

Build Bangladesh into an outsourcing hub: analysts

STAR BUSINESS REPORT

Bangladesh must make time-bound policies, build infrastructure and a skilled workforce to foster ICT development and strengthen its position as a lucrative outsourcing destination, analysts said yesterday.

The remarks came at a seminar, "Bangladesh in top 30 IT outsourcing destinations in Gartner's ranking" held at Bangabandhu International Conference Centre in the city.

Bangladesh Association of Software and Information Services (BASIS) organised the event on the sidelines of its ongoing exposition 'BASIS SoftExpo 2011' hosted in association with the ministry of science and technology and Access to Information (A2I) programme of the Prime Minister's Office.

Commerce Secretary Md Ghulam Hussain said Gartner's assessment, on December 20 last year, provided the much-needed confidence to the growing industry. "It has shown us where we stand today."

"There is, however, nothing to be complacent about. We still have a long way to go," he said.

He admitted that the government is facing problems in finding quality IT trainers to teach students. "Many professionals do not want to go to villages. We may need to pay higher salaries to persuade them."

BASIS President Mahboob Zaman said Bangladesh must immediately prepare an action plan after Gartner put the country on the list of top 30 outsourcing countries.



State Minister for Science and ICT Yeafesh Osman, third from right, speaks at a seminar on IT outsourcing at the BASIS SoftExpo 2011 in Dhaka yesterday. From left, Bangladesh Computer Council Executive Director Md Mahfuzur Rahman, Bangladesh Bank Deputy Governor Ziaul Hassan Siddiqui, former BASIS president SM Kamal, Commerce Secretary Ghulam Hussain and The Daily Star Editor Mahfuz Anam are also seen.

"They carry out an assessment every year and many countries are dropped from the list due to bad performance," he said. "Now Bangladesh has to fare well in the areas where it has performed badly."

He said the exposition has particularly targeted those areas where the country can improve to grab a significant share of the global IT outsourcing market.

"Bangladesh has demonstrated that it can be next IT destination, so this is a lifetime opportunity for anyone who deals with it."

Bangladesh Bank Deputy Governor Ziaul Hassan Siddiqui said the country has not marketed its products globally the

way it should be done.

He said teachers should be trained properly first so that as trainers they are able to lay the foundation of a knowledge-based society. "Trained teachers equipped with better IT knowledge will be able to groom students properly."

On Gartner's assessment, the central bank senior official said, "It proves that we have acceptance at international level. Now we will have to strengthen our image."

Speaking as the chief guest, architect Yeafesh Osman, state minister for science and information and communication technology, said the government is working relentlessly to build a

proper platform for ICT.

Jalal Ahmed, vice chairman of Export Promotion Bureau, said: "We have to at least maintain our position in the Gartner's list, as the inclusion is not permanent." Bangladesh exported computer products and services worth \$33 million last year, which does not at all reflect "our capacity", he added.

"We have immense potential in the sector, so we have to do more homework before entering any market."

Mahfuz Anam, editor and publisher of The Daily Star, said although Bangladesh is quite apt in making policies, the country has fallen behind when it comes to

implementation. "When the internet was introduced globally, Bangladesh adopted it. But we have not progressed a lot after that. Had we been a bit sincere, the country would have gone further."

Anam said Bangladesh has to be careful about using two resources--ideas and time--to reach targets. "Every decision the government takes must be time-bound. Otherwise we will not be able to add value."

"The mobile phone has created a revolution in the country. Even farmers can use it. Today people are no more ignorant of the internet. We have to utilise these opportunities."

Md Mahfuzur Rahman, executive director of state-run Bangladesh Computer Council, said a general lack of command of English has emerged as a major barrier to Bangladesh's capturing a hold in the global outsourcing industry. "People behind the machines are very important. We have to produce skilled workforce."

SM Kamal, former president of BASIS, moderated the seminar.

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 opens to visitors from 10am to 8pm everyday. The entry fee is Tk 30. Students, however, enjoy free entry, organisers said.



Mohammad Alamgir, vice chancellor of Khulna University of Engineering and Technology, inaugurates Banglalion wimax plaza in Khulna recently. Md Nazrul Islam, head of Banglalion plaza, was also present.

Commodity prices in step with world market: minister

STAR BUSINESS DESK

Prices of commodities in Bangladesh are on par with the international market, said Commerce Minister Faruk Khan yesterday.

At the launch of the website of Chartered Secretaries of Bangladesh, Khan said the consistency of prices becomes clear if it is compared to the neighbouring countries' markets.

The government took steps such as subsidies, open-market sales, vulnerable group feeding and import tariff cuts to make commodities available at 'tolerable prices' for the poor, Khan said.

The government will start rationing and strengthening the Trading Corporation of Bangladesh soon, he added.

Khan denied the presence of syndicates in the market and said they were active when the government took charge. Due to close monitoring in the commodity market, they were wiped out, he claimed.

The minister said there are some unscrupulous businesspeople who are always on the move so that they can hike prices.

