DHAKA TUESDAY MAY 18, 2010

0.22%

5,839.15

0.24%

11,043.78

0.94%

2.17%

0.75%

2,833.69

5.07%

2,559.93

Sell Tk

86.91

101.10

\$1,235.00

(per ounce)

\$69.82

(per barrel)

(Midday Trade)

10,235.76

16,835.56

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Bogra soon

economic

zone: Barua

STAFF CORRESPONDENT, Bogra

The government will soon

make Bogra a special eco-

nomic zone to promote the

private sector, said

Industries Minister Dilip

Barua also said the 6.23-

hectare land proposed for

the heavy industrial com-

plex at Saipukur in Sadar

upazila of Bogra would be a

He was speaking at a

Bangladesh Steel and

Engineering Corporation

purchased the land in 1981

to establish the heavy indus-

trial complex. But they

dropped the project in 1999.

and Cottage Industries

Corporation (BSCIC) asked

the government to build

another BSCIC estate on the

Fazlur Rahman Paiker,

former president of the cham-

ber, complained to the minis-

ter that industrial gas and

electricity connections had

remained suspended for long.

dent of the chamber, pre-

sided over the meeting.

businesses.

Momtaz Uddin, presi-

The minister urged pri-

vate banks to reduce the

interest rate on loans to a

single digit to promote small

land for the complex.

Earlier, Bangladesh Small

meeting at Bogra Chamber

of Commerce and Industry.

special industrial area.

Barua yesterday.

to be special

If you have views on Star

Business or news about

business in Bangladesh,

please email us at busi-

Commodities

Asian Markets

Banks shell out 35pc more for CSR

Bangladesh Bank releases report

STAR BUSINESS REPORT

Commercial banks hiked spending on corporate social responsibility (CSR) by 35 percent last year and shifted from passive grants and donations.

The banks' expenditure for social welfare jumped to Tk 55.38 crore in 2009 from Tk 41 crore in 2008, according to a Bangladesh Bank report, first of its kind.

The central bank held a discussion yesterday with the bankers on

the report titled Review of CSR Initiatives in Banks (2008-2009).

"Apart from one-off grants and giveaways, some banks have engagements in longer term continuing support commitments, in areas of education and healthcare," said the report.

Besides the passive engagements by way of grants or donations, the banks are now getting actively engaged in socially responsible business operations, by way of increased lending to under-served sectors like agriculture and SMEs, the report added.

Of 48 scheduled banks in Bangladesh, 46 were involved in CSR activities in 2009. The number was 27 in 2008.

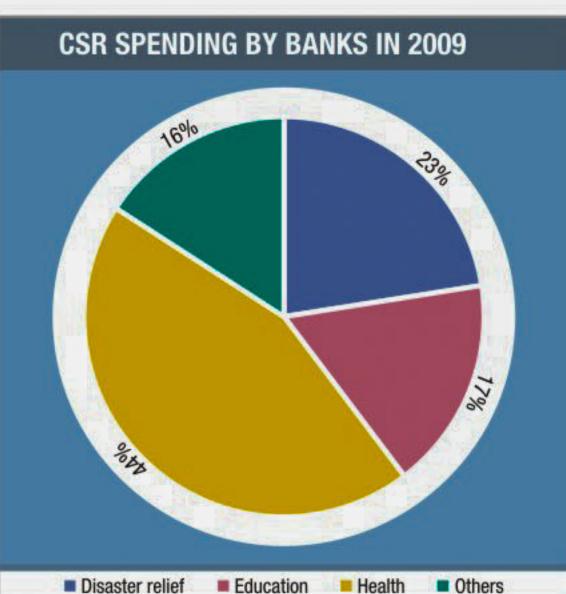
Dutch-Bangla Bank Ltd spent the highest, Tk 15.92 crore, on education, health, disaster relief, sports and social welfare in 2009.

Islami Bank Bangladesh Ltd secured the second position, spending Tk 11.62

crore mainly on education and disaster relief.

The bankers said a joint move by all banks is necessary to fund a big project each year under their own CSR activi-

Some researchers define CSR as "the situation when a firm does more than it is compulsory and it involves itself in actions meant to be useful to society, actions that surpass the immediate economic interest of the firm and



the minimal standards imposed by the

The difference between CSR and charity is, CSR involves developing an implication strategy within the community and a partnership of which the company gains, too.

The CSR activities are not mandatory for the banks. However Bangladesh Bank now considers the banks' yearly CSR initiatives as an extra instrument for their performance rating. This idea has mainly brought the banks to involve more in such activities.

Private commercial banks were found more active than the state-run ones in spending on CSR activities, said the BB report.

"The central bank wants the banks to include CSR into their core banking, not by considering it a 'voluntary

> service'," said BB Governor Atiur Rahman at the meeting. "It should be a long-term,

sustainable and running process than being restricted only to the short-term services like grants, aids and donations." All banks should have a CSR

policy to formulate a separate budget to execute CSR initiatives each year, he said.

K Mahmood Sattar, president of Association of Bankers, Bangladesh, said all commercial banks have made a commitment to fund a mega project each year. He said the banks would

become more active in CSR activities in future. But the government should waive the banks from the tax burden for the money they

spend for such activities, he added. Responding to Sattar, the central bank chief said he would bring the tax waiver issue to the government high-

The banks will provide a big fund to develop the Liberation War Museum this year under CSR activities, he said.

Mobile operators' rural drive far from easy

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STAR BUSINESS REPORT

The gap between subscriber acquisition costs and the returns has begun to worry the mobile operators who are set to invest and roll out operations into the most untapped rural markets.

