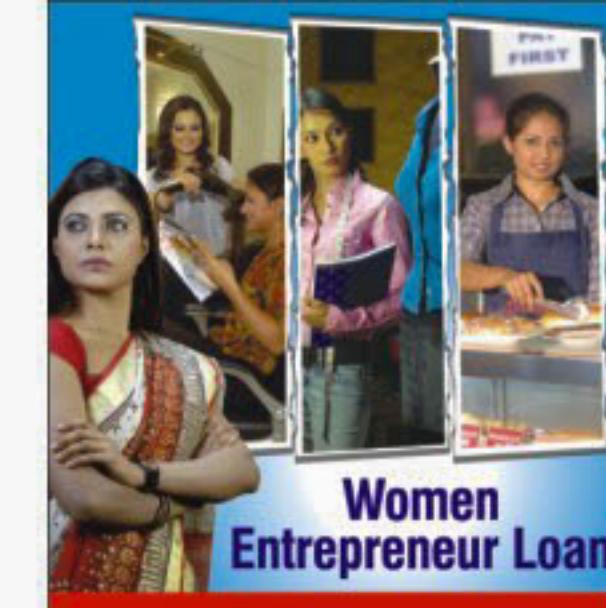


DHAKA THURSDAY FEBRUARY 3, 2011, e-mail:business@thedailystar.net



Visitors crowd stalls of the country's flagship software fair -- BASIS SoftExpo 2011 -- at Bangabandhu International Conference Centre in Dhaka on the second day yesterday.

Committee suggests multimodal transport system for transit

REFAYET ULLAH MIRDHA

A sub-committee on transit suggested the government develop multimodal transport routes to get economic benefits from regional connectivity.

The suggestion came after the economic analysis team led by Sadiq Ahmed, vice-chairman of Policy Research Institute, held a meeting on January 18. This is one of the five such sub-committees working under a national taskforce on regional transit.

Ahmed's team recommended the government should upgrade the Chittagong port to a regional hub for ship users. He also suggested modernising infrastructure such as roads and highways and railways to harness benefits from regional transit.

"If the Chittagong port is developed properly, not only India, Nepal and Bhutan but also China will be able to use it," he said. "As a result, Bangladesh will earn a substantial amount of fees from the port users of the four countries."

"Hong Kong, Singapore and Rotterdam earn millions of dollars a year from port users. We also have the same opportunities to earn such revenues as many of our neighbouring countries are landlocked."

If the transit is given, the participating countries will use both roads and railways to carry goods, he said. "So, we have to improve the capacity of seaports, roads and highways and railway to be benefited from transit, in a greater sense from the trade of regional connectivity."

Since the transit has an international convention, every country has to bear the costs of developing its internal infrastructure, allowing other countries to use the routes with certain fees, Ahmed said. "We didn't fix any fees for using the ports, roads and highways yet. We are working on it."

The national taskforce committee on transit will submit its report to the government at the end of March, he said. "Now the experts are giving their opinions on five major issues under the sub-committees. We are preparing the reports only, the implementation of the transit is a political decision of the participating countries."

Earlier, the government formed five sub-committees on December 13 last year, assigning five specialists to give their input to Mojibur Rahman, chief of the core committee, who is also the chairman of Bangladesh Tariff Commission.

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Rice caught in fog of info

SOHEL PARVEZ

Rice prices hit a record high over the past couple of weeks, raising eyebrows among economists about the real supply and demand estimates of the staple.

If there were good crops in the immediate past seasons, there should be an excess supply of rice in the local market which in turn might have helped curb the spike in rice prices.

According to an analysis based on data of Bangladesh Bureau of Statistics, the total rice production was 3.2 crore tonnes in fiscal 2009-10, which is 14 percent higher than the annual demand for 2.8 crore tonnes (if the size of the population is put at 15 crore).

Bangladesh should have run a surplus of rice against per-capita demand, 182.5 kilograms a year, even after a 12 percent deduction for seed, feed and waste from the total output.

These questions came at a time when the government reported good harvests in the immediate past two seasons -- aus and aman -- in fiscal 2010-11.

Prices of the staple however have gone up -- as high as 33 percent -- in the past one year, thwarting the government's efforts to curb the spiral.

Traders in city markets now sell a kilogram of rice at Tk 35-52, depending on quality, which was Tk 26-44 a year ago, according to Trading Corporation of Bangladesh.

The government blamed hoarding by the traders on speculation of a further hike in prices, influenced by surging food prices on the global market. But traders denied the allegation and blamed farmers and low productions due to crop losses in some areas.

