

BUSINESS

Move to revive Commerce Bank with public money

The govt-controlled private bank gets Tk 67cr to fix capital shortfall

REJAUL KARIM BYRON

The finance ministry injected Tk 67 crore of taxpayers' money into Bangladesh Commerce Bank to help the private bank meet its capital shortfall brought about by bad management.

The government has a 32 percent stake in the bank, and the fund injection on Thursday came as part of it.

Formed in 1999 through a special law from the remains of the financial institution Bangladesh Commerce and Investment Ltd, the bank has a complex ownership structure.

Three state banks Sonali, Janata and Agrani own another 12 percent of the shares, meaning the government, ultimately, has a 44 percent stake in the bank. The remaining 56 percent of the shares are under private ownership.

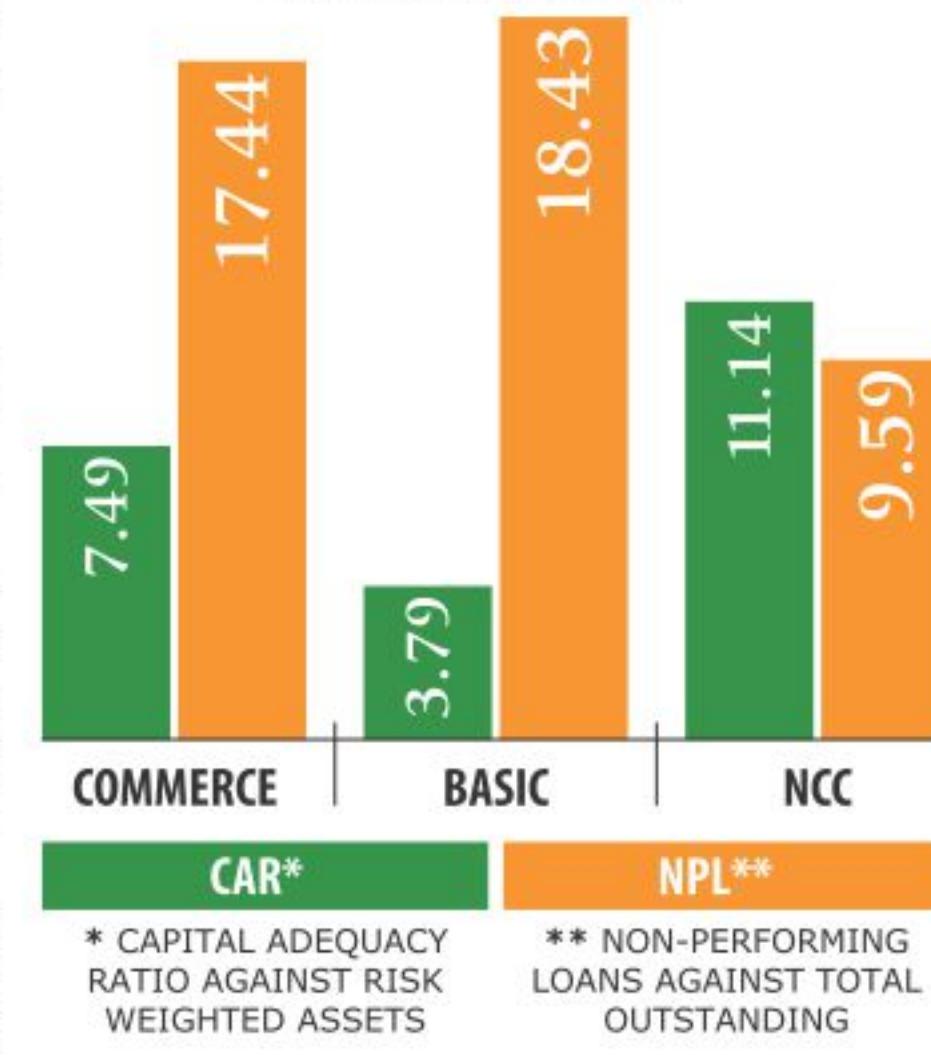
However, the government's and the state banks' shares are higher tier ones carrying more weight, meaning despite not owning the majority of the shares, they provide seven directors in the 11-member board. As a result, the authority to appoint the chairman and the managing director lies with the government.

Due to the combination of complex ownership structure and the prominent role of the government in the running of the bank, it never performed well.

Private directors, despite owning 56 percent of the shares, do not have a major say and there is a lack of accountability on the

COMPARATIVE POSITION OF THREE SIMILAR BANKS

IN %, AS OF SEPT 30, 2013



part of the government-appointed directors.

