



Business

DHAKA SUNDAY JULY 17, 2011, e-mail: business@thedailystar.net

Competition law to see light by year-end

REFAYET ULLAH MIRDHA

The government will put in place a competition law by the year-end to ensure a healthy contest in business practices by breaking cartels and syndicates that often manipulate markets, said a government official yesterday.

A copy of the proposed law was sent to the law ministry last week for vetting, said Ghulam Hossain, commerce secretary.

"We have already taken views and opinions from different stakeholders to finalise the law."

The law ministry is scheduled to return the final draft to the commerce ministry in the next two to three days, as the law ministry had also reviewed the copy earlier, the secretary added.

Initially, the law ministry made some observations on the draft, which the commerce ministry corrected in consultation with the stakeholders in a meeting on Thursday, said Hossain.

"The law will help stabilise the prices of basic commodities in presence of a healthy and competitive environment, although these prices depend on many other factors," he added.

The initiative to enact the law was

taken in 1994, but did not come to light for different reasons, said Manzur Ahmed, an adviser to the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) and a representative of the trade body in a committee engaged in formulation of the law.

He said the law would not only trigger a healthy competition but also ensure entry of new businesses, as big corporate houses will not be able to keep the novices at bay through their unhealthy practices.

Under the law, a commission will also be formed to hear and settle any allegations of bad practices.

In some cases, a syndicate of some private commercial banks sets interest rates in line with their requirement that affects the whole economy and makes both the government and ordinary people hostage to the market manipulators, he said.

"The law can be used to prevent such practices."

He alleged that a few construction firms win most of the contracts for development works at the roads and highways department. "If there had been the competition law, such unhealthy practices would not have taken place."

Ahmed also gave example of monopoly in the country's Thai-

aluminium sector. "The market was once occupied by a single company, but the whole sector flourished when the government facilitated entry of other players in the sector."

He said some countries start surveillance under the competition law if a company controls more than 30 percent market share in the business of any particular product.

The call rates of cell phones also came down significantly when the government allowed many players in the telecom sector, breaking sheer control by a few companies.

Countries such as India, Sri Lanka and Pakistan have already formulated competition laws to better regulate businesses.

"The economy will not grow horizontally in absence of the competition law," Ahmed said, adding that the government plans to pass the law in parliament by December this year.

Amjad Khan Chowdhury, president of Metropolitan Chamber of Commerce and Industry, said the competition law is important for equal growth of the economy. "The law has to be enacted. We have already given our observations on it."

reefat@thedailystar.net

Market PE erodes on correction

SARWAR A CHOWDHURY

The market PE (price-earnings) ratio has come down by more than 31 percent in the first half this year compared to the same period last year.

The overall market PE declined to 16.55 at the end of June from 24.08 during the same period last year.

The PE ratio eroded due mainly to a massive correction in share prices during the January-February period.

Although many analysts had described the bearish trend as a share debacle, almost all had the same opinion that the price correction was unavoidable following an unusual rise in stocks value.

The PE ratio determines the time an investor needs to wait to get back the invested amount. It is an indicator for considering the extent of risks an investment might entail.

The PE ratio means a valuation ratio of a company's current share price compared to its earnings per share. The indicator is also important to better understand what happens in the market after a large gain or decline. It is also one of the best gauges to know how expensive or cheap the overall stock market is at a certain moment.

The PE ratio depends on a company's performances including current earnings and potential growth, return on equity and return on investment, said Prof Salahuddin Ahmed Khan, a former chief executive of the Dhaka Stock Exchange.

"This time the decline in PE ratio in our stockmarket is basically because of the massive price correction during the first two months of this year," he said.

Referring to the higher PE ratio prior to the price correction, he said: "In the context of our stockmarket the overall market PE ratio should remain below 20."

Before price correction, the overall market PE had

PRICE EARNINGS RATIO		
Sector	PE after June 2011	PE after June 2010
Banks	11.22	17.87
Financial institutions	21.21	42.33
Mutual funds	10.59	24.20
Engineering	34.19	48.15
Food and allied	16.55	17.63
Fuel and power	19.25	25.64
Jute	37.93	39.33
Textile	18.70	34.02
Pharmaceuticals	30.18	30.20
Paper printing	91.18	21.95
Service and real estate	35.10	38.76
Cement	28.59	24.60
IT	47.45	52.44
Tannery	15.75	16.78
Ceramic	43.87	96.49
Insurance	26.53	37.56
Telecommunication	20.67	19.51
Travel and leisure	55.21	--
Miscellaneous	8.50	18.16
Total Market PE	16.55	24.08

crossed 30, which also showed that the market had reached an overpriced situation.

Khan, however, said the PE ratio varies from company to company or sector to sector.

Rural internet far off: study

ABDULLAH MAMUN

The rural people of Bangladesh would not get ubiquitous access to the internet in the next few years due to a lack of government stimulus in the telecom sector, according to a research jointly conducted by Alcatel-Lucent and World Economic Forum.

