

## Stocks

DGEN ▼ 2.38%  
2,493.59

CSCX ▼ 0.56%  
5,296.45

(Week-on-week)

## Asian Markets

MUMBAI ▼ 1.98%  
11,876.43


TOKYO ▲ 0.50%  
9,432.83

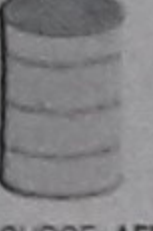
SINGAPORE ▼ 0.15%  
2,238.21

SHANGHAI ▲ 1.09%  
2,625.65

(Friday closings)

## Commodities

 **Gold** ▼  
\$907.00  
(per ounce)

 **Oil** ▼  
\$57.60  
(per barrel)

SOURCE: AFP

(As of Friday)

## More News

### UK business team due today

An 11-member delegation of the newly formed UK-Bangladesh Business Council (UKBBC) arrives here today to further the economic activities and co-operation between the two countries. During the visit, the UKBBC team will call on the prime minister, ministers for civil aviation and tourism, commerce, finance and education, Bangladesh Bank governor and some trade partners.

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## International

### Accounting tricks boost profits



There's nothing like a little magical math to make banks' financial woes go away. Bank stocks have surged in recent weeks, a sign that investors are betting the worst of the financial crisis is over. But in reaching this conclusion, the market has chosen to ignore some creative accounting banks are using to bolster their finances.

### Toyota posts first loss, sees worse ahead

Toyota Motor, the world's top automaker, announced Friday a 4.4-billion dollar annual loss, its first ever, and warned it would plunge deeper into the red as car sales collapse during the recession.

### India's inflation nudges up as food costs rise

India's inflation rate nudged higher for a third straight week, government data showed Friday, fuelled by higher food prices, but analysts said the cost-of-living should turn lower soon. Annual inflation rose to 0.70 percent for the week ended April 25 from 0.57 percent the previous week, according to the Wholesale Price Index, India's most watched cost-of-living measure.

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## Contact Us

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# Footwear exports buoyant

## Industry leaders say growth may not sustain in recession

SAYEDA AKTER

Footwear exports have marked a 20 percent rise during July-March this fiscal year, Export Promotion Bureau (EPB) statistics show.

The country fetched \$144.69 million from exports of the item in nine months, a sharp rise from \$131.52 million in the July-February period.

However, the industry leaders warned that this growth in value added leather products might not sustain, as the global financial meltdown has affected the demand for leather and leather goods in international markets.

The July-March leather exports dropped 34.57 percent to \$139.21 million. Earlier EPB data showed around 22 percent drop in footwear and a 72 percent decline in bag exports up to February in the current financial year.

Leather footwear and bag makers hope to overcome losses from the decline in leather exports in recent months.

Tipu Sultan, director of Bengal Leather Complex Ltd, said declining finished leather exports had fuelled the export growth in value added leather products.

"The export growth in value added leather products is fuelled by the declining demand and consumption of finished leather in international markets, due to the global financial crisis," said Sultan, also former chairman of Bangladesh Finished Leather, Leather Goods and Footwear Exporters Association. "We produce high quality finished and crushed leather, which is used to produce footwear, bags and purses."

"Simultaneously, we have offered competitive prices, which has increased demand for our products in global market," he said.



"The cost of producing leather shoes is lower in Bangladesh than in China and India and this is the main reason why we are receiving orders from European countries," said Sultan.

"Another major reason behind this growth is the Italian technology we are using, which builds a level of trust among buyers," he added.

Nowadays many countries like China and India are failing to produce high quality but low-cost leather items due to the WTO anti-dumping rules. So, orders from Germany, Italy, France, Japan and Canada are shifting to the local manufacturers. Crushed leather is the main raw material for locally produced footwear.

Earlier, China, India and Vietnam were the largest leather shoe exporters in the world.

The demand for fashionable and high end leather shoes has declined in international markets because of the recession. But, it has also given rise to an opportunity for the country to produce shoes that are ordinary but essential.

The country started exporting leather footwear in 1994 on a small scale to neighboring countries, including India and Nepal. The footwear business grew in recent years.

Currently, the total market size of Bangladesh made leather footwear stands at around Tk 1,700 crore, of which about 45 percent is exported. The country exports around six million pairs of leather footwear a year.

Apex-Adelchi Footwear Ltd is the country's leading footwear exporter, claiming more than half of the total exports. The company earned Tk 450 crore last year.

