Star Business

DHAKA FRIDAY DECEMBER 11, 2009

Stocks

DGEN	▲ 0.50%	4,437.72
CSCX	▲ 0.59%	8,314.03

Asian Markets

MUMBAI	▲ 0.37%	17,189.31
TOKYO	▼ 1.42%	9,862.82
SINGAPORE	▼ 0.55%	2,781.86
SHANGHAI	▲ 0.45%	3,254.26

Currencies

	Buy Tk	Sell Tk
USD	68.60	69.60
EUR	99.72	103.98
GBP	110.44	114.87
JPY	0.76	0.81

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold	▼	$1,125.70 (per ounce)
Oil	▼	$70.45 (per barrel)

SOURCE: AFP (Midday Trade)

Divestment of SoEs now allowed: Barua

STAR BUSINESS REPORT

In a U-turn on his earlier stand, Industries Minister Dilip Barua yesterday said the upcoming Industry Policy-2009 will allow privatisation of state-owned enterprises (SoEs).

"Privatisation will take place when respective entities will ensure profitability by improving management and creating alternative job opportunities for the workers," Barua said in a briefing on the draft Industry Policy-2009 at his ministry.

However, wholesale privatisation will not occur, he said.

On April 25, the minister in a meeting with industry stakeholders said his government has no plans to privatise SoEs, as successful bidders have not been using the divested SoEs for promised purposes.

Barua clarified the debate saying: "SoEs that are operating efficiently will not be privatised."

The upcoming industrial policy included the concept of SoE privatisation.

The policy is now in its final stages in obtaining approval from the Executive Committee of National Economic Council (Ecnec).

The ministry posted the draft policy on its website, www.moind.gov.bd. General people can put forward their views on the policy until December 24.

According to the minister, the policy will take its final shape by early January 2010.

Shipbuilding, pharmaceuticals, leather, agro-process, ceramics and IT (information technology) will get priority as thrust sectors, according to the draft policy.

The government will consider providing special benefits, whether it be financial or infrastructure, to prospective entrepreneurs who are willing to set up new industrial units in Rangpur, Dinajpur and Rajshahi, as an assurance made by Prime Minister Sheikh Hasina on Tuesday.

Barua said the facilities the government wants to offer entrepreneurs for industrialisation outside Dhaka will be made clear in the next fiscal policy.

Offshore banking takes on local look

SAJJADUR RAHMAN

Rising reserve and remittance encouraged local banks to peg offshore banking business, once dominated by a few foreign banks.

Regulatory body Bangladesh Bank believes that allowing more offshore banking will help utilise the huge foreign currency reserves and increase competition among players.

Recently, the central bank has allowed the offshore banking unit (OBU) facility to six more private commercial banks (PCBs), taking the tally to 17, according to latest data.

"BB wants to utilise part of its huge foreign exchange reserve -- now $10 billion -- through OBUs," said Anis A Khan, managing director of Mutual Trust Bank that received the OBU licence last week.

BB has already allowed Eastern Bank to give fund worth $117 million to Biman Bangladesh Airlines to purchase carriers under the offshore banking business. BB will lend Eastern Bank the foreign currency from its reserve funds.

It is mandatory that an OBU transacts in foreign currencies. So local PCBs previously could not go outside export processing zones to lend to intended borrowers. The restriction is no longer in force. The central bank has recently allowed offshore banking outside the EPZs, which means local companies can now take foreign currency loans.

Six PCBs -- AB, BRAC, The City, IFIC, Mutual Trust and Premier -- have been given the OBU licence over the past couple of months. Six more PCBs -- Bank Asia, Dhaka Bank, Eastern, Prime, National and Southeast -- are already on the scene.

Some other PCBs are planning to launch OBUs next year.

Five foreign banks -- Citi, Bank of Ceylon, HSBC, Standard Chartered and Woori -- started offshore banking in Bangladesh about a decade or so ago.

"The offshore banking opportunity in Bangladesh is good as the market is rising constantly," said Abdul Wadud, senior vice president and head of Structured Finance Unit, Eastern Bank.

A senior HSBC official welcomed the move cautiously. "It is encouraging that more banks are entering offshore banking," said Mahbub-ur-Rahman, corporate banking head of HSBC.

But Rahman questioned the source of foreign currencies that should come from sustainable sources.

A foreign bank can obtain foreign currency from its parent organisation easily, which a local bank cannot.

