

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DGEN	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY	
▲ 0.48%	▼ 0.13%	\$1,507.00 (per ounce)	\$98.65 (per barrel)	Flat	▼ 0.66%	▲ 1.21%	▲ 0.30%	BUY TK	73.25	103.44	118.03	0.90
5,638.80	10,102.96			18,528.96	9,794.38	3,136.94	2,872.46	SELL TK	74.25	109.14	123.74	0.99

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DHAKA TUESDAY MAY 10, 2011, e-mail: business@thedailystar.net

Indian investors push for special economic zone

REFAYET ULLAH MIRDHA

A visiting business delegation of Confederation of Indian Industry (CII), a platform of top Indian industrial conglomerates, proposed the government establish a special economic zone for them to house joint venture industries.

The visiting business team has already pushed for setting up a Special Economic Zone (SEZ) exclusively for Indian investors in separate meetings with the commerce ministry and the apex trade body, the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

They proposed setting up the SEZ at Chhatak under Sunamganj, a northern bordering district.

"We have put forward the proposal both to the commerce ministry and the FBCCI. If Bangladesh government approves the proposal, 50 top Indian industrial conglomerates are ready to invest in the proposed SEZ," said Chitranjan Kapur, acting head of the delegation.

Kapur also said all the industrial units would be operated as joint ventures if the SEZ is established. "I cannot predict right now. But the total amount of investments might be Tk 1,500 crore," Kapur said.

"I think there will be no shortage of joint venture investors as many local

ECONOMIC ZONE FACTS

- The SEZ was proposed in Chhatak, Sunamganj
- Top 50 Indian industrial conglomerates are ready to invest
- The total amount of investment might be Tk 1,500cr.
- Indian north-eastern seven-sister region is the targeted market
- Engineering, manufacturing and processing industries will be set up
- Among others, Tata, Birla and TVS groups have shown interest
- A total of 100 acres of privately-owned land is ready in Chhatak
- India exported goods worth \$2.43 billion to Bangladesh and imported \$254.66 million in fiscal 2009-10

businessmen are interested to tie up with Indian partners," Kapur said.

The Indian businessmen are interested to establish the Indian SEZ at Chhatak, because the area is very close to the North-East Indian region. "The Indian north-eastern seven-sister region is our targeted market. So we demanded the Indian SEZ be set up at Chhatak," Kapur said.

He said in the proposed SEZ mainly engineering, manufacturing and processing industries will operate.

Kapur said 50 top ranked Indian industrial conglomerates like TATA, Birla and TVS have shown their interest to establish industrial units in the proposed SEZ. "Bangladesh is also our targeted market," he added.

Kapur said the Indian entrepreneurs are more interested to tie up with the Bangladeshi inves-

ters as the future of bilateral trade looks very bright. The recent trade volume between the two countries has been increasing; as a result, Indian businessmen are interested to invest more in Bangladesh.

President of India-Bangladesh Chamber of Commerce and Industry (IBCCI), Abdul Matlub Ahmed said a total of 100 acres of privately-owned land is available at Chhatak for establishing the SEZ.

"It will take four months to start the construction, if the government approves our proposal," Matlub said.

He said with the expansion of the bilateral trade and investments, tariff and non-tariff barriers in trade between the two countries will cease to exist.

Commerce Minister Faruk Khan said his government will actively con-

sider the Indian proposal. "I have already discussed the issue with the visiting Indian business team," Khan said.

"Rather, I proposed to the Indian businessmen to propose establishing an SEZ in Bangladesh, because many Indian entrepreneurs have already expressed their interest to invest in Bangladesh. We want foreign investment now," Khan added.

Mir Shahabuddin Mohammad, secretary general of the FBCCI, said the Indian delegation held a meeting with the association leaders on May 7 and proposed setting up an SEZ at Chhatak. "We have not received any written proposal from them yet in this regard."

The bilateral trade balance between Bangladesh and India is heavily in favour of India.

The data from the ministry of commerce and industry of India show that India exported goods to Bangladesh via formal channel worth \$2.43 billion and imported goods worth \$254.66 million in the fiscal 2009-10.

It is believed that the informal channels also witnessed similar transactions.

A 22-member Indian business delegation led by Syamal Gupta, a special advisor to Indian industrial conglomerate Tata International, came to Bangladesh on May 6 to discuss various bilateral trade issues.

Low confidence still haunts stocks



STAR
An investor falls sick in front of Dhaka Stock Exchange building during a protest against a sharp fall in share prices yesterday.

GAZI TOWHID AHMED

A sharp fall in prices and index in the first hour of trading forced investors to take to the streets, again yesterday.

The losing spell quit when the market made a slight gain nearing the end of the day's trade, following bulk buying by institutions.

The demonstrations began at 11:15am as the market started to dip and lost more than 125 points. The investors went for panic sell-offs amid low confidence on the government's dilly-dally-attitude in bringing back institutional investors and reforms to Securities and Exchange Commission (SEC).

Angry investors under the banner of 'Bangladesh Share Market Oikyo Parishad' started fasting and chanted slogans against Finance Minister AMA Muhith, Bangladesh Bank Governor Atiur Rahman and other high officials of the Dhaka Stock Exchange (DSE) and SEC.

"Shoot us or stabilise the market," chanted investors. Two demonstrators even fell ill during the programme and were given saline solutions.

Investors distributed leaflets that said the government should restructure SEC within 72 hours and stop trigger sales. They also demanded the commercial banks reinvest their profits in the market, and the government compensate the losers.

