Star Business

DHAKA MONDAY JANUARY 26, 2009

Stocks

DGEN	▲ 0.64%	2,688.17
CSCX	▲ 0.25%	5,370.46

Currencies

	Buy Tk	Sell Tk
USD	68.30	69.30
EUR	87.22	91.68
GBP	92.70	97.25
JPY	0.76	0.80

SOURCE: STANDARD CHARTERED

Commodities

Gold ▲ $875.75 (per ounce)

Oil ▼ $42.38 (per barrel)

SOURCE: AFP

(As of Friday)

More News

Silent cry makes no echo

Momena lost everything in the 1998 floods and then came to Dhaka in search for a livelihood. Now she lives here in a slum, struggling to make ends meet and dating with the high cost of living. She says if her home in the village did not go under water, she would live in Faridpur now.

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ICC-B demands friendlier business environment

With the journey of the new government amid people's expectation for easing their economic and social woes, the business community's demand is a business-friendly environment, said the Bangladesh chapter of International Chamber of Commerce in the editorial of its quarterly News Bulletin released yesterday.

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International

Nissan job cuts hit hard in Britain's 'Motor City'

The loss of 1,200 jobs at a giant Nissan car factory in northeast England is fuelling fears that the wheels are coming off Britain's "Motor City", as the global economy grinds to a halt. The Nissan cuts are also reviving grim memories of previous downturns, in a region which has struggled to re-invent itself after the decline of traditional industries in the past.

Japan's Nomura to book $3.4b loss

Japan's largest brokerage Nomura Holdings is forecast to report a net loss of some 300 billion yen (3.4 billion dollars) for the October-December quarter, its worst in eight years, a report said Sunday. It would be the worst loss since April-June 2001, when the group changed its accounting standards, the Nikkei business daily said.

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Contact Us

If you have views on Star Business or news about business in Bangladesh, please email us at business@thedailystar.net

Aromatic rice brands still pricey

SOHEL PARVEZ

Prices of branded aromatic rice still remain high although those of non-branded or loose ones fell by around 43 percent since mid-November last year, traders said yesterday.

Branded aromatic rice, mainly Chinigura and Kalojira, marketed by such agro-processing firms as Pran, Square, Aarong and Utsab were found selling at between Tk 105 and Tk 120 a kilogram, while non-branded ones were selling at Tk 55 to Tk 60 yesterday.

