

## Stocks

DGEN ▼ 0.23%  
2,408.67

CSCX ▼ 0.40%  
4,912.39

## Asian Markets

MUMBAI ▲ 0.57%  
10,803.86

TOKYO ▲ 3.74%  
8,916.06

SINGAPORE ▲ 2.50%  
1,828.51

SHANGHAI ▲ 1.38%  
2,379.88

## Currencies

	Buy Tk	Sell Tk
USD	68.45	69.45
EUR	89.05	93.77
GBP	98.94	104.04
JPY	0.67	0.73

SOURCE: STANDARD CHARTERED BANK

## Commodities

**Gold** ▼  
\$885.00  
(per ounce)

**Oil** ▲  
\$51.01  
(per barrel)

SOURCE: AFP

(Midday Trade)

## More News

Financial derivatives and garments industry



Financial derivatives have revolutionised mathematical and practical finance. The 1973 seminal paper of F Black and M Scholes has created, within a few decades, what is literally a multi-trillion dollar derivatives market. Derivatives have vastly expanded the domain of finance and created many new opportunities for economic growth.

B-4

## International

India's inflation falls to 0.26pc

India's inflation rate slipped closer to zero, official data showed Thursday, giving the central bank more room to cut interest rates to bolster a flagging economy. Annual inflation eased to 0.26 percent for the week ended March 28 from 0.31 percent for the previous week, according to the Wholesale Price Index, India's most watched cost-of-living barometer.

Germany unveils first bank nationalisation

Germany launched Thursday its first bank nationalisation since the republic's birth in 1949, with a key US shareholder set to pay a high price as officials try to stabilise financial markets.

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If you have views on Star Business or news about business in Bangladesh, please email us at [business@thedailystar.net](mailto:business@thedailystar.net)

# Generators take local root

SAYEDA AKTER

Sales of generators are rising on frequent outages and an electricity shortage in the country with local businesses increasingly getting involved in assembling and making parts of the power devices amid approaching summer.

In the last three months, around 11,000 units of generator were sold mainly in Dhaka and Chittagong, marking a rise of 25 percent compared to the previous year, said industry people.

This year traders predict that a strong sales trend will continue for several more months as industries, corporate houses and shopping malls are not seeing any immediate respite from the power crisis. So they are getting ready to invest sizable amounts in the business.

Although earlier the market for generator was totally import-based, now local companies are making some parts of generator and assembling the device.

The most commonly available generators in the local market are diesel-run with capacities ranging from 500 watt to 500 kVA (kilo volt ampere).

A 500-watt generator can run around 5/6 lights and two fans for two hours, while a 500-kVA (1kVA=0.8kw) generator has the capacity to run an RMG factory for three days.

A 500-watt generator usually costs Tk 20,000 in the local market and a 500-kVA gas generator Tk 1.75 crore.

Industry people said the demand for generators ranges from 500 watt to 300 kVA and these are mainly used for the commercial establishments, especially in the urban shopping malls and factories.

Currently, the total market size for generator is Tk 400 crore per year, they said.

Rahimafrooz is the market leader that imports finished generators as well as components and also makes parts to assemble complete devices.

"Usually the demand remains high in the summer, but this year the demand has started rocketing before the season, meaning we will have to struggle to meet the demand this time," said KM Ali, chief operating officer of Rahimafrooz Energy Services Limited.

"We import finished generators and also open ones, which need canopies to turn those into soundproof units and carriers to hold the



Sales of generators rise as outages hit the country. Local businesses are being involved in assembling and making parts of the power devices.

devices that we make locally," he said.

He said Rahimafrooz imports generators intact with three main parts -- engine, alternator and controller -- and then attaches locally produced things to make those complete units and then markets the generators for both residential and corporate use.

He said his company also makes automatic transfer switch for generators that helps run a unit automatically when power goes off.

Ali said the customers of his company include industrial plants, real estate firms, hospitals, educational institutions, telecom companies, supermarkets, corporate houses and government establishments.

The company is the official distributor of Italian brand Pramac and imports both diesel and gas generators from Italy, Spain and Japan, he added.

Currently, Rahimafrooz holds around 40 percent of the local market share.

Around 10 other local and imported brands are also available on the market and around 50 small companies import and assemble diesel generators.

Ziauddin Abu Nasser, a senior executive at HS Enterprise, official distributor of Honda genera-

tors, said the main customers of generators are the shopping malls and offices.

Honda generators, which had nearly 20 percent market share last year, are mainly imported from Japan and the prices range from Tk 22,000 to Tk 85,000.