Zahid Hasan, a retail investor, said, "The central bank should reduce the SLR (statutory liquidity requirements) and CRR (cash reserve ratio) of the commercial banks and compel investors, who were found guilty by the recent share market probe committee on stock manipulation, to invest in the share market."

The Bangladesh Fund failed to stabilise the market, and it was simply eye-

wash to investors by the government, he added.

Market experts said to restore confidence, the government should reform SEC and take initiatives to increase institutional investor participation.

"The investors lost confidence and went for panic sell-offs as the government is yet to reshuffle SEC with honest people and failed to take proper initiatives to increase investors participation," said Akter H Sannamat, an analyst.

Yaweer Sayeed, managing director of AIMS of Bangladesh, said a delay in stabilising the market could force investors to leave.

Md Fayekuzzaman, managing director of Investment Corporation of Bangladesh, said they are trying their best to bring back normalcy in the market.

"The government should implement the probe report recommendations."

Ahasanul Islam, senior vice president of DSE, said, "Investors went for panic selling as the government is yet to reshuffle SEC properly."

A strong syndicate of investors was named in the probe report as market manipulators and now they are trying to press the government to not initiate any further investigations, they said.

The index showed a 10-point gain at 12:20pm as institutional investors went on a buying spree. After four hours of trade, the benchmark general index of DSE (DGEN) gained 27.33 points, or 0.48 percent, to close at 5,638 points. DGEN lost 360 points in the last two days of trade in DSE, prior to yesterday.

Of the total 253 issues traded on DSE, 172 advanced, 76 declined and five remained unchanged.

DSE turnover stood at 426 crore, down by Tk 35.67 crore from the previous day.

MCCI praises stable sovereign ratings

STAR BUSINESS REPORT

Metropolitan Chamber of Commerce and Industry (MCCI) has hailed Bangladesh's stable sovereign ratings obtained from two globally reputed agencies -- Moody's and Standard & Poor's.

"It is heartening to learn that Bangladesh has been able to maintain its monetary and fiscal management stable to earn the same ratings by both the ranking agencies in two consecutive years," the chamber said in a statement yesterday.

MCCI said 'Ba3' rating by Moody's and 'BB-' by the S&P for 2010 and 2011 show that the central bank, the country's monetary and fiscal policies, and economic performances at the macro and micro level have retained their vigour, while many other countries have slipped in their rankings.

"Stable rankings in two consecutive years could mean that investors, particularly foreigners, would feel confident to bring in their investments to Bangladesh," said MCCI.

Quoting the rating reports the chamber said that the country could have been done better if it could expand the revenue base and reduce the debt burden.

"Over the years, our chamber has been expressing concerns about the high interest rates, excessive government borrowing from bank and non-bank sources, and the scant revenue base," said the statement.

The chamber urged the government to focus more on domestic resources for the country's development.

It also advocates that expansion of the tax net rather than increase in tax rate could be an effective policy measure for widening the revenue base.

"We look forward to our policymakers and the central bank improving our current ratings falling under 'Speculative Grade' and denoting 'substantial credit risk' to 'Investment Grade' featuring 'moderate or low credit risk' within the next couple of years by more effective monetary and fiscal management," the chamber said.

Most BTCL internet lines unused

ABDULLAH MAMUN

Bangladesh Telecommunications Company Ltd has about 40,000 broadband internet connections that are still unutilised, said company officials.

The state owned entity has a capacity of about 47,000 broadband internet connections. So far, it has only been able to connect a little over 7,000 lines.

BTCL officials said the country's oldest telecommunication service provider has failed to serve the people inadequately for a sheer lack of sound marketing and sales policies. The company offers attractive packages though, the official added.

Its supersaver package, with a tariff of Tk 300 a month, offers 128 kilobyte per second (Kbps) at a 2 gigabyte download limit. The unlimited 1 Mbps connection costs Tk 2,200 a month. The company offers a speed of up to 2 Mbps with its copper wire capacity.

It is easy to get a BTCL broadband internet connection, the official said. Any user with a BTCL fixed line phone in Dhaka, Chittagong and 26 district headquarters can get the internet connection through the existing copper wire, the official added.

To avoid unnecessary hassle, subscribers turn to the private companies for internet connections, as the private providers offer smooth connectivity and bill payment systems.

BTCL officials claimed the company does not have a sales, marketing or customer care department.

There are no business promotion activities involving the media or any other organisation either. The field level officials are not capable, said

officials at the company's head office. The commercial activity budget is nominal, they added.

We are attempting some promotional activities, BTCL Managing Director Dr Abu Sayeed Khan. A company has been appointed for providing sales and customer support, he told The Daily Star, adding that two more companies would be contracted soon for similar services.

By June, the company's capacity to provide internet connections will increase to 50,000 lines. A number of officials of BTCL said the main problem lies in a lack of motivation by employees

reorganisation of Bangladesh Telegraph and Telephone Board (BTB) into BTCL under the caretaker government's regime in 2008, the company is yet to activate its organogram.

Khan did not deny the existence of such a problem.

The BTCL broadband internet connections could have been doing well as implementation of the Tk 290 crore project, Internet Information Network Expansion (INFO-BAHAN), is ongoing, which is due to terminate by June this year. Of the five project goals, broadband was one of them.

BTCL is providing the broadband services via ADSL (asymmetric digital subscriber line) technology, which is a form of the Digital Subscriber Line technology. It is a data communications technology that enables faster data transmission over copper telephone lines.

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