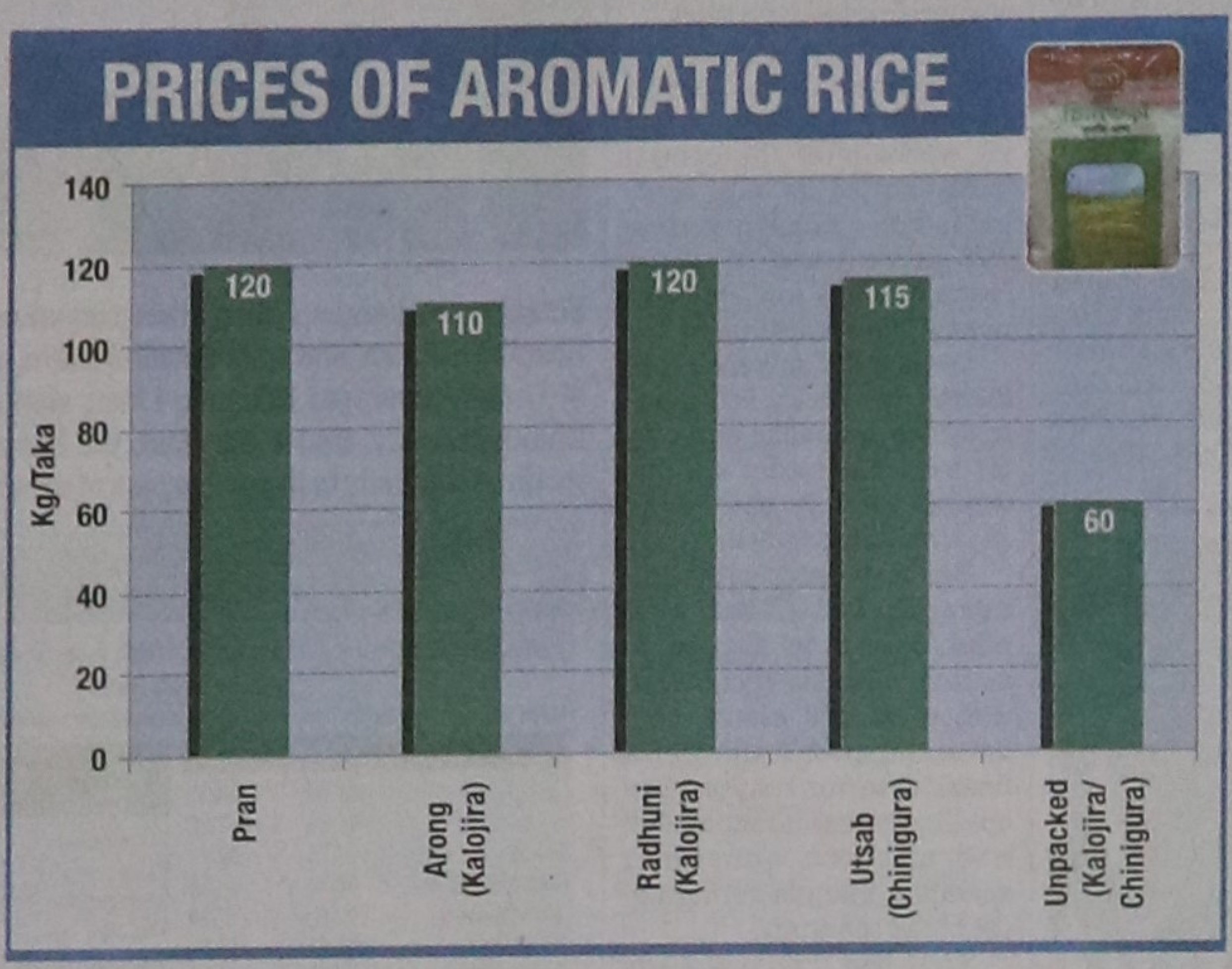
In early November, price of a kilogram of Chinigura was between Tk 100 and Tk 105.

But Pran-RFL Group, which markets Chinigura under the brand name of Pran, claimed it had cut prices in line with the price fall in the non-branded segment. Others such as Square Consumers Products Ltd, a concern of Square Group, are yet to respond but said they would 'take steps to adjust the price soon'.

But no impact of price cut by Pran was seen at retail level.

"We have cut prices after procuring newly harvested rice...The impact on the market may be less because it takes time to ensure reaching our products to all points at a time," said Kamruzzaman Kamal, executive director (marketing) for Pran-RFL.

The price of rice like Chinigura, which continued rising from early last year to hit over Tk 100 a kilogram towards early November, started to fall later after the then government imposed a ban on export of all varieties of rice for six months.



In July-November period of the current fiscal, exports of rice almost doubled to Tk 54.37 crore from Tk 23.45 crore. Rice exports grew 46 percent to Tk 60.30 crore in fiscal year 2007-08 from Tk 41.25 crore a year ago, according to Export Promotion Bureau data.

However the ban on exports, some businessmen said, hurt their business due to a decline in market price although processors said they bought rice at a higher rate previously.

"The rice you see in the market was procured at higher price earlier," said Kamal of Pran-RFL. "We have fixed Tk 75 for a kilogram of Chinigura after procuring newly harvested ones."

Rice traders said farmers in the northern districts such as Naogaon, Rajshahi and Dinajpur produce aromatic rice, harvest of which starts from early December leading to a drop in price. Non-branded segment of aromatic rice controls the bulk of the market, traders said.

But according to Kamal, the market for branded aromatic rice is growing at more than 10 percent a year with about 10,000 tonnes of branded rice consumed locally.

Retailers said the demand for branded rice has dropped as they are selling at higher rate. Some of them demanded discount over the previously bought rice from companies so they can sell at a lower price.

