

DHAKA FRIDAY APRIL 30, 2010

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2,868.43

Currencies

Buy Tk Sell Tk

USD 69.26 69.31

EUR 91.51 91.61

GBP 105.27 105.36

JPY 0.73 0.73

SOURCE: BANGLADESH BANK

Commodities

Gold \$1,168.50 (per ounce)

Oil \$83.13 (per barrel)

SOURCE: AFP (Midday Trade)

News in Brief

Khulna jute mill takes to layoff

STAFF CORRESPONDENT, Khulna

Afil Jute Mill yesterday announced layoffs for a month because of an abnormal hike in raw jute prices, severe power outages and financial crisis.

Director Baig Abdur Razzak said 1,600 employees and workers would be given layoff benefits on Tuesday. "We will do our best to restart production as early as possible."

The mill lost its export permission as it failed to repay the loans it took from Janata Bank, said Md Ali Asgar, manager (administration) of the private mill.

Janata Bank refused to issue any more funds until the previous loan was paid back in full, he added.

"At the moment, we need funds and the permission to export to revitalise operations of the mill that was denationalised in 1982."

The jute mill that is run by five directors and two representatives of the Bangladesh Jute Mills Corporation has been limping since 2004.

The mills production dropped sharply to eight tonnes last week against a target of 22 tonnes a day, he said. Over Tk 40 lakh a month is needed to pay wages and salaries, the manager added.

Rupchanda carnival in city

STAR BUSINESS REPORT

The final round of Rupchanda Family Carnival-2010 starts today at the Residential Model College in Mohammadpur in the city.

Bangladesh Edible Oil Limited (BEOL) arranges the festival to provide family entertainment and encourage people to lead a healthy life.

Shoeb Md Asaduzzaman, head of sales and marketing of BEOL, briefed newsmen on the festival at a press conference at Dhaka Reporters' Unity yesterday.

Earlier, the festival took place in 10 districts for the last three months.

The programme includes selling of food, cooking and art competition, tribal dance, fire spinning, games, street magic, raffle draw and cultural programme.

Businessmen press quick power fix

Govt plans \$1b energy fund, says PM's adviser

STAR BUSINESS REPORT

Business leaders yesterday demanded a quick fix to the chronic energy crisis, now a pressing concern for the economy. In a high-profile pre-budget discussion, the businessmen suggested that the government fast-track plans to take short-term measures as the immediate solution to the chronic energy crisis, apart from long-term measures.

Without these short-term measures in place, Bangladesh will lose export competitive in a fast-paced global market, they said.

"The government must take quick decisions," said Anisur Rahman Sinha, chairman of Sinha Group, at the discussion co-organised by private television station NTV and the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) at Sonargaon Hotel in Dhaka.

"Whatever decisions the government might make, each of them must be made public for the sake of transparency in the energy sector," he added.

Samson H Chowdhury, chairman of Square Group, said: "The government should streamline the gas pipeline network to make sure that everyone gets energy, however small it may be."

Chowdhury suggested suspension of fertilizer factories and phaseout of CNG (compressed natural gas) filling stations from the capital.

He called upon the government to stick to its budget declarations and stop issuing SROs (statutory regulatory orders), as the orders are often not com-



Finance Minister AMA Muhith, sixth from left, speaks at a high-profile pre-budget discussion at Sonargaon Hotel in Dhaka yesterday.

patible with industries and slow down growth ultimately.

Muhammad Jahangir Alam, chairman of GPH Group, a conglomerate in Chittagong, demanded withdrawal of import duties on machinery for captive and solar power plants. He also urged the government to increase subsidies on furnace oil.

Some government representatives, including ministers, took part in the discussion.

The Prime Minister's Energy Affairs Adviser Tawfiq-e-Elahi Chowdhury said the government plans to launch a dedicated fund of \$1 billion named Bangladesh Energy Fund soon, which will invest in energy and power projects

to create a long-term solution for the country's power crisis.

