Installation

DHAKA FRIDAY AUGUST 1, 2008

TOKYO

MUMBAI 14,355.75

0.14% SINGAPORE 2,929.65

SHANGHAI 2,775.72

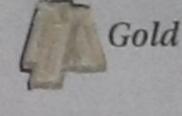
Currencies

Sell TK. 68.05 109.11 133.10

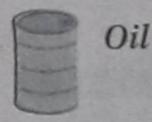
JPY 0.63

Commodities

SOURCE: STANDARD CHARTERED



\$911.34 (per ounce)



\$126.22 (per barrel)

SOURCE AFP

(Midday London Trade)

More News

Tk 450cr textile machinery imports in July

Textile machinery worth Tk 450 crores was released from customs in the month of July after a reduction in duties on the import of capital machinery and spare parts and the introduction of 1 percent procedural fee.

UK keen to invest in telecom sector

British High Commissioner Stephen Evans said his country's businessmen are eager to invest in Bangladesh's telecommunications sector, which has a huge potential to grow. The British envoy disclosed this during a meeting with Special Assistant to Chief Adviser on Post and Telecommunications Ministry

International

French family budget blues



French families, in the midst of the annual holiday ritual, are the gloomiest for 21 years about what their wages will buy, living standards and jobs, official data showed on Tuesday. The great exodus from the cities to the beaches; mountains and countryside is a high point in French family life and family budgets.

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Cement plants face closure Tata's quit on production costs, declining demand

Industry insiders see the state critical

SAHADUR RAHMAN

More and more cement factories, especially small ones, are facing closure due to price hike of raw materials and low demand for the construction material.

Out of the 123 cement companies that had been registered with the Board of Investment, only 73 came into operation. Of these 73, at least 23 cementmanufacturing plants were shut down in last one year.

According to Bangladesh \$55-63 a tonne a year ago. Cement Manufacturers Association (BCMA), most of Bengal areas have been shut unavailable because of extra Kumar Roy, general manager, down because of their financial inability to compete with big countries such as China and market players in the face of India where the raw materials rising production cost.

cement, produced by tively. Bashundhara -- one of the largest business conglomerates in the country -- also reduced its production capac-

which clinker is the main one. sector. About 5-6 million tonnes of

from Thailand, Indonesia, Malaysia and the Philippines. Clinker is also imported in small quantity from India by

"The price of raw materials, especially clinker (major component for cement manufacturing), has gone up by about 30 percent in one year," Azizur Rahman Selim, secretary of BCMA, said.

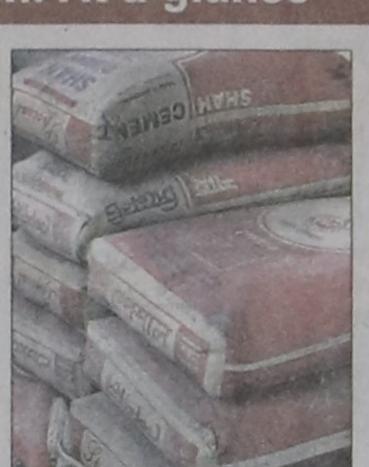
According to industry sources, clinker price has increased to \$73 a tonne from

Price of other raw materials for cement like gypsum, fly-ash demand for these items in are produced, market players struction works and unwilling-Bangla cement, Taiheiou, said. Gypsum is now selling at Esco, Karim, Khulna, Noor \$42-43 per tonne as opposed to Cement, Apan and Doel have \$32- 35 in 2007, while fly ash already shutdown their manu- and slag are being sold at \$18facturing plants. Even Megna 20 and \$32-35 a tonne respec- added.

cement consumption in significantly in 2007. Total ity recently, BCMA sources cement consumption in 2006 stood at 8.4 million tonnes, million tonnes. Bangladesh's cement indus- which came down to 8 million try totally depends on tonnes in 2007 due to less industry is now in a critical imported raw materials, of demand from the construction state. Factories have surplus

Cement industry in Bangladesh: At a glance

- Total production capacity: 21 million tonnes
- Total consumption: 8 million tonnes (2007)
- Total factories registered: 123
- Factories started operation: 70
- Currently only 30-35 plants are in operation
- Retail price of top premium brands (MNCs): Tk 355-370 per bag
- Local companies' top brands: Tk 350-360 per bag, while normal brands Tk 330-340 per bag



Holcim (Bangladesh) Ltd, said.

Exorbitant steel price, slowdown of public sector conness to disclose the source of income contributed to the downward trend in construction industry in Bangladesh, he

To make things worse, players, Bangladesh's cement industry is over-saturated with Bangladesh has gone down an annual capacity of 21 million tonnes against the demand for around only 8

"The country's cement production capacity against a "Considering the economic fall in consumption demand clinker is imported annually growth, the consumption was and are unable to pass on the

the factories in Mongla, and slag have not only supposed to be nine million additional cost on to the con-Khulna, Jessore and North increased but also become tonnes in 2007," Shankar sumers," the Holcim general manager said.

