

Stocks	
DGEN	0.42% 5,594.31
CSCX	0.45% 10,622.59
(Week-on-week)	

Asian Markets	
TOKYO	0.37% 11,286.09
SHANGHAI	0.33% 3,157.96
(Friday closings)	



Second ship handed over to Danish buyer

STAFF CORRESPONDENT, Ctg

Bangladesh graduated to a new status as ocean-going vessels maker through the handover of the second such a ship to a Danish buyer at a ceremony in Chittagong yesterday.

Michael Sorensen, country manager for Stella Shipping, who bought Stella Moon of 2,900DWT (dead weight tonnage) capacity for \$8.2 million, received the ship from Abdullah Bari, chairman of Ananda Shipyard and Slipways Ltd, the private company that made the vessel.

Ananda Shipyard had earlier sold another ocean-going vessel to the same Danish firm on May 15, 2008 and six vessels to Mozambique on November 13, 2008.

Held at Chittagong Dry Dock Limited, the handover ceremony was also addressed by the shipping minister who was upbeat on the country's future prospect in such ship exports and made an assurance of government's more support for the industry's growth.

"The government attaches importance to the industry as it creates huge job opportunities and income, which can help Bangladesh to lift itself to the status of a middle-income country," Shajahan Khan told the function.

The minister also mentioned that the industry now enjoys some benefits which include 5 percent cash incentives for exports, duty-free bonded facilities for importing raw materials and green channel facility to offload those directly at shipyards.

Local AL lawmaker MA Latif, Shipping Secretary Md Abdul Mannan Hawlader and Chittagong Dry Dock Managing Director Enamul Baqui also spoke on the occasion.

Ananda Shipyard has already bagged export orders for 28 more ships -- with a total contract value of \$454.6 million or Tk 3,182 crore, according to the company officials.

Energy crisis puts economy at risk

Businessmen warn of cut in export earnings

SAJJADUR RAHMAN

Bangladesh's electricity and gas crises have put its nearly \$100 billion economy at risk of contraction, and may cut the country's much needed export earnings, said officials from different industries.

The situation has further been aggravated by the government's mismanagement, they added.

Industrial production including that of apparel, ceramics, fabrics, steel and particles is being affected.

"I count around Tk 46 extra per board for frequent outages and a poor gas supply," said Minhaz Ahmad, assistant general manager of Akij Particle Board Mills.

He said manufacturing overhead cost has gone up by 26 percent.

The mill is running with less than 40 percent of its capacity despite using diesel generators, said Ahmad of the factory located in Manikganj.

"Our steel production cost has increased by 10-15 percent because of the energy situation," said Aameir Alihussain, director of BSRM, the country's largest steel manufacturer located in Chittagong.

Alihussain said a new BSRM plant is not getting gas connection. "Then why did the authorities take demand note against connection?"

Many factories near Dhaka-Manikganj and Dhaka-Mymensingh roads and Narayanganj and Narsingdi belts are running on less than half of their capacity; small industries are on the verge of closure, as they cannot afford diesel generators.

According to government statistics, most of the industrial output comes from these industrial belts.

Currently, Bangladesh faces the daily shortages of up to 300 million cubic feet (mmcf) of gas and 1,500 megawatts of electricity. The government shut down five fertilizer factories last week to save around 250 mmcf a day in the face of acute power crisis. Gas is the main source

for power generation in Bangladesh.

The factories beside Dhaka-Manikganj road are facing both the electricity and gas crises. Gas pipelines in the zone are very narrow -- only 6 inches compared to 16 inches on Dhaka-Mymensingh road.

"I have to pay at least Tk 33 lakh a month for gas bill, no matter the factory gets gas or not," said a senior official of a ceramics factory located near the Dhaka-Manikganj road.

He said his factory does not get gas even for four hours a day.

The factory of Monno Fabrics on the Dhaka-Manikganj road has been shut down for the past several months due to gas crisis.

Ahmad of Akij Particle said: "The authorities should tell us specifically when and how the factories will get power. It can help us manage working hours, productivity and machines as well."

Fazlul Hoque, president of Bangladesh Knitwear Manufacturer and Exporters Association, said production and quality in the sector fall around 10 percent for power crisis.

"It has become tough for us to survive in highly competitive market," said Hoque.

Abdus Salam Murshedy, president of Bangladesh Garment Manufacturers and Exporters Association, said 20 percent RMG units that do not have generators for power supply are on the verge of collapse.

Machines are losing longevity due to frequent power cuts, he said.

The extent of damage will depend on the duration of the crisis and the government's management measures, said economists.

Dr Zaid Bakht, a research director at Bangladesh Institute of Development Studies, said investment and export will bear the brunt of the energy crisis. Employment generation and poverty reduction initiatives will be hampered, he added.

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Visitors take a look at a solar panel at a stall of a renewable energy fair at Dhaka University yesterday. The three-day event, being held at the university's Mokarram Hossain Khandaker Science Building, showcases an array of items. (Story on B3)

Power and health lag in ADP execution

REJAUL KARIM BYRON

Some large and important ministries including Power Division lagged in execution of projects under annual development programme (ADP) in the first eight months of this fiscal year, although the overall scenario is slightly better.