The government is still working on the structure of the fund, including how it will be securitised and whether it will be traded, he said.

It is seeking to attract non-resident Bangladeshis, who send about \$10 billion of remittances each year, as well as banks and insurance firms to invest in the fund, Chowdhury said. The returns will be "competitive", he said.

The government aims to add another 3,000 megawatts of daily power generation capacity in the next three years.

Finance Minister AMA Muhith said the government has prioritised the energy issue, but gas, the primary source

of power, is far from enough.

FBCCI President Annisul Huq moderated the discussion.

While talking about the capital market, many discussants called upon the government to impose tax on 'capital gain' from share transactions.

Former finance adviser to caretaker government Mirza Azizul Islam said a minimal tax could be imposed on the earnings from stockmarket.

Islam opposed the idea of mandatory requirement of taxpayer identification number (TIN) for opening beneficiary owner (BO) account.

The speakers demanded that the state enterprises offload shares soon to strengthen the supply side of the

capital market.

AK Azad, chairman of Hamim Group, a leading garment maker, criticised the recently amended anticorruption law where the Anticorruption Commission will require permission from the government to arrest any civil servant. He demanded that the law be amended further, keeping a provision for prior permission from FBCCI before arresting any businessman.

Jewellers' association leader Anwar Hossain said those who pay Tk 1 lakh in tax should be honoured like the senior government officials.

Liakat Milton, a textile mill owner, urged the finance minister to solve the prevailing yarn crisis in the sector.

Two RMG units go into layoffs amid labour unrest

OUR CORRESPONDENT, Narayanganj

Two export-oriented garment factories in Rugganj upazila went into layoffs yesterday for an indefinite period following two days of labour unrest that broke out amid a demand for increased minimum monthly wage.

The workers of Arrow Apparels Anirban and Arrow Apparels Mohammadi under Tarabo municipality in Narayanganj ransacked 10 to 12 vehicles after they found the garment units were shut down.

At least 30 persons were injured in the clashes between the workers and police.

The factories were laid off as the workers attacked the factories and put barricade on highways without talking with the authorities about their demands, factory officials said.

When the workers of the two factories tried to put a blockade on Dhaka-Sylhet highway, police chased and dispersed them.

Additional police were deployed at Kanchpur and Rugganj industrial area.

Rugganj Police Station Officer-in-Charge Forkan Shikder said some workers tried to cre-

ate unrest in the morning [on Thursday] and the situation in the industrial area was brought under control.

Earlier on Tuesday, workers of Opex Garment Ltd, a sister concern of Sinha Group, blocked Dhaka-Chittagong and Dhaka-Sylhet highways for five hours for the same demand.

The labour unrest affected production in 22 readymade garment factories on Wednesday.

The garment industry has been facing difficulties -- power and gas crises, price hike of yarn, poor infrastructure, and low price offers from international buyers amid increased production cost.

Production halted in the factories in Mirpur and Rugganj areas as workers put barricades on highways on the second consecutive day of their agitation for increased minimum monthly wage from Tk 1,662 to Tk 5,000.

At least 30 workers were injured during chase and counter-chase between the demonstrators and police in Mirpur.

The managements of 20 factories situated in Mirpur suspended production when 6,000 workers of Opex Garment put up barricades at Mirpur 13 and 14.

Bearing, now energy saver

KAWSAR KHAN

When the whole world now looks for energy saving options, bearings turn smart to cut power consumption by over 30 percent.

These bearings are made in a way that those are capable of reducing the amount of energy a machine requires, a leap forward to global campaigns for austerity in conventional energy consumption.

The renowned bearing manufacturer SKF Group developed such bearings for the first time in the world, while Micro Tools and Machineries (MTM) is distributing these in Bangladesh.

MTM, which has been in bearing business for over 40 years, is the sole distributor of the UK-based SKF products in the country.