But the Mutual Trust managing director observes no problems with the source of foreign currencies.

Khan identified several sources, including remittance, borrowing from foreign banks, deposits of foreign banks and EPZs, and the foreign exchange reserve.

The financial statements of OBUs are prepared in foreign currencies and separately, in accordance with BB regulations.

Transactions in foreign currencies are recorded in the functional currency, at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange ruling at the balance sheet date.

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An attendant briefs visitors about an ICU bed at a stall of leading furniture maker Otobi in Medexpo-2009, an international fair of medical equipment and healthcare services, which started yesterday at Dhaka Sheraton Hotel. Local companies meet up to 35 percent of domestic demand for hospital furniture.

AMRAN HOSSAIN

Hospital furniture on the mend

SAYEDA AKTER

Locally made hospital furniture is gradually getting on well in market, now meeting around 30-35 percent of the total demand of the mushrooming hospitals and clinics across the country.

Industry people said manufacturers are now producing more than 50 types of hospital furniture ranging from waiting room chairs to mechanical beds, and saline stands to ICU (intensive care unit) beds.

The demand for local products is growing at 10 percent a year, they said.

There are around 20 small, medium and large furniture manufacturers in the market with Otobi the leader.

Now the market of locally produced hospital furniture is worth around Tk 40-Tk 50 crore, industry people said yesterday at the inauguration of a three-day international medical equipment and healthcare services exposition styled Medexpo-2009 at Dhaka Sheraton hotel.

A total of 42 companies, mainly hospital furniture makers and distributors of medical and rehabilitation equipments, and health care providers from Bangladesh, India, Thailand, Malaysia, Singapore, Germany and Japan are participating in the fair.

Mohammad Ismail Hossain, manager of hospital furniture unit of Otobi, said the market is developing gradually at 10-15 percent rate a year.

"Sales of local hospital furniture are growing gradually on the back of increasing number of new hospitals and clinics across the country. The main reasons behind the rise in sales are quality and affordable price," he said.

Otobi started making hospital furniture in 1992.

Hossain said hospitals now can buy furniture from the local makers at competitive prices, as imports cost them much and add other risk expenses.

"Buyers get after-sales services for at least three years in case of local furniture, while imported products can hardly provide such services," he added.

Otobi's medical furniture includes various types of bed, trolley, cot, bowl stand, kick-bucket, wheel chair, over-bed table, saline stand, isolation screen, bedside locker, bedside cabinet, medicine cupboard and revolving stool.

The company sold hospital furniture worth Tk 15 crore in 2008, and its major clients are government hospitals and private clinics, said Hossain.

However, he said, high-end hospitals and clinics still prefer imported furniture, as a massive awareness of the quality of local furniture is yet to develop.

Otobi exports hospital furniture to different states of India, and plans to enter the Middle East.

Raqib Uddin Ahmed, marketing executive of Navana Furniture, said their sales are satisfactory across the year.

"Some hospitals and clinics established in recent years cannot afford imported furniture, and they are our major clients. Also, the quality and look of our furniture are better than Indian and Chinese products," he said.

Navana makes bed, trolley, isolation screen, cart, stretcher, locker, cabinet, medicine cupboard, saline stand, waiting room chair and cot, and sold products worth around Tk 8 crore in 2008.

Apart from brands like Otobi and Navana, medium-scale manufacturers have joined the race to meet the growing demand for hospital and surgical equipments.

Ramjan Ali, manager of Hayat Medical Equipments Ltd, said they make products mainly for different pathological centres and low-cost clinics.

He said his company produces waiting room chairs, trolley, locker, beds and stools.

However, industry people have to struggle with high prices of necessary raw materials.

"The main problem of the industry is higher prices of raw materials - - steel and several other necessary parts. Another big problem is unavailability of accessories like high-quality wheels and plastic covers in the local market," said Ali.

"If the government can provide us with raw materials at reasonable prices, we will be able to beat the Chinese products," he added.

