

Stocks

DGEN ▲ 1.07%
3,039.64

CSCX ▲ 1.04%
6,730.93

Asian Markets

MUMBAI ▲ 1.69%
15,035.26

TOKYO ▲ 0.16%
10,284.96

SINGAPORE ▲ 0.85%
2,567.72

SHANGHAI ▲ 1.40%
2,910.88

Currencies

Buy Tk Sell Tk

USD 68.42 69.42

EUR 94.73 99.93

GBP 110.22 115.64

JPY 0.71 0.79

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold ▲
\$938.85
(per ounce)

Oil ▲
\$67.00
(per barrel)

SOURCE: AFP

(Midday Trade)

News in Brief

News Corp streamlining Asian unit STAR

AFP, London

Rupert Murdoch's global News Corporation on Tuesday announced restructuring plans for its Asian broadcasting unit STAR, splitting it into three and cutting jobs at its Hong Kong headquarters.

Business will be divided between STAR India, STAR Greater China and Fox International Channels for the rest of Asia, comprising the existing English-language channels with the FOX and National Geographic brands.

News Corporation's chairman and chief executive for Europe and Asia, James Murdoch, said the decision was taken as STAR, which launched in 1991 with five channels, had become a major broadcaster in the region.

Sinopec completes China's biggest foreign takeover

AP, Beijing

Sinopec Group said Tuesday it has completed its \$7.5 billion acquisition of Addax Petroleum, obtaining new reserves in Africa and the Middle East in China's biggest foreign corporate takeover to date.

State-owned Sinopec Group is the parent of Sinopec Corp, also known as China Petroleum & Chemical Corp, Asia's biggest refiner by volume. It wants to expand its production capacity to profit from rising crude prices that have cost it billions of dollars in recent years due to government caps on retail fuel prices.

Contact Us

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

Parjatan clocks up profit on loss cuts

SAYEDA AKTER

System loss cuts and better services paid off for Bangladesh Parjatan Corporation, as it recorded around Tk 2.7 crore in operating profit in the immediate-past fiscal year.

Parjatan Chairman Mohammad Hemayet Uddin Talukder said profits could also be attributed to the growth of domestic tourism and heightened marketing activities undertaken by the corporation.

"We undertook strong drives to reduce 'waste of resources' at all commercial units of the corporation. Simultaneously, we are trying to improve services and cut system loss," Talukder said.

In fiscal 2007-08, the corporation made operating profits of Tk 2.5 crore, a sharp rise from Tk 84 lakh a year ago.

"We further profited from the growing domestic tourism sector that developed in the last five years," he said.

"The rise in the number of domestic tourists forced the corporation to pay extra attention to the sector and improve the quality of our products," he said.

To add to the point, Talukder said the peak-season arrivals of domestic tourists stretch accommodation in Cox's Bazar - sometimes.

"We have also developed a strong monitoring system to ensure accountability at every commercial unit, which includes regular reporting on the occupancy rate, even in off-peak season," Talukder added.

He stressed in-service training for all members of the staff, as better services would help lure more customers.

Earlier, several units of the corporation were mostly in the red mainly due to a lack of proper planning and supervision. However, in last two years, Parjatan has taken initiatives to overcome its drawbacks.

"As a whole, the corporation has been recording

profits in recent years, but not all units are equally profitable," said the corporation chief.

Among all the units of the corporation that made profits last fiscal year, National Hotel and Tourism Training Institute recorded the highest profit of around Tk 67 lakh. Motel Rangamati, with multiple income sources, including picnic spots and boating, recorded the second highest profit of around Tk 37 lakh.

Bangladesh Parjatan Corporation has 35 commercial units, including hotels, motels, bars, restaurants, swimming pools, car rental services and golf clubs, of which, 19 units have been leased out to private management.

However, several leased out units still continue to incur losses and are yet to pay back the long-due lease money to the state-owned tourism agency according to the terms of contract.

Currently seven leased units are yet to pay back the leased sum to the government, even though they have already taken over operations.

In January, in a bid to regain efficiency, the corporation moved to collect dues and overcome losses. As part of this drive, Parjatan Motel Sylhet and Children's Amusement Park Sylhet, which were leased to Sylhet Shishu Park Ltd, were taken back into the corporation.

Sylhet Shishu Park Ltd was the biggest defaulter, with outstanding figures of Tk 2.17 crore, according to Parjatan Corporation data. The Children's Amusement Park Sylhet was leased out in 2003 and Parjatan Motel Sylhet was leased out in 2004.

"The lack of proper supervision gave rise to such problems, which affected performance of the entire corporation. We are now set to ensure strict monitoring on a regular basis," Talukder said. "We would take administrative steps against companies that are not following government regulations."

sayedat@thedailystar.net



With a rise in the number of domestic tourists flocking to Cox's Bazar, Bangladesh Parjatan Corporation moves into internal reforms to count profits.

Sonali income falls

Loans to BPC, competition weigh on the bank: WB

REJAUL KARIM BYRON

Sonali Bank's net profit went down by around 62 percent in 2008 mainly because of providing a huge loan to Bangladesh Petroleum Corporation (BPC) and stiff market competition, said a World Bank report.

The bank's net income decreased to Tk 161.6 crore in 2008 from Tk 424.6 crore in 2007, according to the report.

"Conversion of BPC loan into government bond and increased market competition have seriously affected Sonali Bank's net interest income and some of the operating efficiency indicators," the WB report said.