"We will be able to offer rice at lower price if companies give us discount," said Morshed, owner of Hazi Abdul Hamid Store in New Market area. Morshed said he is selling a kilogram of Chinigura of Pran at Tk 105.

But Kamal said they are not planning any discount as the rice was bought at higher price earlier.

A senior official of Square Consumer Products said the company is in the process to cut price.

"Square has looked into the aromatic rice issue and will take steps to adjust the price soon," he said.

Officials of Square said the company would offer the revised price after exhausting the present stocks of rice.

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FDI proposals decline

STAR BUSINESS REPORT

Foreign direct investment (FDI) commitments were the lowest in 2008 both in terms of value and the number of proposals, according to Board of Investment (BoI) data.

Only 13 projects worth $60 million from intended foreign investors were registered with the BoI last year. Canada alone intended to invest about $53 million in one project.

Some 141 projects worth $327 million were registered in 2007.

Registration means an investment commitment by an intending investor, not actual investment. Registration is an official approval for expression of investment intent by an investor.

During registration, an entrepreneur submits an investment proposal to BoI to be implemented in a specified period.

The number of foreign investment proposals registered with BoI in 2006 was 166 worth $1,471 million. The number of proposals was 131 worth $3.8 billion in 2005.

"Investors want stable politics. The years 2007 and 2008 were volatile for domestic and foreign investors," said a senior BoI official.

5 sponsor directors to quit BD Welding

SARWAR A CHOWDHURY

Five sponsor directors of a listed company, Bangladesh Welding and Electrodes (BD Welding), have sought to quit the company, officials said.

The sponsors, who are also close relative to each other, have already sent a proposal to the state-run Investment Corporation of Bangladesh (ICB) to buy their shares outside the trading floor of the stock exchanges.

These sponsors are AR Khan, founder of BD Welding, Hosne Ara Khan, wife of AR Khan, Aminur Reza Khan, son of AR Khan, Nahreen Mahmud, sister of AR Khan, and Kazi Anwar Ahmed, husband of Nahreen Mahmud.

The five sponsors hold 35,92,500 shares out of 1,04,00,000 shares of the company.

People close to the sponsors said AR Khan, who is the key person behind the management of the company, is an aged person of 90 years and sick.

Now he wants to transfer his and his relatives' sponsorship to a strong managerial person or company like ICB.

Transfer of the sponsorship is however subject to the approval of Securities and Exchange Commission and other regulatory authorities.

"We have received the proposal from the sponsor directors of BD Welding and we are now studying the proposal as well as the company's business performance," said Ziaul Haque Khondker, managing director of ICB.

Excluding the five sponsor directors, BD Welding, which was listed with the stock exchanges in 1999, has three other sponsors/directors.

The sponsors and directors hold 48.08 percent stakes in the company, while institutions hold 6.93 percent stakes and general investors hold 44.99 percent shares.

As per the half yearly financial report posted on the Dhaka Stock Exchange website, the company made a net profit of Tk 4.09 million as of June 30, 2008.

The company, however, incurred a net loss of Tk 6.99 million in 2007 against Tk 2.43 million in 2006.

Chittagong-based BD Welding, which is being traded under B category on the stock exchanges, mainly produces welding rod and industrial oxygen.

The authorised capital of the company is Tk 150 million and paid up capital is Tk 104 million.

On the DSE yesterday, each BD Welding share of Tk 10 was traded between Tk 40 and Tk 45.

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Value local software innovations

Makers urge govt as Softexpo starts tomorrow

STAR BUSINESS REPORT

The local software makers have urged the government to value their innovations to make Bangladesh 'truly digital' as per the ruling party's election manifesto.

Despite a proven track record of competency in global market, they said, the domestic industry is yet to be flourished because of the absence of policy support.

"There is no alternative to making Bangladesh digital rather than valuing the local entrepreneurs," Habibullah N Karim, president of Bangladesh Association of Software and Information Services (BASIS), told a press conference in Dhaka yesterday on the eve of the BASIS Softexpo 2009 tomorrow.

The fair is a yearly event that aims to showcase products and services by the local and foreign software developers. Along with the host country, US, Saudi Arabia, Hong Kong, Singapore, Japan, South Korea, Sri Lanka and Russia are expected to take part in the five-day fair.