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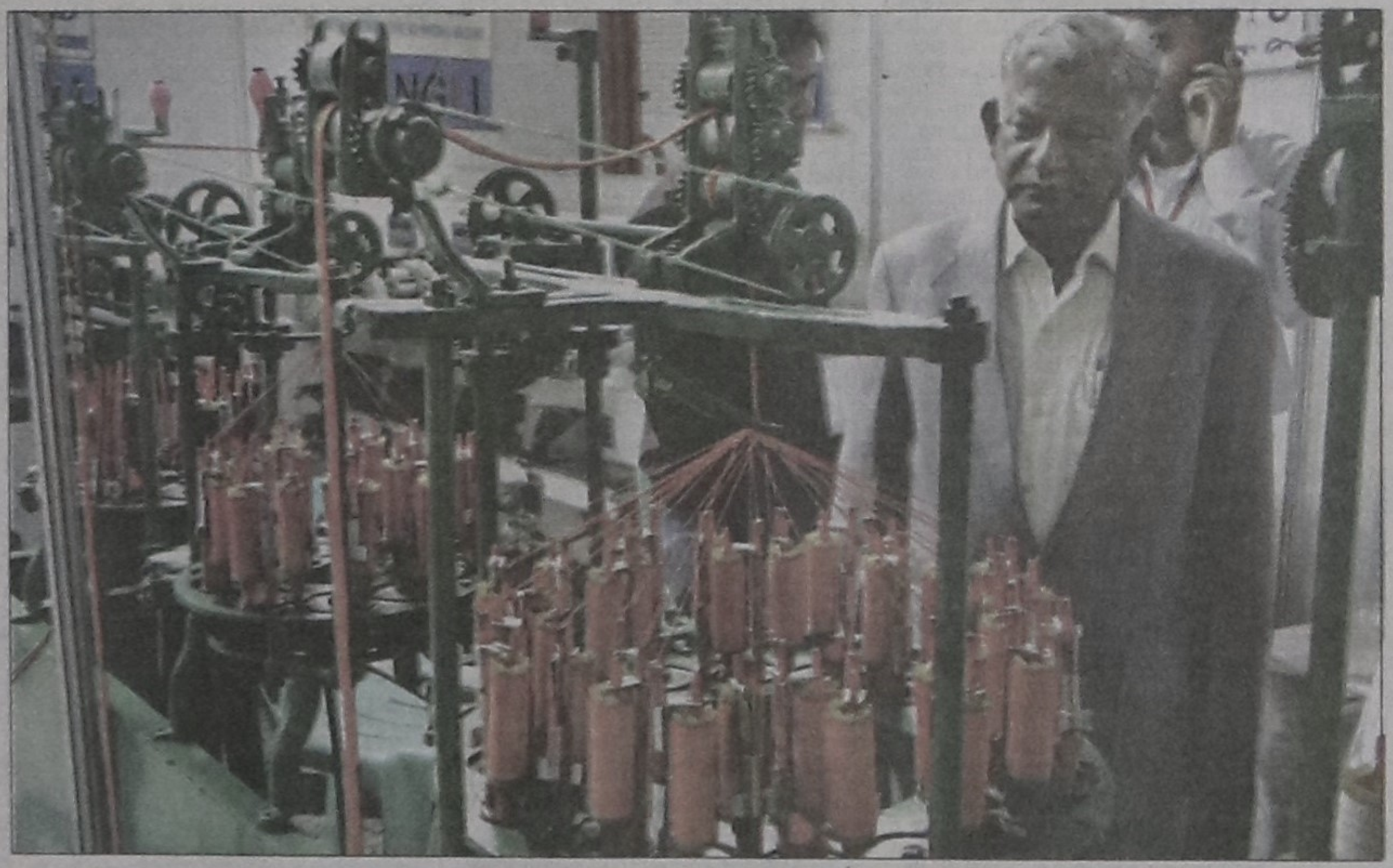

AMRAN HOSSAIN

A visitor takes a look at knitting equipment at the second Knit+Tex Bangladesh 2009 international fair in Dhaka yesterday. Spiralling prices of cotton and yarn are now appearing as a major obstacle to the local knitwear industry. (Story on B3)

Rahimafrooz to get EBL fund for solar panel plant

STAR BUSINESS REPORT

Rahimafrooz Renewable Energy Ltd (RREL) yesterday sealed a loan deal with Eastern Bank Ltd (EBL) to set up a solar panel assembling plant to tap the growing demand for green energy at home and abroad.

The 12MW PV (photovoltaic) solar panel assembling venture, the first of its kind in Bangladesh, will require an estimated investment of Tk 29 crore of which Rahimafrooz will bear about 25 percent.

EBL will offer the rest amount for the plant under the refinancing scheme of the Bangladesh Bank, which earlier formed a revolving fund of Tk 200 crore to encourage banks and financial institutions to extend low-cost loans for faster expansion of green energy.