Highlighting the government's priority on commodity prices, he said the ministry has planned to digitalise the market monitoring system.

Khan said the government is set to replace the delivery order system by distributorship, which will

Billion dollar outsourcing beckons Bangladesh: experts

STAR BUSINESS REPORT

Bangladesh can build a billion dollar outsourcing business by 2015 if the regulator ensures a business friendly environment, said experts at a seminar.

"We hope outsourcing business in the voice over internet protocol (VoIP) industry will touch more than a billion dollar within next five years," said Habibullah N Karim, chief executive officer of Technohaven company.

"But the regulator has to create a congenial environment for this."

VoIP is not only illegal but also an unethical business in the country because of the regulator's negative stance for the last couple of years, said Karim at a seminar organised by REVE Systems during BASIS SoftExpo 2011.

The stigma involving the VoIP needs to be addressed so that the young talented entrepreneurs feel encouraged to join the outsourcing business.

Speaking at a panel discussion, Sukanta Dey, president of Tata Teleservices, said Bangladesh has a huge potential for outsourcing industry because it produces quality software.



Rakhi Das Gupta, director of Dhaka Bank, inaugurates the bank's 55th branch at Mohakhali in Dhaka recently. Reshadur Rahman, chairman, and Khondker Fazle Rashid, managing director, were also present.



Geoff Strong, president of Chevron Bangladesh, hands over a cheque to John Armstrong, national director of Habitat for Humanity International-Bangladesh, to support the latter in its initiative to build low cost durable houses for the underprivileged.

Food costs at records, no let-up in prices: FAO

STAR BUSINESS DESK

World food prices hit a record in January and recent catastrophic weather around the globe could put yet more pressure on the cost of food, an issue that has already helped spark protests across the Middle East.

Up for the seventh month in a row, the closely watched Food and Agriculture Organisation Food Price Index on Thursday touched its highest since records began in 1990, and topped the peak of 224.1 in June 2008, during the food crisis of 2007/08.

"The new figures clearly show that the upward pressure on world food prices is not abating. These high prices are likely to persist in the months to come," FAO economist and grains expert Abdolreza Abbassian said in a statement.

Surging food prices have come back into the spotlight after they helped fuel the discontent that toppled Tunisia's president in January and have spilled over to Egypt and Jordan, raising expectations other countries in the region would secure grain stocks to reassure their populations.

World Bank President Robert Zoellick urged global leaders to "put food first" and wake up to the need to curb increased price volatility.

"We are going to be facing a broader trend of increasing commodity prices, including food commodity prices," he told Reuters in an interview.

A series of weather events hitting key crops is likely to keep up the pressure on food prices as a massive cyclone batters Australia, a major winter storm ravages US crop belts and flooding hits key commodity producer Malaysia.

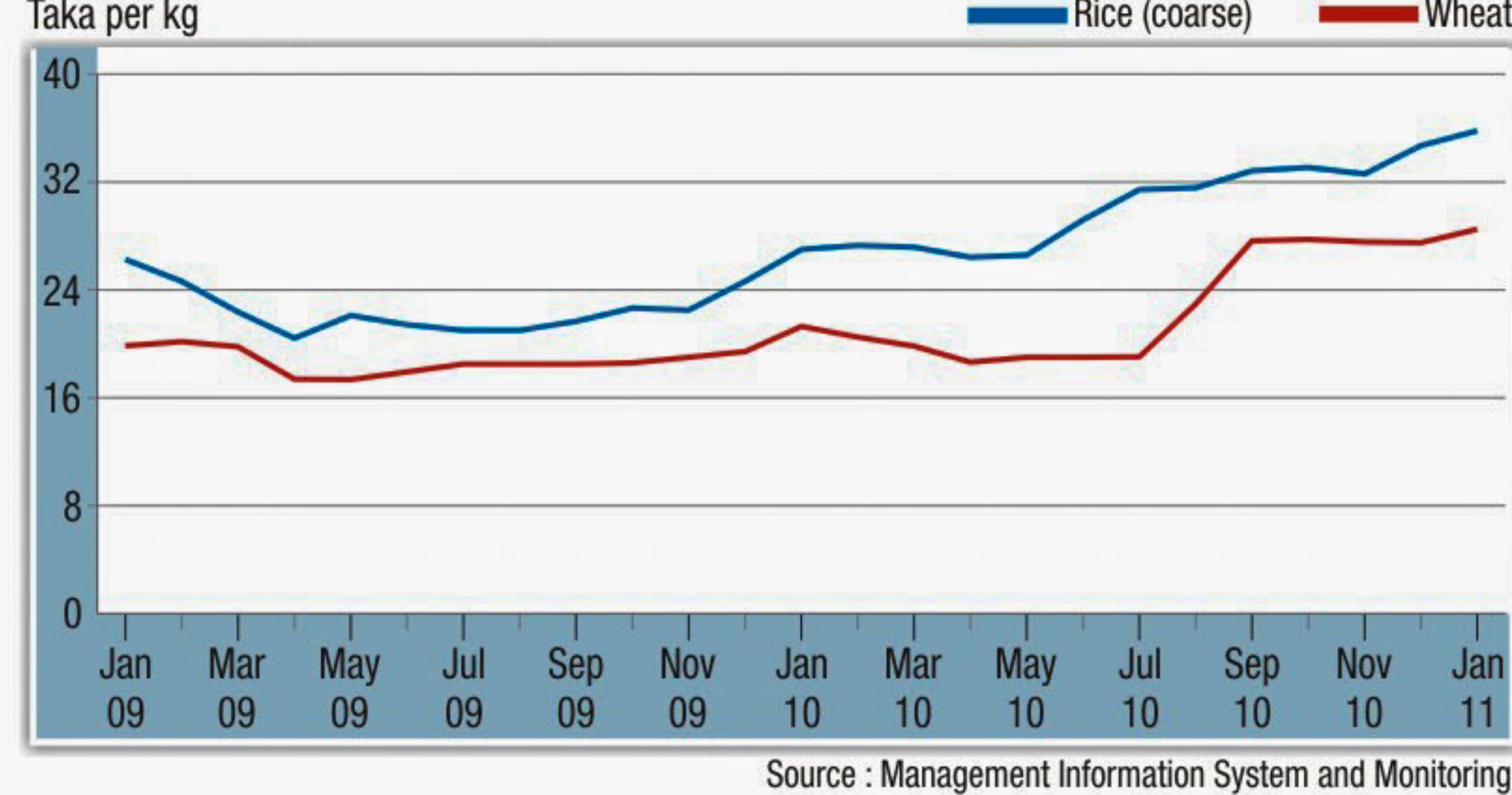
Drought in the Black Sea last year, heavy rains in Australia, dry weather in Argentina and anticipation of a spike in demand after unrest in north Africa and the Middle East has already pushed the price of wheat to its highest in 2-1/2 years.

