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IDLC 50	0.33% 6,629.68

Asian Markets	
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TOKYO	0.35% 9,570.31
SINGAPORE	1.25% 3,025.04
SHANGHAI	1.33% 2,672.52

Currencies		
	Buy Tk	Sell Tk
USD	69.41	69.41
EUR	90.48	90.52
GBP	108.94	108.96
JPY	0.80	0.80

Commodities	
Gold	\$1,178.75 (per ounce)
Oil	\$79.22 (per barrel)

Send SMS for train tickets

STAR BUSINESS REPORT

Railway passengers of Dhaka-Chittagong route now can buy tickets through an SMS of Banglalink, the second-largest cellphone operator.

Cellphone customers of other companies can also get the service from the company's 500 cash points. Train ticket seekers will have to text "TKET" to "1200" to purchase an electronic ticket. Once the SMS is sent to the designated number, the customer will be instructed for further procedure.

Another option to buy an e-ticket is to press "131#" on the mobile keypad and enter a menu. The menu will generate windows in which the customer can input the travel information following prompts.

An SMS notification with ticket numbers will be sent to the customer, who must collect a paper ticket from the train station at least an hour prior to departure. The mobile phone service provider charges Tk 20 for each seat bought.

Initially, the e-ticketing service will be offered for the intercity trains leaving from Dhaka Kamalapur, airport and Chittagong train stations; and the service will be extended gradually.

Banglalink launched the service in association with CNS Ltd, a software-maker, and Bangladesh Railway. Earlier, Grameenphone launched the service under the name Mobitaka.

Md Shahjahan, joint director general of Bangladesh Railway, formally inaugurated the service at the Westin Hotel Dhaka yesterday.

Jute bag exports to India hit snag

PORIMOL PALMA

Exports of jute bags to India faced a setback last month, as the largest buyer of jute products from Bangladesh started requiring exporters to print the country of origin on each bag, enforcing a rule ignored for the past eight years, industry insiders said.

Traditionally, jute bag exporters print the country of origin and details of the products on the carton or packaging containing the bags. But in recent weeks India has barred jute sacks that do not have "Made in Bangladesh" mark on them.

Bangladesh Jute Mills Corporation (BJMC), the umbrella body of state-owned jute mills, sent a letter to the Textile and Jute Secretary that charged that putting labels on each bag increases the production cost "by at least 3 percent." This means Bangladesh's dream to revive the glory of the golden fibre may not be realised, BJMC officials said.

But not all, even in the jute industry, agree; most peg the label cost at less than a single taka.

"This (production cost) is not a big concern for us," said Ehsan Zaman, head of operations of Gem Jute Ltd, a private jute mill in the northern district of Panchagarh. "Not yet."

But he fears that it will slow the exports out of Bangladesh, as demand for labelled bags may decline in India.

Zaman notes that the labels will prevent Indian firms who imported unlabelled jute bags from gaining a state subsidy on re-exports to other nations. India created the subsidy to buoy its own jute only. "Indian businessmen who import our bags and export them to other countries on subsidy are more concerned," he said.

Of the five lakh bales of jute products exported by Bangladesh in the last fiscal year, India imported 1.75 lakh bales of jute bags, BJMC officials said. Bangladesh earned \$540 million from exports of jute products last fiscal year, according to the Export Promotion Bureau.

Textile and Jute Secretary Ashraful Mokbul told The Daily Star that he received the BJMC letter and is checking its claims with ministries of commerce and foreign affairs.



A worker rolls semi-processed jute at the factory of Gem Jute Ltd in the northern district of Panchagarh.

According to the BJMC letter to the jute ministry, dated July 12, a statutory order from India's textile ministry in 2002 required each imported jute bag to have the country of origin printed on it.

"That order, however, has never been enforced, as it increases production cost and India has not been so far strict about it in view of the increasing demand of these bags," said Kamran T Rahman, former chairman of Bangladesh Jute Mills Association (BJMA) who earlier fought against a major non-tariff barrier.

The Indian Jute Mills Association (IJMA) has been lobbying its own government to increase the price of local jute bags. A 61-day strike in Indian jute mills earlier this year failed to win over the government.

India's imports of jute products from Bangladesh and Nepal increased by around 60 percent between

April of 2009 and of May 2010, according to IJMA Chairman Manish Poddar. He was quoted in The Hindu Business Line newspaper saying that the price of jute goods imported from these countries is lower than comparable domestic goods.

Bangladeshi industry insiders suspect the enforcement issue was raised to disrupt the competitive imports.

BJMC officials, fearing that Indian customers may be reluctant to use jute bags marked Made in Bangladesh, note that Indian jute bags are largely exempt from country of origin labels requirements.

"We used to export around 100 trucks of jute bags to India daily, but it came down to only seven to five trucks after the markings were made mandatory," said an official of BJMC.

Go slow on new remittance offices: BB

Few commercial banks to get nod

SAJJADUR RAHMAN

The central bank will let a few more commercial banks open exchange houses abroad, said a senior official of Bangladesh Bank (BB).

Currently, local banks, both private and state-owned, have 35 exchange houses abroad, according to official data. BB is considering applications for another 13 exchange houses.

The BB plans to go slow to avoid saturation and due to its concerns over additional expenditures the banks incur when opening exchange houses abroad, which help foreign workers send money home.

