STOCKS		COMMODITIES		ASIAN MARKETS			
DGEN	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.54%	▼ 0.22%	▼ $1,791.95 (per ounce)	▲ $85.74 (per barrel)	▲ 2.11%	▼ 1.61%	▲ 0.86%	▲ 0.41%
5,809.56	10,557.23			17,099.28	8,721.24	2,780.84	2,447.76

CURRENCIES — STANDARD CHARTERED BANK

	USD	EUR	GBP	JPY
BUY TK	74.40	99.62	115.18	0.97
SELL TK	75.40	103.69	119.24	1.06

Star BUSINESS

DHAKA WEDNESDAY SEPTEMBER 21, 2011, e-mail:business@thedailystar.net

Bandwidth use triples in 3 years

ABDULLAH MAMUN

The use of internet bandwidth tripled in the last three years as international voice and data traffic has increased manifold during the period, said officials of the country's lone bandwidth providing company.

In 2008, bandwidth use was 7.5 Gigabits per second (Gbps) that leapfrogged to 22 Gbps now, said the officials of state-owned Bangladesh Submarine Cable Company Ltd (BSCCL).

The company will upgrade its capacity to 160 Gbps by February 2012 at a cost of Tk 50 crore, said Monwar Hossain, its managing director and chief executive officer.

In 2010-11 the company earned Tk 54.47 crore in profit, almost fivefold of Tk 11.55 crore it earned in 2008-09, Hossain said.

An industry analyst said increased data consumption through cable and wireless system pushed up the bandwidth use, especially after the launch of three wireless broadband providers -- Qubee, Banglalion and Citycell Zoom Ultra.

Mustafa Jabbar, president of Bangladesh Computer Samity, said the broadband use will rise five times after the roll-out of 3G technology.

Jabbar said a stiff competition will emerge only when the private sector bandwidth providers will join the market.

Recently the government has allowed six new international terrestrial cables in the private sector, and plans to install another submarine cable at private initiative. If the prices and tariffs are cut, the bandwidth usage will go up, the analysts said.

Back in 2007, the caretaker government reduced the bandwidth price from Tk 75,000 to Tk 27,000 per Mbps. The price is now Tk 10,000, which the analysts said is still high.

Dollar gets costlier

Hajj pilgrims and a slow remittance inflow fuel demand

SAJJADUR RAHMAN

The price of the US dollar has gone up both in formal and informal (kerb) markets, riding on a jump in demand from Hajj pilgrims and a slowdown in inflow of remittance.

The dollar was selling at Tk 78.40 yesterday at different exchange houses and in the kerb market.

The inter-bank rate crossed Tk 75, up from Tk 74 just two weeks ago.

"We are facing a scarcity of dollars. An absence of travellers' cheque has also created pressure on the cash dollar," said the head of treasury of a private bank.

A slowdown in the inflow of remittance, which is common during the post-Eid period, has also pushed up the greenback price, he said.

Hajj season always increases the demand for the dollar. About 110,000 Bangladeshis will perform Hajj this year and if they spend $1,000 each, the total demand for the dollar will stand at $110 million.

On the other hand, the total cash dollar available in the country is around $20 million only, according to Bangladesh Bank (BB). So, there is a huge gap in the demand and supply.

The BB, however, expects the pressure on the dollar would not be so much as many pilgrims would buy Saudi riyal, which was also priced higher in the yesterday's market.

A Saudi riyal was being sold at Tk 20.60 yesterday from less than Tk 20 a week ago, said a kerb market trader in the capital's Dilkusha area.

Kazi Saidur Rahman, general manager, foreign exchange treasury management of the central bank, said the BB welcomes banks' move to import the dollar.

"Some banks may form a syndicate and approach the BB to import the dollar to meet their growing demand," said Rahman. "But no bank has applied so far this year," he added.

A senior treasury official of another private bank was surprised to see the BB's 'liberal attitude', which did not work because of the National Board of Revenue's adherence not to give any tax rebate on the import of dollar.

In 2010, some banks led by Standard Chartered Bank Bangladesh initiated a move to import $10 million to increase the currency inflow. Though the BB and other government agencies gave a go-ahead to the move, the NBR did not agree to waive the tax that was at around 25 percent for dollar import.

"If tax is not waived, the import price of a dollar will be more than the local market price," said a senior StanChart official, explaining why bank did not import dollar although it got an approval from the central bank.

However, some Bangladeshi banks exported dollars in 2008-2009 as they had a surplus.

