

COMMODITIES		ASIAN MARKETS				CURRENCIES						
DGEN	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY	
3.21%	2.20%	\$1,366.40 (per ounce)	\$91.05 (per barrel)	1.11%	0.15%	0.34%	0.09%	71.05	94.38	112.84	0.85	
7,140.24	13,269.02			19,092.05	10,518.98	3,249.58	2,708.98	BUY TK	71.05	94.42	112.87	0.85
								SELL TK	71.05	94.42	112.87	0.85

# Star BUSINESS

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DHAKA WEDNESDAY JANUARY 19, 2011, e-mail:business@thedailystar.net

## Govt moves to upgrade TCB

STAR BUSINESS DESK

The government has moved to amend the Trading Corporation of Bangladesh (TCB) Order 1972 in an effort to strengthen the state-owned trading agency as a tool to intervene in the basic commodity market.

Commerce Secretary M Ghulam Hossain presided over an inter-ministerial meeting yesterday at the ministry to take the initiative ahead.

Participants suggested TCB should be made more active and decisive in importing or sourcing everyday commodities, such as sugar, onion and cooking oil, locally so that it can handle the situation more efficiently and avoid crises during lean periods.

The participants also proposed an increase in TCB's authorised capital from Tk 5 crore to Tk 1,000 crore.

Other suggestions include forming a six-member board of directors with a representative from the Federation of Bangladesh Chambers of Commerce and Industry, ensuring full-time duty of other directors, excepting the government one. The move is meant to ensure balance, conformity of power and accountability of the chief executive.

## Kaliakoir, first site for economic zone

UNB, Dhaka

The government and World Bank have concluded negotiations for developing the country's first economic zone.

The government owns the chosen site at Kaliakoir in Gazipur district, and no resettlement of people is needed. The site is fenced; already semi-developed and over 50 percent of the land is elevated and requires no filling of earth.

The site is also strategically located to take advantage of the rail link to the airport and Dhaka city, World Bank said in a statement yesterday.

The proposed \$120 million project will finance public sector investment in infrastructure for the development of serviced land and leverage private financing for economic zone development.

Economic zones can be an important tool for attracting private investment, generating employment and accelerating growth. "They will create increased linkages with the domestic economy by broadening and building on country's positive experience with export processing zones," the statement added.

The initiative will also focus on human resource development and better compliance with environmental and social standards.

The World Bank, in collaboration with DFID and IFC, is supporting the government's policy of setting up economic zones.



Angry investors protest a 300-point fall on the Dhaka Stock Exchange in Motijheel yesterday. The prime bourse and the Chittagong Stock Exchange closed well ahead of schedule. Related story on page 20.

# SEC offers new recipe

SARWAR A CHOWDHURY

The stockmarket regulator came up again yesterday with a set of measures to arrest the current downtrend and bring back investors' confidence.

The Securities and Exchange Commission (SEC) and the Dhaka bourse sat at an emergency meeting after trading on the two bourses was put on hold one hour and 20 minutes ahead of schedule, for the second time in eight days.

The benchmark index of Dhaka Stock Exchange (DGEN) nosedived 237 points and the Selective Categories Index of Chittagong Stock Exchange by 298 points.

The regulator instructed the exchanges to suspend the trading, sensing that the market would suffer a massive fall if the transactions continued to the close.

The DSE also put forward its recommendations at the meeting, presided over by SEC Chairman Ziaul Haque Khondker. A new SEC measure allows the stock dealers to buy shares worth any amount in their own portfolios without depositing any margin to the exchanges.

The stock dealers will get the facility from today, said Anwarul Kabir Bhuiyan, a spokesman and executive director of the SEC.

"If the stock dealers buy shares worth Tk 5 crore and

above, they will not need to deposit any margin for up to Tk 15 crore exposure," he said, adding that this facility will continue until the exposure reaches Tk 5 crore or above.

The dealer had to deposit a certain amount of money as margin to the exchanges for its additional trade exposure after Tk 5 crore, including own and clients' portfolios.

The SEC also decided to set a timeframe for the denomination of face value of those listed companies which are yet to change their stocks' face value.

"So far the companies were applying to the commission to change the face value from Tk 100 to Tk 10. Now the regulator

will set a deadline for the denomination of face value," the SEC executive director said.

However, the regulator will announce the deadline later.

The DSE said the latest initiatives will impact the market positively, and help the retail investors get back their confidence.

"Whatever the reasons behind the current downtrend are, the retail investors' confidence has been shaken," said Shakil Rizvi, president of the DSE.

"We ask the retail investors not to be panicked. Be patient, market will bounce back," he said.

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## Costly cotton makes clothes expensive

REFAYET ULLAH MIRDHA

Cotton is getting costlier worldwide, meaning higher prices of clothing items will ultimately burden the customers. Cotton was quoted at \$1.53 per pound in the New York Futures trading yesterday, up from \$0.95-\$1.10 on the international market in August-September last year.