Bangladesh mainly exports men's footwear, lady's sandals and shoes and

sports shoes to European nations, China, Canada, Saudi Arabia, Dubai, Iraq, Jordan, India and Nepal.

Syed Nasim Manzur, managing director of Apex-Adelchi Footwear Ltd, said footwear exports may decline in the next quarter of the current FY, as recession strikes consumer expenditure on fashion accessories.

"Export earning have increased in recent months as we produce finished products and many countries like Italy have stopped producing high quality shoes," he said. "But the recession has taken a toll on the demand for luxury fashion accessories."

"Our present growth figures are resultant of the orders we received at least 6 to 8 months back. The country's present work orders have slowed by 50 percent," Manzur said.

Appreciating the government's move to increase cash incentive for the leather and leather goods exports by 2.5 percentage points to 17.5 percent from the previous 15 percent, he said the government needs to immediately implement the package, to safeguard the industry.

"Another problem we face is the government's lack of initiative to devalue our local currency against the US dollar," he said. "High interest rates have also slowed our present growth."

He said Indian entrepreneurs are enjoying credit facilities at a 5.5 percent rate of interest, while in contrast, Bangladesh government lowered bank interest to 13 percent last month.

He urged the government to ensure an uninterrupted supply of power that would help increase the sector's competitiveness and ensure higher productivity.

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## TeleTalk to get Tk 2,000cr development fund

STAR BUSINESS REPORT

The government has finally paid heed to struggling TeleTalk's cry for development fund.

A Tk 2,000 crore will soon be allocated for the state mobile phone operator to reach out its network to additional 55 lakh customers in the next couple of years.

"The fund will be spent for adding 55 lakh customers to our network. Of the planned customer acquisition, 15 lakh would be 3G customers," said Md Mojibur Rahman, managing director of TeleTalk Bangladesh Limited.

TeleTalk has been in severe financial constraints since its inception in 2005, with having only 10 lakh subscriber capacity.

At the beginning, the public limited company had to go for a Tk 273 crore expansion project, now being developed by the European Nokia-Siemens Networks and Huawei of China to reach 1.8 million new customers by 2009.

The government announced Tk 49,000 crore projects last week to develop the state-run telecom operators struggling to compete with the private sector ones because of the lack of latest technology support.

A Digital Bangladesh is the aim of these projects, as Post and Telecommunication Minister Rajjuddin Ahmed Raju told the media last week.

Besides the funds for TeleTalk, Tk 200

crore will be earmarked for IT, Tk 600 crore for WiMAX, Tk 1,500 crore for setting up next generation network and optical fibre. However, the execution of all the projects is subject to availability of easy loans from Japan International Cooperation Agency.

Officials said the government has sought Tk 2,000 crore from the Chinese government. The Economic Relations Division is getting ready to negotiate with the Chinese government soon.

As of now, TeleTalk has already established its network foothold in 64 districts, 402 upazilas and most of the highways.

The government initiated the mobile project through the formerly BTB (Bangladesh Telegraph and Telephone Board) aiming to minimise any monopoly, said to be created by private sector operators.

However, the company keeps struggling with its limited capacity despite market demands.

In its latest move, the government announced another plan to bring TeleTalk under Bangladesh Telecommunications Company Ltd (BTCL) as a subsidiary company.

TeleTalk has only 0.98 million customers as of March 2009. Grameenphone is the market leader with having 21.05 million customers, followed by Banglalink's 10.83 million and AKTEL's 8.76 million during the same period. Bangladesh's six mobile operators now serve more than 45 million customers.

## Dhaka to push for G20 bailout pie

STAR BUSINESS REPORT

The government has decided to go for an all-out effort to get Bangladesh's share from the recession package announced at a G20 summit last month, Commerce Minister Faruk Khan said yesterday.

"The government will ensure Bangladesh's part. We must fight for it," he told a national conference of chartered accountants at Sonargaon Hotel in Dhaka.

The theme of this year's conference was "Global Meltdown and the Accountants".

Earlier last month G20 (a group of 20 developed and developing countries) members at a summit in London agreed to create a fund worth \$1.1 trillion to tackle the global financial crisis. The developing and poor countries will get assistance from the fund.

Khan blamed the developed countries for the financial crisis and said it has been created for their wrong policies.