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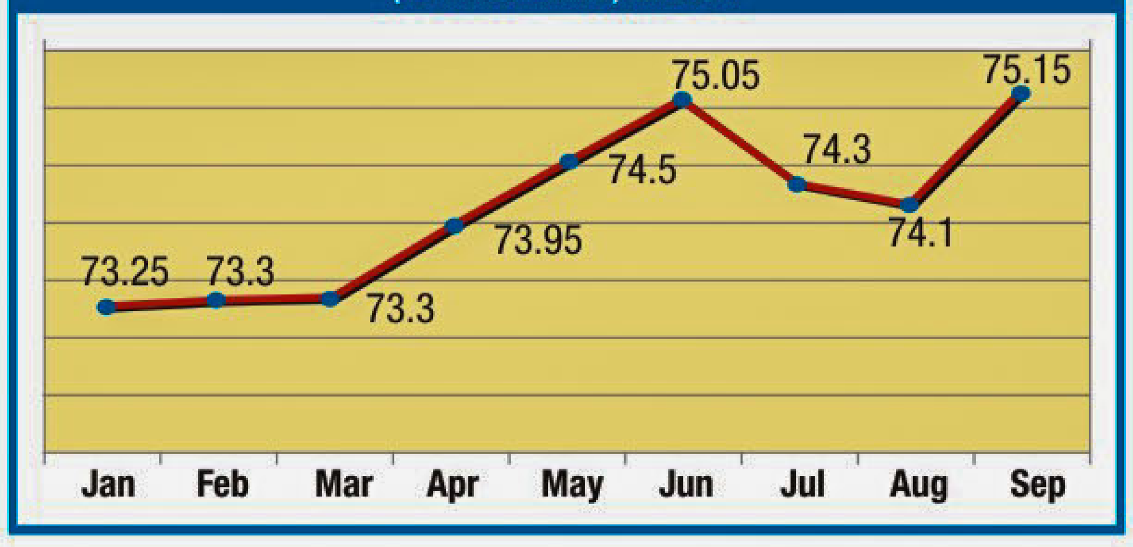
AVERAGE DOLLAR RATE AGAINST TAKA AT CUSTOMER LEVEL (LC PAYMENTS) IN 2011



Stocks back in red as spirits ebb

STAR BUSINESS REPORT

Stocks declined again yesterday, as the central bank's positive step on single borrower's exposure failed to create enthusiasm among the investors whose confidence is eroding by the day.

Rather, they feared that the market might experience a long-term downtrend in the days ahead. A lack of institutional investors' participation also led the retailers to go for sell-offs.

The benchmark general index of the Dhaka bourse -- DGEN -- closed at 5,809 points, after plunging by 31 points or 0.54 percent.

The market started the day with a positive note and gained 35 points at 11:05am amid a buying pressure following the central bank's circular on single party borrower limit.

The DGEN lost 40 points at 1:20pm as the investors went for a huge sell-offs.

Banks with merchant banks and brokerage houses as subsidiaries will now have until December 31 next year to bring down their exposure to an allowable limit.

According to Bangladesh Bank requirements, banks are not allowed to lend more than 15 percent of their 'investable' amount to their subsidiaries as a single-party borrower.

The investable amount is equivalent to 10 percent of a bank's total liabilities that it can keep as investment exposure to stock market.

Ahasanul Islam, senior vice-president of the Dhaka Stock Exchange, said: "The extended time for bringing down the single party borrower limit saved the institutional investors from a panic."

The market started the day with a momentum but it retraced following the declaration of a daylong shutdown on Thursday called by main opposition BNP, said Islam.

Islam said the value of loan account's portfolios of the commercial banks and merchant banks should be identified by the central bank to know the situation of investment.

To bring back normalcy in the market, the government should come up with a big fund for a long period to boost the investors' dampened confidence, he said.

However, top officials of the Securities and Exchange Commission (SEC) yesterday discussed with the parliamentary standing committee on the finance ministry about the current market situation.

Officials of the Investment Corporation of Bangladesh (ICB) and the finance ministry also participated in the discussion.

The parliamentary body asked the stockmarket regulator to help the ICB, said an SEC official.

The turnover on the premier bourse stood at Tk 337 crore yesterday, 9.8 percent lower than that in the previous day.

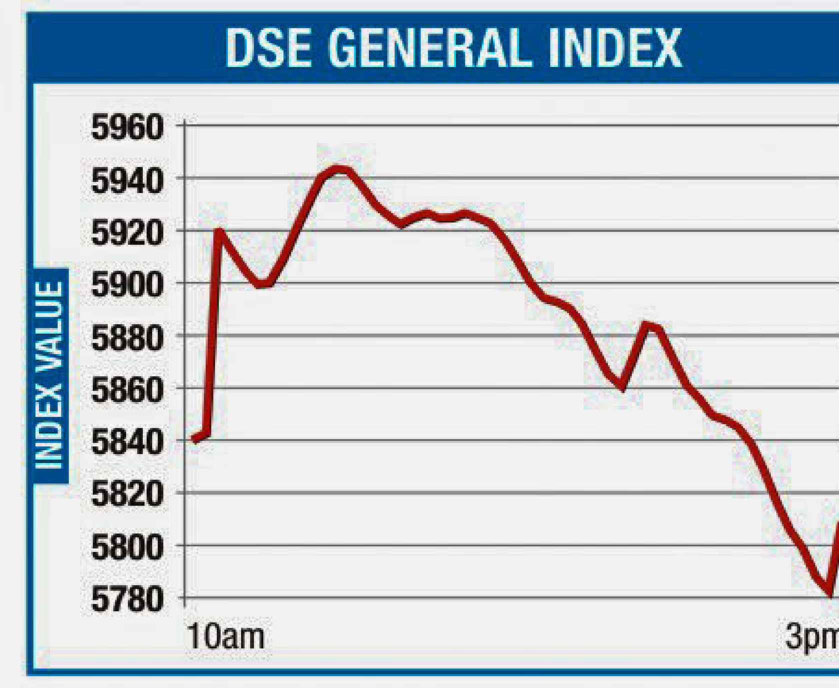
Beximco was the most active share in terms of turnover with 8.54 lakh shares worth Tk 12.88 crore changing hands.