Generators are also assembled in the local light engineering sector.

Sakiba Engineering Works, a local light engineering products manufacturer at Dholaikhal in Dhaka, assembles diesel generators using old parts and attaching canopies and carriers.

Saker Ali, assistant director of Sakiba Engineering, said the cost of making these parts and then assembling locally help lower the prices of generators that mainly cater to the needs of small traders around the country.

However the industry people demanded that the government cut the diesel price so more people, including farmers, can afford generators.

"An affordable generator will not only help a farmer, but will accelerate the entire economic activities of the country," the Sakiba official said.

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# DSE proposes tax-free investment of undisclosed money

STAR BUSINESS REPORT

Dhaka Stock Exchange (DSE) has sought government's nod to a tax-free investment of undisclosed money in the capital market in order to make it vibrant.

Allowing such investment was among the set of proposals the prime bourse leaders placed before the head of government when they met her at her office yesterday.

The DSE also sought Prime Minister Sheikh Hasina's intervention in offloading the shares of state-owned profitable companies.

It proposed to bring Jamuna Bangabandhu Multipurpose Bridge, Bangladesh Telecommunication Company Ltd, TeleTalk Ltd, Bangladesh Biman, Padma Bridge, Sonali and Janata banks and power plants to the stock market to ensure supply of quality shares.

The bourse leaders also pleaded floating the government-owned shares in some companies like Unilever, Aventis, Usmania Glass, Eastern Cable, Atlas Bangladesh and National Tubes.

"If the huge undisclosed money could be brought into the capital market without imposing any tax, it would make the capital market stronger, removing liquidity crisis in a long run," DSE President Mohammad Rakibur Rahman, who led the delegation, told reporters after the meeting.

"The Prime Minister agreed on the DSE proposals and extended her all-out cooperation in implementation of these proposals," he said.

Rahman said now DSE's daily turnover ranges between Tk 400 and Tk 500 crore and this could be raised up to Tk 1000 crore in future if proper steps are taken timely.

He said introduction of a 'refinancing scheme' through Bangladesh Bank for the betterment of the capital market is DSE's another demand.

Rahman sees no global recession impact on the local capital market.

"We also proposed to reduce taxes for financial institutions to 35 percent from 45 percent so that companies can up the dividend rate for investors," the DSE chief said.

The delegation suggested the Prime Minister strengthen the public-private partnership, rather than external sources, as a mechanism for capital generation to execute different projects.

The prime minister extends cooperation in executing DSE proposals, which include tax-free investment of undisclosed money in capital market, offloading state company shares and reducing taxes for financial institutions to 35 percent from 45 percent

# BGMEA seeks buyers' cooperation

STAR BUSINESS REPORT

Readymade garment exporters in a parley with international buyers in Dhaka yesterday sought their cooperation in raising the trade volume in the face of global recession.

They also bargained with the buyers for more prices of apparel items and export orders so that the country can gain more competitiveness.

The buyers nowadays offer the lowest prices for importing apparels from Bangladesh, as demand for the item has marked a considerable drop in major western retail houses, according to industry insiders.

"We have sought the buyers' cooperation to raise our export volume and more prices than they offer now for apparels," Abdus Salam Murshed, president of Bangladesh Garment Manufacturers and Exporters Association, told a press briefing after the meeting with internationally reputed buyers.

Representatives from retail-buying agents like Wal-Mart, JC Penny, H and M, Zara, Marks and Spencer and Li and Fung were present during the meeting at the BGMEA office.

During the meeting, the buyers suggested the manufacturers be more careful about the delivery of goods, shipment, compliance issues, mid-level management and quality, Murshed said.



Workers make clothes at a garment factory.

BGMEA new boss said US imports of knitwear and woven items have shrunk by 5.11 percent and 7.58 percent respectively in January 2009, compared to the same month a year earlier.

In the same period, imports by European Union also declined, he said.

"Now our target is to keep our market

share intact and be more competitive in the global RMG market," he said.

BGMEA has been aggressively hunting for new export destinations to increase the external trade volume, he added, suggesting the government activate Bangladesh missions abroad, such as Spain and Brazil, to grab the RMG market shares.

# Wal-Mart's sales up on bargain hunting

AP, New York

Consumers continued to shop cautiously in March, still sticking mostly to necessities such as food, but there were some glimmers of stabilisation in retailers' sales reports on Thursday.

Wal-Mart Stores Inc, the world's largest retailer, said same-store sales rose 1.4 percent, excluding fuel sales, falling short of the 3.2 percent rise analysts polled by Thomson Reuters predicted. The world's largest retailer said a later Easter was to blame. Wal-Mart said it expects first-quarter results will be at the high end of its predicted range.