The rise in prices came due to stockpiling by China, the largest consumer of cotton, a poor harvest in cotton growing countries such as Uzbekistan, last year's devastating flood in Pakistan, the fourth largest cotton supplier of the world, and restriction on cotton export by India, the second largest cotton growing country.

Cotton futures prices in China are rising steadily in line with the recovering demand from the textile industry. Textile firms are also increasing their cotton stockpiles due to worries over a further rise in prices.

A senior official of a German brand, having liaison office in Dhaka, said, for the last three to four months the buyers have been paying more for the Bangladeshi garment items as the cotton prices went high worldwide.

"The ultimate pressure will be passed on to the consumers because the retail chains of the western countries will increase the prices at the customers' end," he said, requesting not to be named.

The Bangladeshi garment makers have also increased the prices of clothing items by 25-30 percent for higher cotton prices. The country needs to import all its cotton, and last year the volume was more than 50 lakh bales (440 pounds make a bale).

A Matin Chowdhury, managing director of Malek Spinning Mills Ltd, a major cotton importer, said Bangladeshi garment makers are in dilemma at the present cotton price.

"We have a lot of orders from the buyers, but we are in dilemma whether we would take all the orders because the cotton prices are increasing almost everyday," said Chowdhury, also a knitwear maker.

A senior merchandiser of a UK-based garment company operating in Bangladesh said they have increased the prices of garment items by 25-30 percent from the last spring to cope with the new prices of cotton.

"The buyers agreed to the hike because the prices of raw materials have gone up," the merchandiser said, requesting anonymity.

In its latest move, India, one of the major sources of cotton for Bangladesh, agreed to resume cotton export from January 11 until February 25.

Up to Monday, a total of 5,270 bales of Indian cotton entered Bangladesh through Benapole Land Port after the Indian government temporarily withdrew the ban on cotton exports. India will export 2.5 million bales during this one and a half months.

The Indian government has already set an export ceiling of 5.5 million bales for the ongoing season -- October 2010 to September 2011.

India imposed the ban for the second time in a year on December 15 to boost its stocks for the local market. In 2010, the first ban came on April 21 and continued till October 31.

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# Major progress in e-bidding

REJAUL KARIM BYRON

An electronic payment system will be introduced in February as a major breakthrough in the government bidding system, freeing the process of corruption and hassles.

The Central Procurement Technical Unit (CPTU) of the planning ministry yesterday held final discussions with Bangladesh Bank and 12 commercial banks on the new system.

A high official of CPTU said the government is going to sign a memorandum of understanding (MoU) with the scheduled banks by the end of this month.

In the first phase of the electronic government procurement (e-GP) system, the contractors have to go to a CPTU-approved bank to pay cash, demand drafts of pay orders to sign up for the system, CPTU said.

The contractors must download tender documents and process tender security or bank guarantees.

In the second phase, there are possibilities of opening various channels such as ATM, debit card, credit card or internet banking.

In the second phase, CPTU will sit with respective e-payment providers for further discussion, the official said.



told the meeting that the central bank is going to introduce the e-payment gateway which will enable the contractors to make payments staying home.

The meeting also discussed charges for e-payment and decided that the banks will fix their service charges but Bangladesh Bank may interfere to ensure that does not vary too much from bank to bank.

The headquarters of respective branches to receive e-payment, CPTU said. Banks agreed that after signing the MoU they would request their branches to receive e-payment through the

e-GP dashboard.

CPTU informed banks that every bank should engage one appropriate focal person for this project, who will act on behalf of the bank and coordinate with CPTU as required.

Secretary of the IME Division Md Habib Ullah Majumder presided over the meeting organised by the CPTU. Director General of CPTU Amulya Kumar Debnath, Executive Director of Bangladesh Bank Nazneen Sultana, and CPTU Director Aziz Taher Khan were present on the occasion.

Representatives from different banks including Janata, Sonali, Agrani, Uttara, Pubali,

National, Dutch-Bangla, UCBL, Krishi Bank and Islami Bank also attended the meeting.

The CPTU made a presentation on e-payment options in the e-GP system in the meeting. The bank representatives discussed the existing payment system, its capacity and how they can be involved in the process of electronic payment.

The CPTU is implementing the Public Procurement Reform Project-II (PPRP-II) supported by the World Bank. The e-GP, one of the four components of the PPRP-II, is going to be introduced initially at four target agencies -- LGED, REB, WDB and RHD.

## Britain to push India to open up retail sector

REUTERS, Mumbai

Britain will press India to open up its lucrative retail sector to foreign firms like Tesco, Business Secretary Vince Cable said on Monday, a day before he was scheduled to meet officials in New Delhi.

India's \$450-billion retail sector is largely shut to foreign firms and is dominated by small family-run stores. But nudged by firms like Wal-Mart Stores and Carrefour, New Delhi has taken baby steps in liberalising the sector.

"I will make the case for an open market (in retail)," Cable told Reuters Insider television in an interview.

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