The study said, with no stimulus, the urban population of Bangladesh may come close to ubiquitous access by 2015, but the rural majority will not.

The study styled "putting broadband in the palm of people's hands: a model to drive faster economic and social growth" was released recently.

Along with Bangladesh, the study was conducted for two other countries -- Kenya and Venezuela. A group of researchers from public policy, economics, social development, technology and business were involved in the study.

The study found three reasons why Bangladesh will not be successful in delivering mobile broadband connectivity to the rural people. The reasons are a lack of sustainable infrastructure, a lack of affordability and a lack of scalable application.

The study said providing affordable mobile services to everyone in Bangladesh is challenging, especially in the regions that are far-flung and sparsely populated.

Many of these regions need to be served by expensive fuel-generated energy, as they are not in the traditional energy grid.

However, telecom analysts in Bangladesh said already a plenty of mobile networking equipment in the rural areas is running on 24-hour generator support, as traditional power supply is not available.

Many of the base transceiver sites are supported by renewable energy systems, they said.

On the other hand, the study said the high rate of mobile data usage and the growing number of high bandwidth-consuming devices make it difficult for service providers to operate profitably in urban regions.



The study said monthly service charges and handset prices are leading barriers to mobile phone ownership. Even at the lowest currently prevailing usage charges in many developing countries, the mobile phone is out of reach for most of the poor.

Cost, both in perception and in actual terms, is a critical factor in the successful deployment of many mobile health applications, it said.

A major impediment to the adoption of mobile services is a lack of applications, according to the study. It said there are many instances of niche applications that address the needs of specific user groups among underserved populations.

But there are very few examples of multiple applications being offered as a suite that would enhance their

value to the consumer, said the study.

The researchers found that it is possible to increase the mobile impact by 36 percent over current GDP (gross domestic products) predictions.

The study also found a common challenge faced by Bangladesh and many other countries: the urban-rural divide. It said urban challenges will be capacity driven and rural will be coverage driven.

The urban areas need to meet the growing traffic demands, it said, adding that the number of smartphones in the urban areas will grow from 400 units per kilometre today to 12,800 units in 2015. The growing number of users will generate a 30-fold increase in traffic. Networks will stagger beneath the load. So it needs to scale up urban networks to ensure sustainable growth.

The study said Bangladesh is going for smart technology to provide enough traffic to urban areas and coverage to the rural areas.

However, Abu Saeed Khan, secretary general of Association of Mobile Telecom Operators of Bangladesh, differed on some aspects of the study.

He said infrastructure development is a continuous process and the telecom operators have covered almost the entire country with their networks. They have also started running their base transceivers on renewable energy, he said, adding that many mobile operators are sharing each other's infrastructure to reduce costs.

Khan also said mobile service is much affordable in Bangladesh due to lower tariff. Market is also competitive, he added.

If the operators get independence to provide any service in any spectrum, it will help increase data proliferation, Khan said.

The main problem in the sector is regulatory and policy related barriers, he added.

abdullah.mamun@thedailystar.net

India to lift ban on wheat exports

PALLAB BHATTACHARYA, New Delhi

The Indian government has decided to lift a long-running ban on wheat exports. India had banned wheat exports since early 2007 to boost domestic supply and contain inflation.

"Yes, there is no ban. Wheat exports are allowed," Indian Agriculture Minister Sharad Pawar told reporters on the sidelines of a function in New Delhi.

The remarks by Pawar came a few days after the government decided to allow 300,000 tonnes of non-basmati rice to Bangladesh on humanitarian grounds as part of a plan for one million tonnes of rice to parts of the world.

The government has not announced the quantity of wheat allowed for exports as global prices are low, he said.

Recently, Finance Minister Pranab Mukherjee who headed Empowered Group of Ministers on Food, in which Pawar is also a member, had given in principle approval to lift the ban on wheat exports in the wake of overflowing stocks.

At present, the government warehouses are overflowing with a wheat stock of 37.8 million tonnes in view of bumper output.



POWER SOLUTIONS | SPARE PARTS & SERVICE SUPPORT | RENTAL POWER | EPC | S & M

market leader since 1995

diesel generator

Ready stock upto 1500KVA

24/7 SERVICE

- Experience
- Excellence
- Extensive Product Range
- Countrywide After Sales Support Network
- Generating Set Life Cycle Support

When customers' power needs are more challenging than normal specifications experienced Solutions team deliver unique projects tailored to fit each customers' exact requirements.

AWARDED Superbrands BANGLADESH 2011

energy works wonder

www.ENERGYPAC.com

Energypac Power Generation Limited

Hotline: 01711ENERGY (01711363749)

Dhaka: 01714019264, 01711631199

Chittagong: (031) 2511916-7, 01711810396

sales.pgd@energypac.com