"Based on the initial strength of our sales this week, we expect Easter to drive April sales performance," said Eduardo Castro-Wright, vice chairman of Wal-Mart Stores.

Rival discount Target Stores Inc.'s same-store sales fell 6.3 percent, better than analysts expected.

Warehouse operator Costco Wholesale Corp. said same-store sales fell more than analysts expected. But the figure rose after adjusting for plunging gas prices and the stronger dollar. Food purchases helped results.

Amid the department stores, mid-tier players showed improvement while the luxury sector remained weak. Macy's Inc, JC Penney Co and Kohl's Corp all reported same-store sales drops that were smaller than analysts expected. However, Saks Inc same-store sales dropped 23.6 percent, worse than expectations.

Mall-based stores, many of which have been struggling, showed some improvement in March. Gap Inc same-store sales fell 8 percent but beat analysts predictions, helped by better results from its Old Navy chain. Limited Stores Inc also reported a smaller drop than analysts predicted.

# State banks stick to old deposit rates

STAR BUSINESS REPORT

Four state-owned banks will keep the previous interest rates on fixed deposits, two top bankers said yesterday.

But the four will follow Bangladesh Bank's instruction to set a maximum interest rate on new loans at 13 percent.

The central bank has fixed the ceiling on the lending rate for both state-owned and private banks.

"We will implement the Bangladesh Bank decision in sanctioning new loans," Janata Bank Managing Director SM Aminur Rahman told The Daily Star yesterday.

But Janata Bank would not lower the interest rate on deposits, Rahman said. "The present deposit rate will continue," he said.

The three other state banks will also stick to the previous deposit rates.

Sonali, Agrani, Janata and Rupali banks held a meeting yesterday, chaired by Sonali Bank Managing Director SA Chowdhury.

After the meeting, Chowdhury told reporters: "We will also take an initiative to rationalise fees and charges. We will extend all possible assistance to exporters and

remitters affected by the global crisis."

The central bank on Tuesday directed all commercial banks to limit the lending rate at 13 percent to help the industries sustain the impacts from the global recession.

The BB said it would take punitive action if a bank failed to implement the cut in lending rates.

The chief executives of all scheduled banks will hold an emergency meeting next week to discuss how they would tackle the situation following the central bank's directive.

"We sat for a regular meeting to address some issues involving the Association of Bankers' Bangladesh. But issues over the cut in the lending rate came at the front of the discussion," Mahmud Sattar, chief executive officer of The City Bank, told The Daily Star yesterday.

The BB order put the bankers in a dilemma. They are forced to reduce the lending rate, but they cannot do the same with the fixed deposits they had from even a month ago.

Most private banks offered a 13 percent and up interest rate for fixed deposits till last week.

# Japan set for \$150b stimulus spending

AFP, Tokyo

Japan announced Thursday plans for record stimulus spending of 150 billion dollars and millions of new jobs as Prime Minister Taro Aso seeks to revive the economy with key elections looming.

Aso's ruling party, struggling to maintain its almost unbroken half-century grip on power, approved a 15.4-trillion-yen injection for the world's second-largest economy, which is mired in its worst crisis since World War II.

The fresh spending, worth about three percent of economic output, is part of a wider package totalling more than 56.8 trillion yen (570 billion dollars), when tax cuts, loan guarantees and other measures are included.

"This crisis may dramatically change the competitive structure of the economy and industries of the world," Aso said. "Only countries that can turn a challenge into an opportunity can prosper in the future."

Aso, battling a slump in popularity, kept voters guessing on the timing of the next election, saying only that it would be held "at an appropriate time."

"What the public is interested in the most is economic policy," Aso told a press conference to unveil a new growth strategy under which he aims to create four million new jobs by 2020 - half of them in the next three years.

Aso must call an election by September, but is under pressure from the opposition to hold snap polls sooner.

The premier said his main aim was to push ahead with the stimulus plan, which includes money for renewable power generation, unemployment support, and new spending on medical and nursing care.

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Accessories

World Ltd

Accessories World Limited (AWL) the only nominated company in Bangladesh of ERUM Group of Spain, one of the largest garment hanger manufacturer in EUROPE. The company is located at Adamjee Export Processing Zone, Dhaka. AWL is now manufacturing garment hangers for world famous brands like:

Carrefour, ALcampo, Casino, DECATHLON, CORTEFIEL, EROSKI, INDITEX, KIABI, PR

European customers are requested to contact for their customized hangers requirement.

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