"By and large, it appears that there is a problem with the accuracy of statistics either in production and rice area or annual demand for the grain," said Mahabub Hossain, former head of social science division of International Rice Research Institute.

Hossain, now executive director of Brac, said real information on two big factors -- population and rice production area -- are needed to determine demand and supply estimates of rice.

"If we estimate population at 15 crore now, there

should have been surplus in supply. But the market reflects a tightness," said Hossain, who also former director general of Bangladesh Institute of Development Studies (BIDS).

"But if we take UN's estimate of population of over 16 crore, then demands are higher than production," he added.

In October last year, United Nations Population Fund said Bangladesh's population is now 16.44 crore, growing by 1.4 per thousand.

Fahmida Khatun, head of research of Centre for Policy Dialogue, is also curious about the population size.

"Has the population increased so much that the current production cannot meet their demand?" she argued saying that there is no crisis in the international rice market while Bangladesh bagged good harvests.

"Is the production estimate correct?" asked Khatun. "We have to investigate the statistics provided by various sources. Otherwise, we will not be able to make any plans and projections on our demand and price."

Despite a rise in production in the past two fiscal years, prices of the staple remained high for more than one year influenced by speculations of crop losses, low level of stocks at government's hand and spike in government purchase prices.

Surging prices of grains and essential commodities, and no import of rice by the private sector also influenced domestic prices, creating high price expectations among traders and big farmers, many of whom still keep their produce on hold, traders and economists said.

Khan Ahmed Sayeed Murshid, research director of BIDS, said these factors helped spread speculations. "The environment has been favourable for speculative trading," he said. But like others, he is not convinced about such high prices of rice, as production data reflects good output.

"There is a question mark about the validity of statistics of the good production."

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SIM tax weighs down telecom growth: analysts

STAR BUSINESS REPORT

The tax on new mobile connections is the main constraint to achieving the government's vision of a 'Digital Bangladesh', said the head of the parliamentary standing committee on telecom ministry yesterday.

"The Tk 800 tax on SIM cards is inhumane, and it should be removed," said Hasanul Haq Inu, addressing a seminar, Telecom for the Common Man and the ICT Industry, at Bangabandhu International Conference Centre.

Bangladesh Association of Software and Information Services (BASIS) organised the event on the sidelines of its exposition, BASIS SoftExpo 2011.

With nearly seven crore active subscribers presently, Bangladesh is one of the fastest growing mobile markets in the world.

Inu said the government must take a political decision in bridging the digital divide and applying ICT in every sphere of life. He said the government should have cut the price of internet bandwidth earlier. The standing committee recommended the reduction one and a half years ago, he added.

"The users would have started to reap benefits much earlier," he said, referring to a 31 percent cut last month in bandwidth prices from Tk 17,400 to Tk 12,000 per mbps. He urged the government to sit with stakeholders to provide high-speed internet services at Tk 400-500.

Inu said the country's tax regime has to be made industry-friendly. "The return for the government will be huge, even if we provide free internet facilities to citizens."

"The world is advancing so fast. If we do not catch up, we will be lost," he said. "Over 60 percent of our population is below 30 years of age. They are our assets."

He chastised the country's business conglomerates for their unwillingness to invest in the ICT sector. "Instead, they are more interested in buying land."

Inu said the energy crises, substandard education system, an unfriendly industry tax system and 'old' bureaucracy holds back development.

Post and Telecommunications Secretary Sunil Kanti Bose also agreed. He said the Tk 800 SIM tax is a barrier. He said cutting the bandwidth cost to take services to people would help the government achieve its vision of a 'Digital Bangladesh'.

Prof Lutful Kabir, director of Institute of Information and Communication Technology (IICT) under Bangladesh University of Engineering and Technology, said the country is failing to keep pace with the growth of the ICT sector in producing skilled people.

Abu Saeed Khan, secretary general of Association of Mobile Telecom Operators of Bangladesh (AMTOB), said the operators give a subsidy of Tk 1,000 to sell a new connection.

Zakirul Islam, president of AMTOB, said: "It takes 10 months to recover the costs, if the new customer spends Tk 140 a month. But there are many customers who use multiple SIMs."

Anir Choudhury, policy adviser of A2i, and Forkan Bin Quasem, secretary general of BASIS, also spoke.

The country's largest exposition for software and ICT-enabled services began on Tuesday in an effort to bridge the gap between service providers and users.

About 110 local companies and 10 firms from Denmark and the Netherlands are participating in the ninth edition of the exposition themed 'Digital Bangladesh in Action'.

The exposition is open to visitors from 10am to 8pm every day at an entry fee of Tk 30, while students enjoy free entry.

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