"SKF produces various energy-efficient bearings for different types of machine, but we now import small ones 8-25 millimetres in size -- for small machinery," said M Harunur Rashid, the MTM's proprietor.

He added these bearings could be used in textile and garment machinery, ceiling fans, motors and others. "Gradually we will import SKF bearings for automobile and other big factories," Rashid said.

"The concept of such rolling bearings is new not only in Bangladesh, but also in the world, and so customers are not much aware of it," he said, point-



ing out that costs of such devices are around 20 percent higher compared to conventional bearings.

According to SKF website, the achievement in developing such energy-efficient bearings was made through tightening bearing specifications and optimising the bearing internal geometry.

If all the motors in the European Union and the United States were fitted with the new bearings, 2,460 million kWh of power could be saved globally a year, the website further said.

Other international players in the bearing world are also working on developing such bearings.

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Illegal tolls pump up transport costs

SOHEL PARVEZ

Truckers and other transporters often have to bear the burden of illegal toll, mainly taken by police, a practice that hurts export competitiveness and adds to the prices of essentials.

They said they have to pay tolls worth Tk 200-Tk 300 to police for each trip between Dhaka and Chittagong. In addition, operators have to pay unofficial fees for parking trucks on the stands, and to workers' associations and unions.

Tolls add to the cost of the service that is borne by exporters, importers and commodity traders on the domestic market.

"We will be more competitive if these illegal tolls are stopped," said Fazlul Hoque, president of Bangladesh Knitwear Manufacturers and Exporters Association.

"The amount may appear insignificant, but the apparels sector where we operate is highly competitive and every cent counts."

Mohammad Muslim, a trucker who operates on the Dhaka-Chittagong route, said he has to pay illegal tolls to patrol police on almost every overnight trip on the highway.

"You will have to pay even if your papers are okay."

However, most drivers prefer transporting goods at night, to avoid police sergeants during daylight. "If you are



A truck runs through a Dhaka street yesterday. Trucks are prone to illegal toll that increases the costs of business.

caught by sergeants you will have to count at least Tk 500 as bribes."

A study by private research organisation Unnayan Shamannay on 'Competition Issues in the Trucking Sector in Bangladesh' observed that such illegal tolls account for between 8.6 and 14.8 percent of fare for each trip on Dhaka-Chittagong route, which is used mainly for transporta-

tion of export oriented apparels and leather products for shipment.

Illegal tolls on the Chittagong-Dhaka route that mainly accounts for the transport of imported goods like apparel accessories and raw materials, and machinery stands 5.6-9.8 percent, according to the study.

also prevails on the Benapole-Dhaka route and Bogra-Dhaka route -- both of which are used mainly to carry imported and domestically produced agricultural commodities for local consumption.

The Unnayan Shamannay study said a truck has to pay illegal tolls worth Tk 50-100 for parking at truck stands.

Truck owners pay Tk 500 a month on an average for each truck as bribes to police sergeants in Dhaka, it added.

"It (illegal tolls) affects the competitiveness of the export-oriented industries and fuels a rise in inflation to some extent, as mostly apparel items and agricultural commodities account for most goods transported by trucks," said Selim Raihan, co-researcher of the study and associate economics professor at Dhaka University, at a press meet early this month.

Md Kamal Hossain, owner of transport service provider Friends Transport, said service agencies usually shift the burden of these extra costs to service receivers in terms of fare.

Kamal said Friends Transport provides transportation through covered vans based on yearly contracts with apparel makers. We usually charge about Tk 7,000 to transport goods between Savar and Chittagong. On the Chittagong-Dhaka route, the fare varies between Tk 9,000 and Tk 9,500 a trip, he said.

Shah Golam Mahmud, assistant inspector general of Police (highway), said they conduct continuous surveillance to stop the practice.

"But it will help us take punitive measures against guilty police personnel if victims bring specific allegations against them."

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