate over such uniformity was evoked by the SEC consultative body suggestion that the regulator set Tk 10 as the face value of all company shares. This committee also proposed a one-year period to convert all share prices of listed companies to the said amount. But the commission later backtracked on such recommendation and hinted at a possible conversion of all Tk 10 shares to Tk 100 ones.

This topsy-turvy attitude led to protests on streets by retail investors who term it 'damaging for the capital market'. Besides, a divergence in face value misled the investors.

"On review of all this, the committee suggests a uniform share face value," Kamal said.

A common market lot to avoid complexities is the parliamentary body's another recommendation. sarwar@thedailystar.net

Services sector heading for a slide: BB

SAJJADUR RAHMAN

The growth of the services sector that accounts for half of GDP is expected to dip this year, the central bank predicts in a report.

In its quarterly report for October-December 2009, Bangladesh Bank estimated that services-sector growth is likely to drop by nearly one percentage point to 5.5 percent in the current fiscal year, from 6.3 percent last fiscal year.

The sector grew by 6.5 percent in fiscal 2007-08 and the highest growth -- 6.92 percent -- was recorded in fiscal 2006-07.

The central bank identified lower growth in transport and telecommunications, the two important sub-sectors of the services industry.

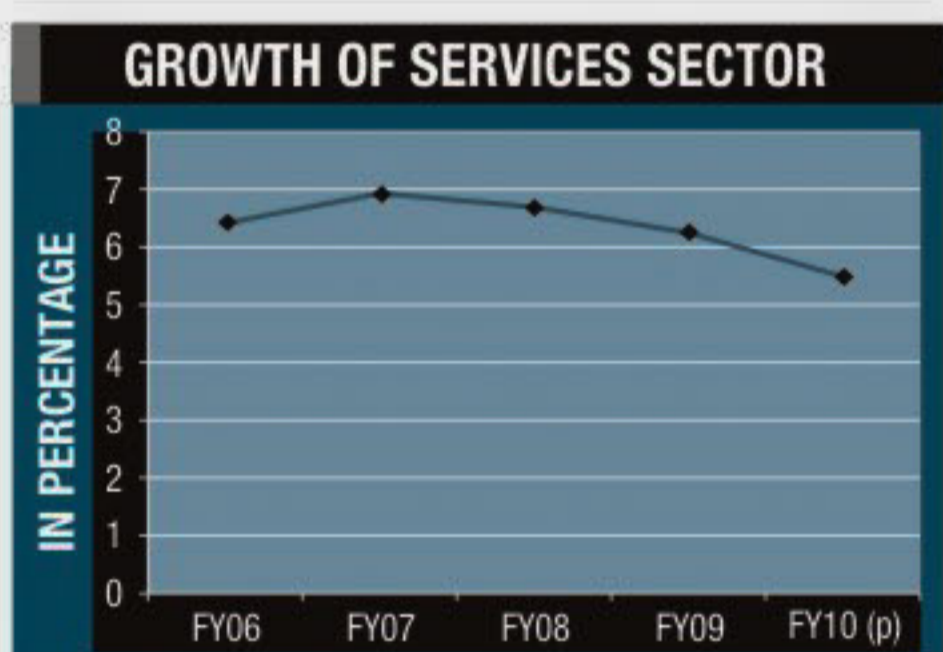
"In July-December 2009, relatively low growth in the industrial sector affected the growth of the services sector. The lower import growth impacted the transport and telecommunications sub-sectors," a senior BB official told The Daily Star, quoting the report.

The growth of the services sector depends on the expansion of the two major sectors of the economy: agriculture and industry. Although agriculture grew significantly last year, the industrial sector dipped to 5.9 percent from nearly 7 percent a year ago.

The services sector covers everything from wholesale and retail trade to transport, communications, financial intermediation, hotels and IT companies.

The sector accounted for 49.7 percent of total GDP in fiscal 2008-09. Wholesale and retail trade contributed the highest with 14.4 percent, followed by transport, storage and communication with 10.6 percent, real estate, renting and business activities with 7.4 percent and community, social and personal services with 6.9 percent.

An economist said sliding growth in the sector will affect the country's efforts to generate employment for a population of nearly



160 million.

"There will be adverse impacts on employment generation, as the services sector is highly labour-intensive," said Zaid Bakht, research director of Bangladesh Institute of Development Studies (BIDS), a think-tank.

Bakht finds inconsistency in BB's GDP growth projection of 6 percent plus and the declining growth of the services sector that accounts for 50 percent of GDP.

The economist said the services sector is a low capital-intensive sector and sluggishness in the sector will also affect manufacturing, industry and export sectors.

The BB report said growing power and energy shortages and underdeveloped infrastructure would continue to constrain industrial activities and the services sector's growth potential.

"Overcoming this problem will contribute to higher growth in this sector," the report said.

Remittance inflows continue to perform buoyantly, cushioning the economy in tough times, said Bakht.

According to him, there is no option but to raise public investment to keep the pace of employment generation.

Only 29 percent of the annual development outlay has been implemented so far in the first seven months of the current fiscal year. sajjad@thedailystar.net

Prudential buys AIG Asia business

AP, London

British insurer Prudential PLC says it will buy the Asian unit of bailed-out US insurance company AIG in a deal worth \$35.5 billion. Prudential will pay \$25 billion in cash and \$10.5 billion in securities. Prudential said Monday that it will raise \$20 billion of the cash through a rights issue.

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