The FAO's Abbassian pointed crop conditions.

"It is the supply situation. It is not the time when we get additional supplies from anywhere," he told Reuters.

"Supply is not going to look any better than it is now until we know what is happening with crops in major producing countries) later on in the

RETAIL PRICES OF RICE AND WHEAT IN DHAKA, BANGLADESH



year," he said.

A mix of high oil and fuel prices, growing use of biofuels,

bad weather and soaring futures markets pushed up prices of food in 2007/08,

sparking violent protests in countries including Egypt, Cameroon and Haiti.

Cameroon on Thursday said it had created a body to buy and regulate the price of basic food imports, a move to avoid a repeat of price increases which led to 2008 riots in which 100

people were killed by the African nation's security forces.

Economists in Europe picked up on the threat to economies from surging food inflation.

Janis Huebner, economist at Germany's DekaBank said inflation partly fueled by increasing food prices could in turn trigger interest rate rises in several countries this year.

"This could mean a slowing down of growth in the countries which raise their interest

rates," he said. "This could involve Asian countries and other regions, this would somewhat brake growth but I do not expect a hard landing."

National Australia Bank agribusiness economist Michael Creed said food markets may take a while to regain equilibrium.

"The broadbased nature of what crops have been wiped out over the past year means that it's going to take a while to actually rebuild and get pro-

duction back in line with consumption," he said.

White sugar futures hit a record high and raw sugar futures rose to their highest in more than 30 years on fears of the damage Cyclone Yasi would bring to the Australian cane crop.

The worst winter storm for decades in the United States drove wheat futures to the highest in nearly 2-1/2 years, and Malaysian palm oil prices are at 3-year highs as flooding hits hit crops.

Some countries, particularly where food prices loom large in household budgets, have been building up food stocks to try to contain prices -- and to limit the political and social fallout.

In the run-up to the 2007/2008 food price crisis, the World Bank estimated that some 870 million people in developing countries were hungry or malnourished. The FAO estimates that number has increased to 925 million.

"2008 should have been a wake-up call, but I'm not yet sure all the countries in the world that we need to support this have woken up to it," the World Bank's Zoellick said.

In Bangladesh, price of rice further strengthened in Janu-

ary reaching new record highs. At Tk 36 per kg, prices were about 33 percent higher than a year ago.

Indonesia, Southeast Asia's biggest economy, last week bought 820,000 tonnes of rice, lifting rice prices -- although rice is one commodity that remains well below its 2008 prices.

Algeria last week said it had bought almost a million tonnes of wheat, bringing its bread wheat purchases to at least 1.75 million since the start of January, and ordered an urgent speeding up of grain imports, a move aimed at building stocks.

"Some of the demand story is centred around high food prices (that) then tend to lead to hoarding by a number of countries into their strategic reserves," said Wayne Gordon, a grains analyst for Rabobank in Sydney.

"So not only are they purchasing for current consumption, but they are also trying to build up strategic reserves, which basically are a bit of a double-barrelled demand event."

Reuters contributed to the report