

Spinners in the shadows of recession

Stocks

DGEN ▼ 0.94%
2,637.03

CSCX ▼ 0.64%
5,286.29

Asian Markets

MUMBAI ▲ 3.80%
9,004.08

TOKYO ▲ 4.93%
8,061.07

SINGAPORE Closed

SHANGHAI Closed

Currencies

	Buy Tk	Sell Tk
USD	68.35	69.35
EUR	88.92	93.57
GBP	94.37	99.25
JPY	0.76	0.80

SOURCE: STANDARD CHARTERED

Commodities

Gold ▼ \$894.32
(per ounce)

Oil ▲ \$46.16
(per barrel)

(Midday Trade)

More News

Student loan, not so



A Dhaka University student, who intends to go abroad for higher studies, expresses anguish after visiting a few private commercial and foreign banks for loans. It depresses him to see banks making a special offer, called 'student loan', but the service is actually tailored to the income capacities of their parents.

B-4

Govt slashes sugar price

The government cut down the price of sugar at dealer level by Tk 3,000 per tonne for nine days "in public interest". In an official announcement yesterday, the government said the cut price would also apply to distribution under the quota system. According to the reserate, the ex-mill price of sugar will be Tk 30,000 coming down from the present price of Tk 33,000 a tonne.

B-3

International

India lowers growth forecast, keeps rates steady

India's central bank reduced its growth forecast for Asia's third-largest economy on Tuesday due to the deepening worldwide recession as it held leading interest rates at historic lows. The bank cut its growth estimate for this fiscal year to seven percent "with a downward bias" from an earlier projection of 7.5 to 8.0 percent.

B-4

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

Sliding rupee adds to woes

KAWSAR KHAN

The ongoing global recession has caught up with the country's yarn industry with a substantial fall in its local and export demand and the piling of a huge amount of unsold yarn.

Presently, the Tk 2,700 crore spinning mills of the country are struggling with an inventory of 1.5 lakh tonnes of yarn worth Tk 1,500 crore that millers failed to sell for a demand decline and a deluge of comparatively low cost yarn from India.

"The local knitwear and woven industries have already reduced their consumption of yarn due to their low demand resulting from lower orders," said MA Awal, former president of Bangladesh Textile Mills Association (BTMA).

"The global recession has started playing havoc with yarn industry. Local industries buy yarn 2-3 months earlier before they start exporting their products. We are now buying lower amount of yarn that means export will also be low after 2-3 months," said MA Baset, second vice president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA).

Sector people said the local knitwear and woven industries are opting for yarn import from India instead of collecting from local market due to low costs of Indian yarn stemming from significant devaluation of Indian rupee and sinking cotton price on the global market.

International media reports said cotton prices declined on the global market recently due to a sapped global apparel consumption and reduction of Chinese cotton import for the financial meltdown in the US, Europe and Japan that created a chain effect across the world.

"Global cotton use will total 115.24 million bales in the year through July 31, down from 122.69 million a year earlier and the biggest drop since at least 1960 as India, Pakistan and Turkey buy less," said a Bloomberg report.

However the report also said global cotton prices will begin to increase soon due to low cultivation of non-food crops on the back of lower demand.



A woman handles machines at a spinning mill in Narayanganj. Spinning millers are facing tough time due to a declining demand for locally made yarn.

"On an average, prices of yarn decreased between 57 cents and 58 cents in every pound on the Indian market in recent months and that is the main reason behind the increase of yarn import from India," said Abdus Salam, managing director of Radiance Knitwear Ltd.

Now the price of 30-count yarn varies from \$2.25 to \$2.30 in India that was between \$2.80 and \$2.90 a few months ago, while the price of the same local product now ranges from \$2.55 to \$2.60," said Salam, also a director of BKMEA.

Presently the local spinning mills are capable of meeting 100 percent demand of the local knitwear sector and 75 percent demand of woven.

Industry people said local knitwear and woven industries find it viable to buy yarn from local sources if their prices are at best 15-30 cents lower than the prices in India.

But on an average per pound yarn price in local market is now 40-60 cent higher than its cost in Indian market. That is why presently the local yarn consumers are fulfilling their demands through importing from India.

"Recently I bought 60 tonnes of yarn from India. If I bought it from local market, I would have to pay an additional \$20,000," said a local textile mill owner.