Khondkar Ibrahim Khaled, a former deputy governor of Bangladesh Bank, said it would have been more effective had the government put in place an effective management at Commerce Bank.

"The best solution is gradual privatisation of the bank," he said, citing the example of National Credit and Commerce (NCC) Bank.

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Seed sales rise despite turmoil

SOHEL PARVEZ

Seed firms saw a rise in sales during the current boro season in spite of the series of shutdowns and blockades over the past two months.

Most firms anticipating political unrest sent the seeds over to the dealers' end in advance, said Mohammed Masum, chairman of Supreme Seed Company, a leading seed company.

"So there was availability right through to the grassroots level," he said, adding that there was increased interest among growers to cultivate rice, especially of the hybrid variety, for the first time in two years after paddy prices started rising from the middle of last year.

Prices of coarse paddy now stand at Tk 700-750 a maund (40kg), up from Tk 500-600 a year ago, said FH Ansarey, executive director of Agribusiness division of ACI.

A reduced stock of the popular HYV variety BR-29 rice seed at the farmers' end and price reduction by private seed companies are

other reasons behind the increased demand for hybrids, seed company officials said.

Anwar Faruque, director general of the seed wing of the agriculture ministry, expects total hybrid rice seed sales to come to around 7,000 tonnes by the end of the ongoing boro cultivation season, up 16 percent year-on-year.

Despite increased demand, recurrent blockades and shutdowns at local levels hampered distribution in many parts of the north during the months of November and December, said Ashraf Uddin Ahmed, business manager of business development of Ispahani Ltd, another seed company. "Those companies that had supplied higher quantity to their local warehouses, dealers and distributors in advance were big gainers."

"Still there are demands for seed up north," said FR Malik, managing director of Mollika Seed Company, adding that companies could exploit the renewed interests of farmers to invest in hybrid rice by supplying increased amount of seeds to the dealers' end ahead of the season.

BTRC sets rules for telecom services

ABDULLAH MAMUN

The telecom regulator has set standards to ensure mobile operators' quality of services in a bid to improve customer satisfaction for both voice and data services.

The regulator will monitor the service quality on a regular basis and publish reports, depending on which the violators will be penalised.

Under the initiative, the regulator will examine the operators' service response time, call drops, signal-to-noise ratio, cross-talk, echo, interruptions and loudness levels.

The commission yesterday approved the guideline on the quality of service standards after consulting the operators, the process of which began in 2009, said Sunil Kanu Bose, chairman of Bangladesh Telecommunication Regulatory Commission.

The guideline was prepared following the conditions noted in the telecom law and in the operators' licence and was finalised after taking notes from the guidelines of other countries, Bose said.

A team of the regulator will monitor the quality of services through different tests and see whether the operators are providing the data service they have promised.

The quality of customer care will be evaluated to see if they are responding to customer complaints properly, Bose said.

"We will develop another detailed customer care quality guideline soon, so that the customer complaints get proper responses."

The guideline will soon be sent to the operators so that they can follow it, he said.

The regulator has already purchased equipment to monitor the services and will purchase the equipment needed for preparing their reports, which they will submit to the regulator, a BTRC official said.

Upon auditing, BTRC will publish the results of the service quality on its website, he said.

The official said the regulator's evaluation will be thorough and will check the quality of services on the highways, railways and riverside.

The operators themselves maintain a standard in providing quality services, said TIM Nurul Kabir, secretary general of the Association of Mobile Telecom Operators of Bangladesh.