"We are planning to be selective in this regard," said a top official concerned with the BB. "Some markets (countries) have already become saturated."

Remittances have become very important sources of funds for the commercial banks. Now banks are rushing to handle remittance transfers both to gain foreign exchange and increase profits.

Bangladesh receives a majority of its inward remittances from the Middle East, but Europe, Canada and the US are increasing sources of remittances.

Inward remittance grew by 13.4 percent to nearly \$11 billion in fiscal 2009-10 from \$9.7 billion a year ago, despite the global recession.

Experts believe a huge amount of remittance also flows through an informal but faster and cost-effective network

known as hundi.

"Exchange houses will help rout more remittances through the banking channel," said Yusuf Khan, senior executive vice president and head of international and NRB division of Mercantile Bank.

But the BB official worries that private sector bank executives may have more latitude to make wasteful or even corrupt expenditures during personal visits foreign exchange houses.

The central banker also warned banks not to avoid saturated markets. "Monetary Authority of Singapore has already stopped giving permission to any Bangladesh exchange house," he said. "London is also becoming saturated."

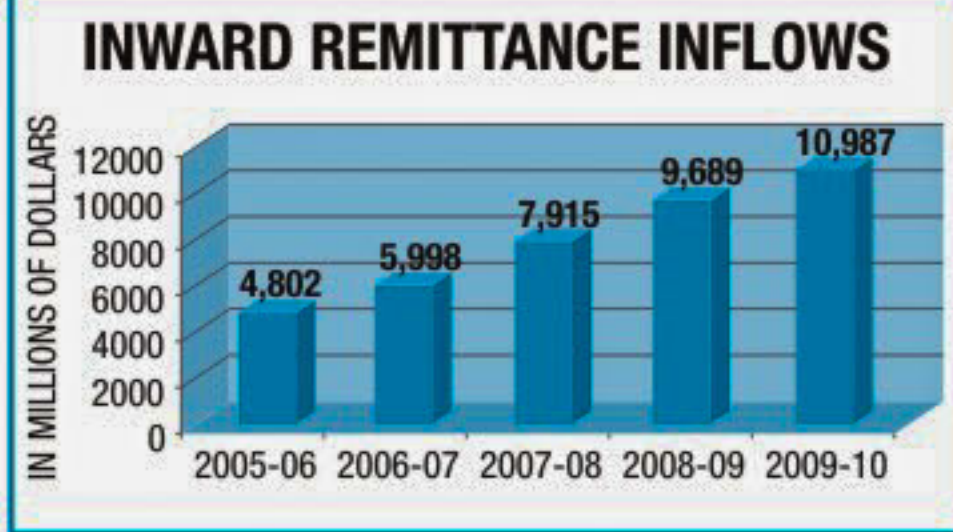
The official suggested that the banks should open exchange houses in Korea, Japan, Australia

and some East European countries where there are no exchange houses. "Bangladesh Bank should take into account the interest of the private banks and inflow of foreign currency. Banks should be allowed to open more exchange houses," said the managing director of a private bank, asking not to be named.

The central bank last year decided to break the state-owned banks' monopoly on opening exchange houses.

Private commercial banks had to rely on drawing arrangements (DAs) with exchange houses abroad.

Currently, 40 banks have nearly 1,000 DAs with around 300 exchange houses abroad. sajjad@thedailystar.net



International fairs in Dhaka

STAR BUSINESS REPORT

Two international fairs began at Bangabandhu International Conference Centre in Dhaka yesterday.

Over 100 exhibitors from seven countries are participating in the seven-day fairs.

Industries Minister Dilip Barua inaugurated the fairs of consumer electronics, food and beverage, health care products, personal care and beauty products, household products, real estate companies, construction materials, fashion and accessories, and arts and crafts. The exhibitions will be open to visitors from 11 am to 9 pm.

Dawn a broker again

Allegations cloud outlook

STAR BUSINESS REPORT

Trading at Dawn Securities resumed yesterday after the High Court stayed the regulator's suspension of the stockbroker, a senior DSE official confirmed.

The court's order, which also asked the Dhaka Stock Exchange to explain the reasons behind its suspension order, is valid for three months.

The official said the DSE will submit its explanation, and that the regulator plans further legal steps against Dawn Securities. On July 19, the DSE suspended the trading activities of Dawn Securities for allegedly swindling its clients out of Tk 9.5 crore.

The premier bourse's management let trading via Dawn Securities resume at around 1:00pm yesterday, after the officials of the brokerage firm presented the court stay order at the exchange.

The stockbroker received the money from its clients to purchase shares, but financial data on its computers allegedly showed that no shares had been purchased for them, according to a probe by the DSE.

The prime bourse authorities had also asked the brokerage house to pay back all the dues to its clients in 15 days.

Should Dawn fail to quickly pay back the dues, the DSE said, it will strip the brokerage of its membership licence and sell it to another house.

DSE investigators said Dawn is now Tk 5.55 crore short of full payback of clients.

During the investigation, the DSE also found that some cheques signed by Dawn in favour of its clients for payback have not been honoured by banks.

Dawn Securities Managing Director Abdul Hamid Bhuiyan could not be reached by phone. In 2005 and 2006, the DSE suspended five brokers for similar irregularities, and sold out their membership licences to pay back their clients.

The brokers were: Capital Roops, JR Capital Company, MR Company, T Mushfu and Company and SPMLtd.

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