BTMA President Abdul Hai Sarker said India's domestic cotton production, currency depreciation

Digital Bangladesh pledge rings again: Six bus operators eye digital ticketing

Govt purchases may go online

STAR BUSINESS REPORT

Stakeholders of the ICT industry breathed a sigh of relief, as government high-ups yesterday reiterated their commitment to do whatever needed for the development of the sector.

Two ministers and one state minister promised before the sector people to develop the industry by any means and execute their election pledge of creating a 'Digital Bangladesh'.

The guests, attending the inauguration of the BASIS Softexpo-2009, lauded the announcement.

The major promises made by the ministers included introduction of the e-payment system, e-governance, along with introducing the ICT curriculum at the secondary level of education.

Finance Minister AMA Muhith said all government purchases should go through online payment or e-commerce to ensure transparency.

Speaking as the chief guest at the launch of the five-day exposition, he said: "I think all government purchases should go through the online system so that transparency can be ensured and corruption be checked."

Bangladesh has huge legal and infrastructure hurdles to pass before an e-payment system can be introduced. The ICT sector's pleas to set up an e-payment



Commerce Minister Faruk Khan visits a stall after the launch of 'BASIS Softexpo-2009' yesterday at Bangladesh-China Friendship Conference Centre in Dhaka.

network and introduce digital signatures were not translated into reality.

"Softexpo" is a yearly event of the Bangladesh Association of Software and Information Services (BASIS) that aims to showcase products and services by local and foreign software developers. The US, Saudi Arabia, Hong Kong, Singapore, Japan, South Korea, Sri Lanka and Russia are also showcasing their products and IT enabled services at Bangladesh China Friendship Conference Centre.

The finance minister hinted at introducing e-governance soon, saying the administration system should be automated and the government should utilise the innovations of the local software industry.

He advised the industry people to go for ICT (information and communication

technology) product manufacturing. "We have the talent. What prevents us from producing micro-processors?" Muhith asked.

Bangladesh's software industry has a less than 1 percent market share in the \$300 billion global market. The country exported software and IT enabled services worth \$25 million in 2008.

The export target of IT-enabled services of \$30 million by 2009 did not satisfy Commerce Minister Faruk Khan. He said the export target could not be set higher due to a lack of government support.

In line with government plans, ICT will be introduced in the educational curriculum at the secondary level by 2013 and primary level by 2021.

"The government must value the commitments made, especially to the coun-

try's 32 percent youth, during the election campaign to create a Digital Bangladesh by 2021," he said.

"We are working to identify the sector's problems and how to overcome these at the same time," said Yeafesh Osman, state minister for the science and ICT ministry.

BASIS President Habibullah N Karim said Nepal and Bhutan have already introduced e-commerce while Bangladesh lags behind.

He urged the government to allocate 5 percent of the total annual development programme towards the ICT sector, if the government intends to achieve the target of making a digital Bangladesh.

The BASIS Softexpo remains open from 10am to 8pm every day. The fair is free for students, but an entry fee for others is Tk 20.

Investors shaky over Beximco Pharma's deal with US firm

STAR BUSINESS REPORT

Bus service operators demanded that the government allocate spaces near different stoppages to set up stations for introducing digital tickets, which will benefit both the commuters and owners.

Such digital ticketing will ease commuters' hassles in collecting tickets from counters because the beneficiaries of the system can board buses by using a prepaid card called 'IC (integrated circuit) Card.'

A touch of such 'IC Card' on the reader machines to be either inside the buses or at the common ticket shops at different stoppages will charge the cardholders for any trip.

For the bus companies, benefits are expected to be more as the digital ticketing will enable them to reduce pilferages and irregularities, such as anomalies in cash handling, issuance of fake tickets etc.

Operators will also be able to ensure transparency in fare collections and accuracy in accounts.

"We want to implement the digital ticketing system. But we are not getting appropriate infrastructure to do so. We urge the government to help us get a common ticketing terminal so that we can offer digitised tickets to passengers," said Khandakar Rafiqul Hossain Kazol, president of the Association of Bus Companies, at a seminar in Dhaka yesterday.

Official trade and investment promotion agency of Japan Jetro, N-Wave Co. Ltd and Bright-Tech (BD) Ltd jointly organised the seminar on Implementation of IC Ticketing System in Bangladesh, based on technology from Sony Corporation, Japan.