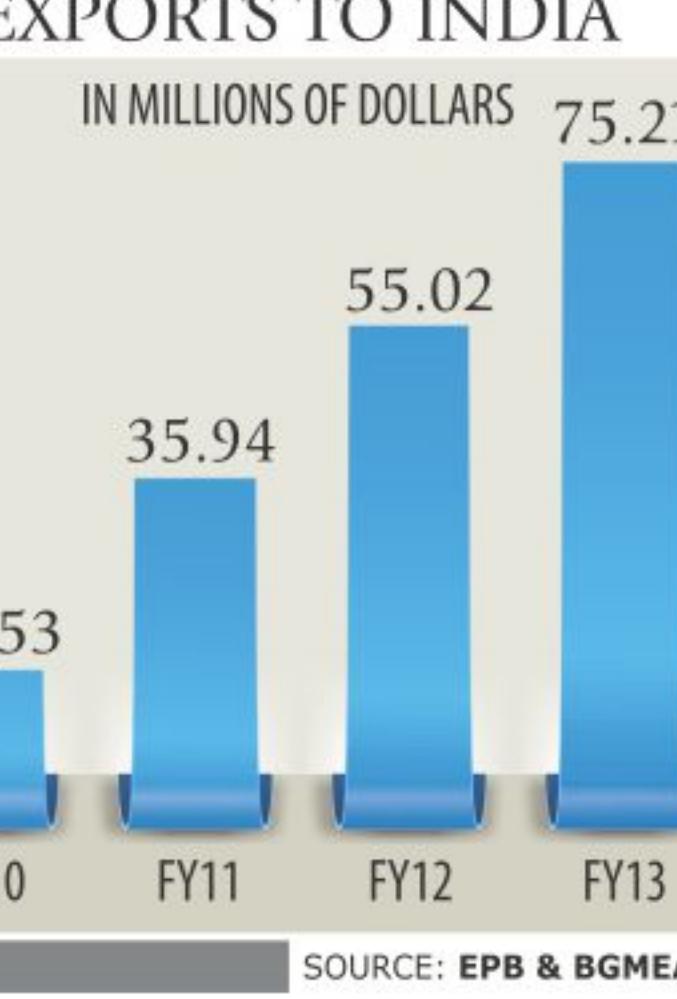
"The regulator should go through a proper consultation

RMG exporters gain from India's retail boom

REFAYET ULLAH MIRDHA

A number of western retailers have opened stores in India, which came as a boon for Bangladeshi garment exporters, as the retailers are buying clothing items directly from Bangladesh to sell those in the neighbouring market.

BANGLADESH GARMENT EXPORTS TO INDIA



Bangladesh also enjoys a duty-free privilege in the Indian market, as a result of which the demand for Bangladeshi garments is soaring in India, especially among its middle-income consumers, due to competitive prices.

The western clothing retailers started flocking to India when its central government eased rules for foreign direct investment in the \$500 billion multi-brand retail market in August last year.

Retail giant Walmart has already opened stores across the country and several others have followed suit tying up with some local supermarket operators.

Bangladesh's garment exports to India rose by 36.70 percent to \$75.21 million in fiscal 2012-13 compared to the previous year, according to Export Promotion Bureau.

A significant portion of garment items meant for Indian retail stores goes from Bangladesh, said Atiqul Islam, president of Bangladesh Garment Manufacturers and Exporters Association.

India and China are the next two big options as the countries have around 260 crore people with a big market for garment items, Islam said.

"We also enjoy a shorter lead-time for exports to India and China compared to the US and EU markets," he said.

The foreign investment regulator of India has recently approved a \$110 million investment plan by Tesco, formally paving the way for the British retailer to venture into India, according to Reuters.

Tesco also took the initial steps to becoming the first foreign company to set up a chain of supermarkets in India's retail sector after announcing it had applied to buy a 50 percent stake in Tata Group's Trent Hypermarket.

The government will continue its endeavour for liberalising FDI policy further in the coming weeks for attracting foreign investments, Commerce Minister Anand Sharma said on Wednesday, according to AFP.

Bangladesh's exports to India rose mainly due to duty-free market access, competitive prices, quality of products, and operations of multi-brand retailers in India, said Abdul Matlub Ahmad, president of India-Bangladesh Chamber of Commerce and Industry.

In November 2011, India granted duty-free, quota-free access to all items of Bangladesh except tobacco and alcohol.

Competition launched for aspiring entrepreneurs

STAR BUSINESS REPORT

A competition aimed at mentoring budding entrepreneurs was launched yesterday in a bid to contribute to the entrepreneurship ecosystem.

Aspiring entrepreneurs under the LaunchPad Bangladesh need to pitch their business ideas to a panel. The top five start-ups will receive mentoring for a month, and one will receive Tk 2.5 lakh in seed capital from 'angel investors'.

"We are looking for the five most promising early stage enterprises from all over Bangladesh," said Muhammad Saimun Hossain, chief entrepreneurship officer of Preneurs, a start-up backer and organiser of the competition.

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From left, MK Aref, chief executive officer of EMK Centre; Nash Islam, chief executive officer of Green and Red Technologies; Muhammad Saimun Hossain, chief entrepreneurship officer of Preneurs; and Ahmed Sami, coordinator of LaunchPad Bangladesh, attend the launch of a contest for young entrepreneurs—LaunchPad Bangladesh—at The Daily Star Centre in the capital yesterday.

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