"Why should the developing and poor countries suffer for them?" the minister questioned.

He said the government is working out the country's requirements to tackle the fallout stemming from the global financial crisis.

Khan said: "We must fight for our peg. We will discuss with our neighbours on how we can proceed region-

### FUNDING PLEDGES AT G20

● \$500b for the IMF to lend to struggling economies

● \$250b to boost world trade

● \$250b for a new IMF "overdraft facility" countries can draw on

● \$100b that international development banks can lend to poorest countries

● IMF will raise \$6b from selling gold reserves to increase lending for the poorest countries

Source: BBC

ally for the assistance."

Replying to a query on the progress, the minister said he has already sought \$10 billion at a meeting with a World Bank vice president last month.

He also quoted another recent meeting with the Bangladesh's finance minister and World Bank senior officials at Bali, Indonesia in this regard.

Khan said the government has already announced a stimulus package worth Tk 3,424 crore to help some sectors weather the recession impacts. "More, including policy supports,

are to come in the upcoming budget," he added.

Bangladesh Bank Governor Dr Atiur Rahman presented a keynote paper on "Bangladesh Economy: Enduring the Global Economic Crisis and the Role of Accountants".

The governor called upon the government to boost regional trade to absorb the external shocks. He said intra-regional trade in South Asia is one of the lowest in the world.

"Unfortunately we are yet to forge any fruitful regional cooperation to boost trade in South Asia," the commerce minister said.

In his keynote paper, the central bank governor focused on the background of the global recession, responses made so far, impacts on Bangladesh and the role of the accountants.

He said Bangladesh would not be hit hard by the crisis. The country is likely to achieve nearly 6 percent growth this year, which Rahman said 'much higher' than many countries.

He asked the banks to lend more to small and medium enterprises and agriculture sector.

"This is the high time for investment. Prices of capital machinery and raw materials are at the lowest levels. Investors should grab the opportunity," said the governor.

# Boro farmers in north suffer surprise loss

HASIBUR RAHMAN BILU, Bogra

Boro farmers in some northern districts, especially in Bogra, face a huge loss as they are forced to sell their produce far below the production costs and at almost half the prices they got last season.

"My father lost more than Tk 1.36 lakh cultivating Boro in 3.33 hectares of land this year," said Abdul Wadud at Shahjahanpur upazila of Bogra district.

"He spent more than Tk 2.63 lakh for Boro cultivation this year," said Wadud. "I sold BR-28 variety on the wholesale market yesterday at Tk 8.75 per kilogram (kg), whereas I sold the same variety at Tk 18.25 last season," he said.

Fine quality Minikate paddy was selling at Tk 11.75 per kg at Ranirhat wholesale market but the price was Tk 20 last season.

Wholesaler Abu Bakkar Siddique of the market said he purchased BR-76 variety at Tk 15 per kg last year, whereas the price came down to Tk 9.25 this year.

Md Rustom Ali Mondal, deputy director, Department of Agriculture Extension (DAE), Bogra, said the department has calculated Boro production cost at Tk 13 per kg including land rent.

"DAE fixed the production target of Boro in Bogra at around 8.39 lakh tonnes this year, but we expect production in

the district will reach 8.50 lakh tonnes," said Mondal.

KM Layek Ali, convener of Bangladesh Rice Mills Owners' Association, said farmers in the area are selling their paddy at Tk 300-Tk 350 per 40 kg on an average due to bumper production and late government procurement.

A senior food official told The Daily Star that the government is yet to start procurement in many districts, including Bogra, although it decided to start buying Boro from May 1.

The main causes of the price fall include late procurement and a space shortage in government warehouses, said Layek Ali.

Md Anwar Hossain, deputy controller (Food) in Bogra, said yesterday the DAE is yet to start procurement as some official works remained undone in this regard.

A farmer of Chapainawabganj district said he sold his BR-28 variety Boro at Tk 11 per kg against the production cost of Tk 15.38.

A farmer of Shatia upazila of Pabna district said he spent Tk 8,500 for producing 720 kg BR-29 variety this year, but he sold the rice at Tk 8,100, incurring a loss of Tk 400.

Another farmer of Kurigram district said he had to count loss of Tk 1,700 for producing 600 kg BR-28 variety.



Traders load Boro paddy at a wholesale market in Bogra yesterday. Farmers in some northern districts are incurring losses on higher production costs and lower prices.

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