Pharma Aids was the biggest gainer of the day as it posted a 4.9 percent rise, while Modern Dyeing and Screen Printing was the worst loser, plummeting by 4.54 percent.

The Chittagong Stock Exchange also declined yesterday with the Selective Categories Index, CSCX, closing at 10,557, after slumping by 23.05 points or 0.22 percent.

The port city's bourse traded more than 63.98 lakh shares and mutual fund units worth Tk 43.39 crore. Losers beat advancers 96 to 77. Twelve securities remained unchanged.

DSE GENERAL INDEX



India lifts ban on onion export

PALLAB BHATTACHARYA, *New Delhi*

Faced with protests from farmers, the Indian government yesterday decided to lift a ban on onion exports.

The decision was taken at a meeting by an empowered group of ministers on food, headed by Finance Minister Pranab Mukherjee in New Delhi.

"The ban on onion exports has been lifted," Union Minister for Science and Technology Vilasrao Deshmukh told reporters after the meeting.

The government had imposed a ban on onion exports on September 9 to check its spiralling prices on the domestic market which touched Rs 25 a kg at retail level.

The minimum export price on onions has been fixed at $475 a tonne, the same level when the government decided to prohibit the shipment of onion, Deshmukh said.

"The situation will be reviewed after a fortnight," he said.

While the ban on exports had an instant impact on bringing down the wholesale prices of onions by Rs 2-5 a kg in Delhi, the decision triggered protests from farmers in key producing regions of Maharashtra and Karnataka states.

Farmers in the two states refused to bring their produce to markets protesting the drop in their profits due to the ban.

Stefan Ekelund, unit head of portfolio management of Asian Development Bank (ADB), speaks at a seminar on "Sharing Good Practices in Project Implementation, from the implementation of the Emergency Disaster Damage Rehabilitation Sector Project", organised by ADB at its resident mission in Dhaka yesterday. Masud Ahmed, centre, a member of the Planning Commission, is also seen. Story on B3.

STAR

SEC mulls extension of ICB funds' tenure

STAR BUSINESS REPORT

The stockmarket regulator plans to extend the tenure of unit funds of the state-run Investment Corporation of Bangladesh in a move to boost the markets.

"Considering the current market situation, the commission is thinking of extending the tenure of the unit funds which are scheduled to be redeemed by December," said an official of the Securities and Exchange Commission.

Earlier, the ICB urged the commission on several occasions not to liquidate or extend the tenure of the funds, but the regulator did not agree.

"If the funds are liquidated as scheduled, it may create extra sales pressure in the secondary market, when the market suffers a downward trend," the official said.

The SEC is so thinking after the ICB once again requested the regulator to extend the tenure.

The funds, which have no maturity period, are scheduled to be pulled out from the secondary market by December this year as per a regulatory direction.

Earlier on Monday, ICB Managing Director Md Fayekuzzaman at a press briefing said they also requested the finance ministry to take steps in this regard. "The ministry assured us that the tenure of the funds will be extended," he said.

The ICB went to the finance ministry as the funds were launched between 1980 and 1996 under the now defunct 'Controller of Capital Issues' of the ministry.

The stockmarket has been facing high volatility since the price debacle in January along with continuous erosion in investor confidence.

Mutual funds play an important role in a market, as they can assist the market through buying support. The ICB's unit funds, which are perpetual in nature, declare healthy dividends for the unit holders every year.

A perpetual or open-ended mutual fund is a professionally managed collective investment scheme that has unlimited lifetime and size. The fund manager pools money from many sponsors or investors through its selling agents and invests it in stocks, bonds and short-term money market instruments, and pays out dividends to the unit holders annually.

The SEC in 2007 asked the ICB to bring its mutual funds under 'SEC (Mutual Fund) Rules 2001' so the regulatory body can control the funds under a set of rules to ensure the investors' interests.

Upon a request from the ICB, the SEC then waived the eight mutual funds from its rules, and gave no directions or conditions about their maturity period. The ICB has since been operating its eight mutual funds.

But the SEC in December 2009 issued a notification instructing that the mutual funds having no maturity period and that have passed 10 years after listing, to pull out of the market by December 2011.

NOTICE

We bring out today four pages instead