The operators' glum investment mood has hindered the growth of the mobile industry in the last few years. Six operators added only 7.79 million subscribers in 2009, down from 10.27 million in 2008.

The operators predict continuous slow growth, as prospective customers belong to the poor rural areas, which ultimately widens the gap between the costs per customer and the returns.

Shihab Ahmad, director (marketing) of Banglalink, said it was not a worry for an operator to bear the customer acquisition costs a few years back, as the market's monthly average revenue per user (ARPU) was Tk 600 then.

"Customer acquisition was not a matter of anxiety for the operators at that time as returns came quickly. But now it has become a burden," he said.

Except Grameenphone and Robi, the monthly ARPU for the four other operators ranges between Tk 140 and Tk 160 now.

Ahmad said when an operator adds a customer to its network, the company has to spend Tk 80 as bank financial costs, Tk 30 for operating costs and Tk 10 for maintenance and distribution.

The operator has to pay the rest of the money (Tk 20) to subsidise the SIM (subscriber identity module) tax. With such an expenditure model, an operator needs 40 months to recover the Tk 800 SIM tax for each subscriber.

"It's difficult to consider profitability after bearing the cost," said Ahmad.

However the early entrants like Grameenphone and Robi are enjoying profitability.

The government imposed a Tk 900 SIM tax in the budget for fiscal 2008-09.

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To avoid the huge cost burdens, operators take on retention-marketing models for some periods, under which, they stop subsidising the SIM tax.

But at most times, the model does not facilitate profitability because the operators have to add subscribers to compete.

The retention marketing strategy has had a negative impact on the market. Market growth has slowed mainly due to the strategy.

Banglalink is not the only victim of such a cost model. Almost every operator in the market has to bear the cost burden of subscriber acquisition.

As the urban market is almost covered,

the government should have a different outlook for the rural market, the Banglalink director said. "Mobile communication should be considered a human right."

Bangladesh's mobile penetration rate is only 34 percent, while the internet penetration rate is only 4 percent.

Ahmad said the government should find ways to reduce the tax burden on mobile operators. Ahmad suggests two mechanisms that

can help the industry grow -- withdrawal of SIM tax and raising a 'Universal Service Fund'.

He said the government could build the Universal Service Fund with money that operators pay as revenue each year. Later, the government can contribute to rolling networks out into the rural areas.

Bangladesh's total mobile subscriber base is 54.7 million as of March 2010, which could be 90 million in the next three years if the SIM tax is removed, in line with the operators' prediction.

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Asia-Pacific leaders focus on rebound from global crisis

DIPLOMATIC CORRESPONDENT

Leaders of the Asia-Pacific region yesterfinancial measures to ensure Asia's early rebound from the global economic crisis and foster broader economic growth. "The opportunity is now for Asia

Pacific to emerge as a leader in the global economy," said Noeleen Heyzer, executive secretary of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), while speaking at the commission's 66th session in Incheon city, South Korea. "The crisis of the past two years under-

scores the threat that global economic shifts continue to hold for the region."

"We remain vulnerable to the manmade shocks of global capital flows, including food and fuel price increases; natural shocks and disasters and the increasing threat of climate change," he said.

Agreeing to common regional development policies, including green growth and financial infrastructure measures, is the focus of the annual high-level meeting, including heads of state and cabinet ministers of some 60 countries in the Asia Pacific arm of the United Nations. "This is the moment when the region

can assure the long term benefits of recovery by creating a sustainable, interconnected, greener, regional economy, while reducing the social and economic disparities that left it vulnerable to such a crisis," said Heyzer, who is also UN Under-Secretary-General.

"The region has the opportunity to strengthen its economy, its environment, its society, and better connect itself."

South Korea Prime Minister Chung Unchan said: "Over the last six decades, day proposed common economic and ESCAP is playing a central role in the remarkable progress made by the region in economics, social, and environmental fields."

> Asia and the Pacific was the fastestgrowing region in the world in the past year, achieving an annual growth rate of 4 percent, according to the Economic and Social Survey of Asia and the Pacific 2010, which is a publication of ESCAP. It was published two weeks ago.

However, the report finds that the rest of Asia-Pacific's developing economies contracted in 2009 by 0.6 percent.

The survey also finds that although the outlook for 2010 is significantly improved with a forecasted growth of 7 percent, a sustained, longer-term development for all economies within the region relies on creating greater intra-regional trade and accelerating the development of an Asia-Pacific consumer market.

ESCAP has offered the commission session a number of regional policy recommendations for inclusive and sustainable growth, such as strengthening social protections, promoting agricultural and rural development, and enhancing financial inclusion.

Policy recommendations include increasing social spending that directly supports household income security by providing nutrition, education, access to healthcare, and reducing the need for poorer families to maintain precautionary savings to protect against economic downturns.

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planned for brokers STAR BUSINESS REPORT Dhaka and Chittagong stock exchanges have prepared a

Uniform software

"needs assessment" report as the first step to design uniform back-office software for stockbrokers. The market regulator has moved to put the software in

place to curb market manipulation and ensure accurate information on trading to be maintained by the stockbrokers and stock dealers. The report was submitted to the Securities and Exchange

of Dhaka Stock Exchange, told The Daily Star by phone. Mansur Alam, an SEC member, said the commission is reviewing the assessment report.

Commission (SEC) for feedback, Md Shakil Rizvi, president

Around 500 brokerage houses are affiliated with the Dhaka and Chittagong bourses, with investors numbering around 25 lakh.