The last caretaker government turned three state-run banks along with Sonali into public limited company (PLC) in mid-2007. After that the WB evaluated performances of the four state-owned commercial banks (SCBs) -- Sonali, Janata, Rupali and Agrani -- and recently sent a report to the finance ministry.

BPC, the state-run petroleum oil-importing agency, had a big liability to Sonali Bank in the last few years.

The caretaker government then decided to free BPC from the huge loans and paid the bank Tk 5,000 crore through bonds.

The bonds will be matured within two to 15 years, said Sonali Bank officials. The interest rate of the bonds is only 5 percent, whereas the traditional banking rate is 13 percent, and so the bank's interest income was below the expectation, they said.

The WB report said BPC loan is more in Sonali Bank than other SCBs.

The WB said although the net interest income has turned negative, increased business from remittances, letter of credit, and other fees and commissions contributed to 29 percent growth in non-funded income in 2008, surpassing the target.

Revenue targets were met with "good loan" portfolio having a growth of 46 percent in 2008.

The WB said although Sonali Bank brought down default loan drastically in 2008, it is still high. The non-performing loan (NPL) of the bank came down to 33 percent in 2008 from 47 percent in 2007.

The bank took different steps to

bring down default loan -- cash recovery of the NPL loans including write-offs, out-of-court settlements with the defaulters, rescheduling and appointment of private collection agents and introduction of incentive scheme to reward employees for recovering bad loans.

"Despite the remarkable progress in 2008, the NPL level of Sonali Bank is still the highest among the three state-owned commercial banks, and three times more than the Bangladesh banking sector average of 10.79 percent at end-December 2008," the WB report said.

The target set for staff rationalisation did not materialise due to delays in implementation of voluntary retirement scheme. Staff cost as percentage of total operating cost reduced to 52.7 percent in 2008 from 75.6 percent in 2007. A major reason for this was an increase in total operating expenses.

Income per staff has also improved in 2008. However staff expenses to total income have increased showing a negative trend. The number of staff has been reduced by 703 in 2008, according to the WB report.

Joint venture aims high for power

STAR BUSINESS REPORT

Cimillae Development Company Limited, a Korea-Bangladesh joint venture, has sought approval from the government for producing 5,000 megawatt (MW) electricity through coal gasification system in Jamalganj coal mine area of Joypurhat district.

Ali Akkas Nurani, vice president of the company, said they have already submitted application to the Prime Minister's Office seeking permission to set up a power plant in the coal mine area.

"We are ready to invest \$8.0 billion in joint venture with South Korea's Geed Limited for producing 5,000 MW of electricity within the next three and a half years," Nurani said at a press conference at Dhaka Reporters Unity yesterday.

Coal gasification is the conversion of coal, char, or coke to a gaseous product by reaction with air, oxygen, steam, carbon dioxide, or mixtures of these.

Nurani said Korea-based Samsung Consortium would provide technological support in setting up the plant, while Green Power Limited of UK would offer the coal gasification technology for producing power.

He said it is possible to produce 5,000 MW of electricity a day for the next 50 years with the existing reserve of coal in Jamalganj, and during this period Cimillae would give \$50 billion to the government's exchequer as taxes and VAT.

The gasification system will not need to evacuate the area, as the coal would not be extracted from the mine, rather it would be fired inside the mine, Nurani said.

"Coal gasification is the real solution to generating electricity within a short time, because all other processes are time-consuming," he said.

Mutaharul Islam Bhuiyan, former managing director of state-run Petrobangla, said more than 85 percent coal could be used under the coal gasification system to generate power.

In open-pit mining or underground method of coal extraction, it is not possible to extract 85 percent of coal due to digging problems, life risk and higher costs, Bhuiyan said.

Geed Chairman Donald H Kang, among others, was present.

TCB starts sales of essentials today



With Ramadan just three days away, Trading Corporation of Bangladesh kicks off its sales of essentials in the capital today to bring stability to market.

BSS, Dhaka

Commerce Minister Faruk Khan said yesterday the government is working with businessmen to keep the prices of essentials stable during Ramadan.

"The prices of essentials are expected to come down in a day or two as Trading Corporation of Bangladesh (TCB) starts selling the commodities tomorrow (today)," Khan said.

TCB will sell essential commodities in every ward of the capital initially and across the country in phases, the minister told reporters after attending a function organised by Sheikh Russel Shishu Sangsad at National Press Club yesterday.

Referring to a "huge stock" of essentials, Khan said the government has taken measures to reach the commodities to outlying areas.

"There have several problems in market motoring. We are prioritising steps to remove the problems," he said.

The essentials will include sugar and edible oil. TCB has imported 25,000 tonnes of edible oil and 25,000 tonnes of sugar in a bid to ensure an adequate supply of commodities to the market.

Khan said the market monitoring system has already been intensified. "Deputy commissioners have been asked to carry out the directive. Price listings are hanging on retail and wholesale markets so that the traders cannot increase prices at will," he said.

Khan said the government is working to protect the interests of people. "We also want to protect the rights of traders, but will not tolerate extra benefit of the business community," he said.

The minister urged traders and consumers to extend cooperation in keeping the prices of essentials at a tolerable level.

"I urge the consumers to keep away from bulk buying as it helps raise prices putting the low-income group into a tight corner," Khan said.



Visitors gather at the Jamdani Export Fair organised by Bangladesh Jamdani Manufacturers and Exporters Association in Uttara, Dhaka yesterday. The show will continue through Ramadan.