> The factories in operation are also unable to utilise their full capacity, the BCMA secretary said. The industry sources also

blamed lack of adequate power supply for making the industry more vulnerable. Rise in transimposed on vehicles crossing tively. over the Jamuna Bridge and priority movement of vehicles carrying food grain are also

inescapable reality is that the with a 30-35 percent extra cost in a span of only one year, while the industry was able to

enhance price by only 5 percent during the period," Roy

The retail prices of each bag of cement of major brands Holcim, Scan, Cemex and Lafarge are Tk 370, Tk 368, Tk360 and Tk 355 respectively. Other major brands, such as Shah, Crown, Seven Ring, Fresh and Premier are selling portation costs following price at Tk 355, Tk 356, Tk 354, Tk According to the market hike of fuel, loading restriction 350 and Tk 360 per bag respec-

Market players believe international prices of clinker and other raw materials will not go causing problems for the down soon as the demand in China and India for these raw "Considering the facts, an materials are rising rapidly.

"The government should cement industry is burdened reduce duty on the import of clinker and waive VAT to help the industry grow," Roy said. sajjad@thedailystar.net

discouraging for Bangladesh

Economists, businessmen say

STAR BUSINESS REPORT

Tata Group's announcement of abandoning its \$3 billion accept the proposal or not and investment plan from thereby withdrawal of a big Bangladesh is discouraging news for the country, economists and businessmen said, blaming the government for failing to take a concrete deci-

They said the government should have taken a decision many months ago on whether to accept or reject Tata's investment proposal.

Tata Group yesterday scrapped its investment plan in Bangladesh, as the industrial conglomerate sees 'no prospect' of taking the project fur-

"It is clear, however, that the future, to grant the projects the natural gas commitment they try," he said. would require," the Tata said in a statement circulated here yesterday. "Consequently there is no prospect of taking these projects further," it added.

The industrial conglomerate first proposed a few large projects -- steel, power and fertiliser -- in 2004 and continued intensive negotiations with the government until

Annisul Huq, president of Federation of Bangladesh Chamber of Commerce and Industry (FBCCI), said, "The general people are not clear on Uddin Ahmed does not see the economic implications of Tata's withdrawal as being the withdrawal of Tata's invest- discouraging saying, "If anyment proposal. This is because one leaves the country many the proposal was influenced by other investors will come to politics of our country to a investinthe future," he said.

great extent."

But for sure," he continued, "This indication whether to foreign direct investment proposal will surely not give a positive signal to the indus-

"However, it is very difficult to predict what the economic loss for this withdrawal by Tata will be," he said.

The FBCCI chief also said the government should have taken a concrete decision earlier regarding the Tata investment proposal.

Executive Director Mustafizur Rahman of Centre for Policy Dialogue said it is discouraging news for the country. "Tata's investment government will not be in a plan abandonment reinforces position, in the foreseeable the need for a strategic energy and gas position for the coun-

Mamun Rashid, a leading banker and economic analyst, said: "This was being discussed for last several months, as the previous government as well as the interim government could not decide on their investment interests. Besides, most of the Tata project, if not all have critical dependency on timely supply of gas at competitive price, where our domestic position is quite uncertain." Board of Investment (Bol)

Executive Chairman Kamal

Developers review previous deals

Allege customers

KAWSAR KHAN

prices of apartments reviewing the previous agreements with estate company. their clients, despite the government's new law has a provision to bring the violators of ment papers with buyers have such deals to book.

46 per cent rise in the prices of price hike of construction construction materials in the materials," he further said. last two years have forced them to go for a hike in the flat prices estate companies are increasto a level beyond the amount ing the rate as high as Tk 1,500 agreed between a customer persquarefeet. and a real estate company.

particularly for those construcdent of Real Estate and byTk500 persquare feet. Housing Association of Bangladesh (REHAB).

the period the prices of MS rod developers are taking advanincreased by 90 per cent and brick by 70 per cent. Usually, MS rod accounts for 30 per cent of the total cost of an apartment.

The sector people said they are to raise Tk 300-Tk 500 per square feet.

we charge additional Tk 300-Tk kawsar@thedailystar.net

500, it will not be any financial loss for the buyers," claimed SR Customers have alleged that Chowdhury, senior manager developers are now raising the (Administration and Recovery) of Multiplan Limited, a real "It is not unlawful to

clauses that enable us to Developers claimed around review cost in case of unusual Customers said the real

increase the cost, as our agree-

"It is logical for the real Most of the real estate estate companies to increase

companies are now reviewing selling cost who conducted their agreements with clients, their construction last year and early this year, but the aparttion works which were sched- ment costs are being increased uled to be completed between which were constructed in 2006 and 2007 in the backdrop 2006 when construction mateof unprecedented price hike of rial prices were comparatively construction materials," said low," said a customer whose Tanvirul Haque Probal, presi- apartment cost was increased

M Mohsin Mia, who oversees customer services at the According to sources, during REHAB, admitted that some tage of the situation and increasing selling prices of the apartments that were constructed before the prices of construction materials soared.

He, however, said during the last two years expenditure on "When we had signed agree- per square feet of any apartments with buyers the rate was ment increased by Tk 600, from Tk 1,300 to Tk 2,000 per while the market price of per square feet, which is now from square feet of apartment Tk 3,000 -Tk 3,500. so even if increased by Tk 1,000.