During July-February, 10 ministries spent about 76 percent of the total ADP allocation. Among them, the Power Division, communications ministry, health and family welfare ministry spent only 24 percent to 36 percent.

The scanty expenditure for project implementation by the thrust sectors like power and health has made scarce the services people are supposed to get, say officials.

During the time, ADP implementation was Tk 11,908 crore or 39 percent of the original Tk 30,500 crore ADP. The

figure was Tk 8,809 crore or 34 percent of the original ADP in the same period a year earlier.

However, the July-February period witnessed a 35 percent rise, compared to the corresponding period in the last fiscal year, which is a positive sign.

The Power Division could spend only Tk 879 crore or 28 percent of the original allocation of Tk 3,133 crore.

The communications ministry could spend Tk 889 crore or 24 percent and the health and family welfare ministry Tk 1,112 crore or 36 percent of the total allocation of Tk 3,063 crore.

Some ministries showed very good performance. Among them, the Energy and Mineral Resources Division spent 86 percent, education ministry 54 percent, agriculture ministry 53 percent, Local Government Division 52 percent, primary and mass education 53 percent,

housing and public works ministry 54 percent of their original allocations.

Meanwhile, the National Economic Council in its meeting last month already revised original ADP to Tk 28,500 crore by slashing Tk 2,000 crore. The allocations to the low performing ministries have also been cut.

A high official of the planning ministry said the implementation situation would again be reviewed before June and the allocation to the ministries failing to show good performance would be cut further and the amount would be given to the high performing ministries.

The official expects a better pace of project implementation in the coming months, as progress in performances of the ministries are now frequently reviewed in the NEC's executive committee meetings, which are chaired by the head of government.

Cheap Chinese shoes weigh on local brands

REFAYET ULLAH MIRDHA

Low-cost Chinese shoes that have already flooded the market pose a threat to domestic investment in the footwear sector, said industry people.

Domestic investment in the sector remains under threat from cheap foreign shoes and apathy from Bangladesh Tariff Commission in formulating tough safeguard measures, they added.

The low-priced Chinese shoes and sandals are available not only at shopping malls across Dhaka, but also on city streets in areas like Farmgate, Gulistan, Jatrabari, Purana Paltan, Motijheel and Dilkusha.

Of 39 major footwear makers in Bangladesh, 19 are in operation now. The rest are not performing well because of declining local and international orders.

The total number of local footwear makers is close to 200.

A pair of Chinese sandals sells at Tk 750-Tk 950 at the shopping malls in Dhaka, while the same quality local product has a price tag of Tk 1,600-Tk 1,800, said a vendor.

Bata Shoe Company (Bangladesh) Ltd Export Manager Mojibur Rahman said growth in sales of local footwear is declining because of a glut of low-cost Chinese peers.

"It's sometimes difficult even for leather technologists to identify whether Chinese footwear is made of leather or synthetics," Rahman said.

The local vendors sell synthetic Chinese footwear, saying that those are made of leather, he said, alleging that the sellers do not pay 100 percent duty to import such low-cost products.

Leather goods & Footwear Manufacturers & Exporters Association of Bangladesh (LFMEAB) President Saiful Islam suggested the government increase duty on footwear imports to safeguard the local makers. Currently, the import duty on footwear is 35 percent.

The Chinese footwear manufacturers

hoodwink customers into buying the shoes claiming those are made of leather, Islam said. "In our country, consumer rights protection laws are weak, and so the customers are cheated easily."

Abu Taher, an importer and shop-owner at Polwel Shopping Centre in Dhaka, said the low-cost Chinese shoes are made of artificial synthetic fibre although those look like made of leather.

"You can't even imagine buying an original Puma, Adidas or Nike brand at Tk 750-Tk 950. But all such brands are available at these prices as the shoes are made of artificial fibre," he added.

He said the demand for such Chinese shoes is higher compared with other local and original brands -- for lower costs.

Bangladesh Tariff Commission Chairman Dr Mujibur Rahman said no individual, business house or association has lodged complaints with the commission until now although everybody knows about it.

"We are now investigating at least 13 duty related cases (of different sectors)," the chairman said, adding that the footwear industry will also come under the radar soon, and the tariff commission will recommend protective measures.

Bangladesh produces over 220 million square feet of rawhide a year, of which 80 percent come during the religious festival of Eid-ul-Azha.

Local tanners have the capacity to process more than 300 million square feet of rawhide a year, but they get only 200 million square feet.

Bangladesh is one of the lowest shoe using countries -- per capita usage is at 0.8 pair a year.

Industry insiders said only 10 percent people use leather shoes, but the number is increasing every year. The local footwear market size is of more than Tk 1,600 crore.

The footwear industry is growing at 32 percent a year, while the leather industry at 20 percent and leather goods at 25 percent.

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BB imposes fee for processing non-MICR cheque

STAR BUSINESS REPORT

Bangladesh Bank (BB) has imposed a fee for processing non-MICR (magnetic ink character recognition) cheques at its Dhaka clearinghouse.

In a circular on Thursday, the central bank said all banks should pay Tk 100 in processing fees for every non-MICR cheque at the clearinghouse of its headquarters.

The deadline for clearing such cheques at Dhaka clearinghouse has widened to April 30.

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