Kazol's appeal came as six private bus companies—Trans Silva, Moitree Paribahan Co., Kolmilata, Transport Co., Mega City Bus Co., Mega City Passengers Service (One Line) and Rajdhani Express—plan to introduce digital ticketing.

Presently BRTC (Bangladesh Road Transport Corporation) offers such a ticketing through two of its booths—Farmgate and Mothijheel—for the Volvo bus service in the capital.

The BRTC provides ticketing system under a pilot scheme with the technology offered here by Japan based N-Wave Co Ltd.

"The immediate introduction of the new system is possible, if we get space for setting up ticketing machines," said Syed Rezaul Karim, chairman of Transilva Group.

Deputy General Manager of BRTC Major Quazi Shafique Uddin said, "BRTC receives good response from passengers. Private companies must introduce the system and then we can get juice out of it."

Caviar days over for Davos crisis debate

AFF, Davos, Switzerland

Lavish parties thrown by top Wall Street bankers used to be the talk of the annual Davos forum but the economic crisis has forced belt tightening this year.

The number of A-list bankers who will debate the global turmoil at the World Economic Forum starting Wednesday has been cut and many financial institutions have slashed their entertainment budget.

Caviar and lobster are out and ham and cheese are in for receptions at luxury Davos hotels such as the Steigenberger Grandhotel Belvedere where white wine and

cheaper champagnes are replacing Dom Perignon, media reports say.

John Thain, former Merrill Lynch chief, was scheduled to debate the future of the global financial system, according to a WEF programme circulated last week.

But he resigned from Bank of America, which bought Merrill Lynch on Thursday and Thain's name was dropped from the latest list of forum participants.

Goldman Sachs, renowned for its Davos parties, is not holding one this year. The bank's chief operating officer Gary Cohn is on the Davos list, but chief executive

Lloyd Blankfein is not.

Likewise, Citigroup chief executive Vikram Pandit is not attending, and Lehman Brothers, usually a prominent presence at Davos, has folded since economic storm clouds started gathering over last year's event.

JP Morgan, led by its CEO James Dimon, will be left leading Wall Street's depleted delegation this year.

Swiss newspaper Sonntagszeitung reported recently that budgets for receptions were being cut by 30 percent, quoting Steigenberger Grandhotel Belvedere chief Ernst Wyrtsch.



A staffer installs logos yesterday at the Davos Congress Centre where the World Economic Forum (WEF) will be held.

Investors shaky over Beximco Pharma's deal with US firm

STAR BUSINESS REPORT

Investors are in confusion over Beximco Pharmaceuticals' subscription agreement with a global investment firm.

Following the announcement of the deal on Monday, many investors sold off Beximco Pharma shares even with losses yesterday to remain tense-free.

The selling pressure, caused by the confusion, also pulled down the share prices of Beximco Pharma by 0.59 percent to Tk 165.7.

On the Dhaka Stock Exchange yesterday, a total of 22,48,250 Beximco Pharma shares worth Tk 37.06 crore were traded.

Beximco Pharmaceuticals on Monday announced that it has entered into a subscription agreement with GEM Global Yield Fund Limited (GEM Global), USA, to raise Tk 460 crore by issuing its shares or warrants.

The country's one of the pharmaceutical giants approved the issuance of ordinary shares aggregating up to Tk 410 crore and warrants worth Tk 50 crore to GEM, a press statement said.

"I have sold the Beximco Pharma shares, as the agreement news of the company seems a bit confusing," said Mohammed Shamim, an individual investor.

Beximco Pharma could raise the money from the local market through issuing rights shares, but the company is not doing so, he said.

After issuing the new shares to the GEM Global, Beximco Pharma's paid up capital will be increased. "But in line with the increased ratio of paid up capital, will I get the profit or return from my investment on Beximco Pharma?" another investor questioned.

Salman F Rahman, vice chairman of Beximco Group, said as per Beximco Pharma's existing paid up capital of Tk 126 crore, the company could raise another Tk 126 crore or a maximal of double of the amount with 100 percent premium from the local market through issuing rights shares.

"Is it possible if I want to raise Tk 460 crore from the local market? But, I will get it from the GEM Global," he said.