Bangladesh's software market has not yet tapped its full potentials in both home and abroad due to the lack of infrastructure facilities, such as uninterrupted power and internet, according to industry insiders.

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Habibullah N Karim, president of Bangladesh Association of Software and Information Services, 2nd-L, speaks at a press conference in Dhaka on the eve of the BASIS Softexpo 2009.

The industry exported $25million IT based services to the global market, registering a less than one percent market share.

Citing the Philippines success story of grabbing more than one percent market share of the $300 billion global market in the last few years, Karim said, "Bangladesh can earn more if the government removes the bottlenecks."

In this context, he referred to World Bank's recent study, which says Bangladesh can fetch $500 million from IT-enabled services by 2014.

The BASIS chief also expressed his high hope that the domestic market size could be Tk2000crore, although the present turnover is only Tk400crore.

Karim also pointed to the fact that out of the Tk400crore market, local software markers have less than 50 percent market share, failing to compete with the foreign companies, as maximum private and even government institution prefers expensive foreign made software solutions.

"Some local software makers are outsourcing their technology for global companies, but unfortunately they fail to achieve the confidence of the local market," lamented Karim.

He urged the government to concentrate on IT based education for the next generation, if it means what it pledges to make the country a digital one.

Cheap labour lifts Bangladesh through global downturn

AFP, *Dhaka*

An army of cheap labour has made Bangladesh a hotspot for growth as the rest of Asia struggles through the global financial crisis and observers say the country must now exploit its advantages.

With China finding it increasingly difficult to mass-produce low-cost items at discount rates, buyers have turned their attention to Bangladesh where textiles and footwear can be made cheaply.

"The country is fast replacing China as the desired low-cost manufacturing hub in Asia for items such as textiles and footwear," said Ifty Islam, managing partner of Asian Tiger Capital Partners.

"Thanks to this abundance of cheap labour and an insulated financial system, Bangladesh was one of the best performing economies in Asia in 2008," Islam, a former managing director at Citigroup and Deutsche Bank, said.

"It will remain so this year and in 2012 we may hit eight percent growth. If the new government can sort out power and infrastructure problems, Bangladesh will be unstoppable."

Analysts say Bangladesh is fast replacing China as the desired low-cost manufacturing hub in Asia for items such as textiles and footwear.

Thanks to soaring exports and also remittances sent by the country's overseas workers, Bangladesh's central bank has projected a 6.5 percent growth this year if shipments continue to fare well.

Analysts and foreign investors said tens of millions of labourers who work in poor conditions for less than 50 dollars a month are boosting Dhaka's growth at a time when buyers such as Wal-Mart are looking for cheaper sources.

"All eyes are on Bangladesh because it is the only country which can produce quality textile items at least 20-30 percent cheaper than China," said Steffen Mohler, director of Germany's Multiline Limited, a top trading firm.

Multiline has this month started building one of the world's largest textile factories 50 kilometres north of Dhaka with an investment of $200 million.

It will be largest foreign investment in the country's fast growing textile sector, which accounts 75 percent of its total exports, and will create jobs for 15,000 people when it goes into production early next year.

"We are here because Bangladesh will dominate (the) textile business for years to come. I know of no one -- department stores, top retailers and trading firms -- who are now not in Bangladesh. They are diverting their orders from China," Mohler said.

"We see Bangladesh textile exports doubling to 22 billion dollars by 2011."

Taiwanese entrepreneurs who played a key role in transforming China into the world's top performing economy are rushing to Bangladesh to look for land to build footwear and textile factories, Taipei's representative Frank Chen said.

"Every week we have teams from Taiwan. Many of them have shut down factories in China's southern Dongguan city because they cannot make any money there. Bangladesh is the place which is still profitable," he said.

Such has been the rush of investors that Bangladesh's export processing zone (EPZ) authority says it is running short of plots to allocate to the incoming foreign investors.

"We have rented out almost all the plots," said the authority's spokesman. "Only a handful in the country's 10 EPZs remain, but we are searching for more."