"We hope to market solar panels by September 2010," said RREL Chairman Niaz Rahim after signing the borrowing deal with the EBL at Westin Hotel in Dhaka.

EBL Managing Director and CEO Ali Reza Iftekhar signed the deal in favour of the bank. Central Bank Governor Dr Atiur Rahman was present.

RREL, a concern of Tk 1,500-crore Rahimafrooz Group, ventures in solar panel assembling as the government focuses on increased renewable energy not only for the off-grid areas but also for public and semi-government offices under the grid network.

Earlier the government had set a target to meet 5 percent of the country's total power demand by 2015 and 10 percent by 2020 through green energy.

According to RREL, the plant will help reduce carbon emission by more than 1 million tonnes generating carbon credit worth $15 million.

Now more than 4 lakh solar home systems installed in different parts of the country generate over 20MW of electricity with solar panels imported from abroad, stakeholders said.

RREL said the locally assembled panels would be cost-effective and spur growth expansion.

"We also hope to export solar panels," said Niaz.

Investors go on hunger strike

STAR BUSINESS REPORT

A group of retail investors yesterday went on hunger strike in front of the Securities and Exchange Commission office demanding that the market regulator do not move for leave to appeal against a High Court order on a mutual fund case.

The investors, who have investments in mutual funds, took to the street with festoon and placard under the banner "Share Market Retail Investors Forum", also demanded withdrawal of a ban on margin loan facilities to mutual funds imposed by the SEC on October 26.

They, however, called off the hunger strike after three hours on intervention by SEC Chairman Ziaul Haque Khondker.

The investors told the chairman that due to the case, mutual funds have not been giving dividends for a couple of years now.

But now, they said, the case has now been disposed of by the High Court. If the SEC appeals with the Supreme Court, the issue of dividends will remain pending once again.

The High Court handed down the verdict on November 8 allowing closed-end mutual funds to issue bonus or right issues.

The SEC chairman told the strikers that the commission would reach a decision on any move for leave to appeal after receiving the certified copy of the High Court verdict.

On the margin loan issue, Khondker assured them of considering their demand to lift restrictions on margin loan facilities to mutual funds.

Washing powder brands in price war

SOHEL PARVEZ

Washing powder consumers now reap benefit from a price cut manufacturers have offered. This low-priced segment accounts more than 80 percent of the total market.

A rise in demand for the item and raw material price-drop on the international market in the last couple of months have made room for local makers to offer a reduced rate to the people who usually consume it more in the winter, according to industry insiders.

Currently, a pack of 200-gram washing powder of any brand is selling at Tk 10-11 and 500-gram one at Tk 24, down from Tk 12 and 28 respectively.

However, the price of one-kilogram pack in the same category remains unchanged, retailers said.

"We are happy to serve the consumers with lower price as long as raw material price is down," said Malik Mohammed Sayeed, head of marketing of Square Toiletries, manufacturer of Chaka brand washing powder, pointing to the rise in winter demand for the item, considered a more user-friendly than laundry soap.

"This is right time for price cut as consumers is getting the benefit during this heavy consumption period," Sayeed added.

Retail stores operators observed the price reduction have contributed to a rise in demand for outlets.

They said Unilever that leads the market with its Wheel brand, was the pioneer in cutting down the price in its lemon category, followed by three local manufacturers in the category -- Square Toiletries Ltd, Kohinoor Chemical and Keya Cosmetics.

However, some washing powder making firms see consumers' response to the price cut as lukewarm.

"We are yet to see any notable impact on sales after the price cut. Consumer reaction is not that much high to propel sales," Golam Kibria Sarkar, assistant vice president (Brand) of Kohinoor Chemical, marketer of Tibet brand.

But, according to some retail stores operators, the decline in price has led to a rise in demand for certain brands.

"We have seen a rise in demand for washing powder as a whole following the discounts offered by manufacturers," said AR Yahia, senior executive, public relations of ACI Logistics that runs 59 retail outlets under the brand Shwapno.

Led by multinational fast moving consumer goods maker Unilever, the washing powder market, insiders say, is expected to touch the Tk 800 crore mark in 2009 from over Tk 700 crore a year ago.

Kohinoor's official Kibria said the low price is now benefiting consumers, but noted that such opportunity might cease in the months ahead as raw materials price was picking up.

"Raw material price is rising slowly as the global economy shows the signs of recovery from recession," he said.

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