Star Business

DHAKA WEDNESDAY MAY 19, 2010

Stocks

DGEN	▲ 0.64%	5,876.55
CSCX	▲ 0.76%	11,128.30

Asian Markets

MUMBAI	▲ 0.24%	16,875.76
TOKYO	▲ 0.07%	10,336.53
SINGAPORE	▲ 0.38%	2,844.35
SHANGHAI	▲ 1.36%	2,594.78

Currencies

	Buy Tk	Sell Tk
USD	68.65	69.65
EUR	83.31	87.33
GBP	97.71	101.95
JPY	0.73	0.77

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold	▼	$1,216.00 (per ounce)
Oil	▲	$70.66 (per barrel)

SOURCE: AFP (Midday Trade)

Pragati to make Tk106cr capital gain from land sale

STAR BUSINESS REPORT

Pragati Insurance is going to make a capital gain of more than Tk 106 crore, as the listed company has finalised the sale of its lands in Dhaka at Tk 141 crore.

The company will sell the land, measuring 82.42 katha, to a Chittagong-based firm, Zara Holdings Ltd, at Tk 1.72 crore per katha, Pragati said in a disclosure posted on the website of Dhaka Stock Exchange yesterday.

Pragati also said the board of directors has decided to change the face value of its shares from Tk 100 to Tk 10. However, the market lot will remain unchanged.

The denomination of the face value is, however, subject to approval of the regulatory authorities, and also shareholders of the company at an extra-ordinary general meeting (EGM).

The date, time, venue and record date for the EGM will be announced later.

Earlier on May 11, the DSE sought a second explanation from Pragati about the sale of the listed insurer's lands in Dhaka.

Pragati was listed on the stockmarket in 1996. On the Dhaka bourse, each share of the company traded between Tk 1,765 and Tk 2,020 yesterday.

Wal-Mart's Q1 net income rises 10pc

AP, *New York*

Wal-Mart Stores Inc.'s first-quarter net income rose 10 percent as the world's largest retailer benefited from cost-cutting and robust growth in its international business.

But Wal-Mart said a key measure of revenue dropped for the fourth consecutive quarter as it continued to see a decline in customer counts at its US namesake stores.

It also offered a muted outlook for the current quarter as shoppers worry about jobs and their finances.

Still, Wal-Mart's shares rose more than 2 percent, or $1.29, to $53.99 because results beat Wall Street expectations.

Energy crisis shadows export potential

REFAYET ULLAH MIRDHA

Exports show signs of recovery on the back of apparels, but that is hardly a reason to rejoice, as a gas and power crisis looms on the future of industrial production.

Exports started peaking in January, bucking the trend of a steep fall for months.

Exports in July-March of 2009-10 were 0.80 percent lower in the first nine months than the same period last year.

However, total export receipts in July-January of 2009-10 were 4.96 percent lower than in the same seven months of last year, according to a recent report by Metropolitan Chamber of Commerce and Industry (MCCI) styled 'Review of Economic Situation January-March 2010 (Q3)'.

The single month export grew by 8 percent in February and 18.38 percent in March, which was 1.29 percent negative in December 2009.

Export Promotion Bureau (EPB) data shows exports in March 2009-10 were worth $1.52 billion, up from $1.28 billion in the same month last year -- registering 2.28 percent growth.

In the first nine months of 2009-10, Bangladesh exported goods worth $11.54 billion, against $11.63 billion in the same period last year.

The government set a $17.6 billion export target for the current fiscal year, which is 13 percent higher than the target of $15.6 billion last year.

In March, knitwear exports grew by 15 percent and woven items by 13 percent from the same period a year ago.

The upward trend indicates that global demand is improving gradually. Also the export performance of raw jute, jute products, leather, petroleum byproducts, bicycles, footwear, agro-processed food, terry towels and ceramic products is showing a rebound.

"In comparison to the previous quarter, the higher growth in export earnings in January was due mainly to a rise in export prices. Improvements in the volume of exports in some items, excluding frozen foods, knitwear, woven garments and chemical fertilisers, also contributed to the increase in export earnings," said the MCCI.

To maintain the upward trend in exports, leaders of the major exporting sectors demanded the government of immediate initiatives in the national budget for fiscal 2010-11 to improve the supply of gas and power.

They also proposed industry-friendly policies in the budget that will help generate employment.

Adequate gas and power in the industrial sector will result in on-time production and shipment to the international buyers, said Abdus Salam Murshedy, president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

Exporters had to air ship 1,100 tonnes of garment items in March, at a cost of $6.5 a kilogram, to deliver the goods on time, he said. Otherwise they had to face the ordeals of cancelled orders and huge financial losses, he added.

"We have been paying such extra costs only because we were not able to produce on time for the gas and power crisis in the factories," Murshedy said.

He said he wants increased allocations for social safety nets, education, infrastructure and protection, in the interests of the industrial sector. The government should bring down the bank interest rate to a single digit for the exporters and keep the sector free from VAT, he added.

The BGMEA boss also proposed to equalise the government facilities that the factories inside the export processing zones (EPZs) are privy to, with the factories outside.

BUDGET IN MIND

A smooth supply of gas and power to the industrial sector will help exporters maintain lead-time in production and shipment, say business leaders

He demanded implementation of the government decision to setup the special economic zones (SEZs) with different facilities for domestic investors.

Murshedy also proposed the duty-free import of diesel oil and furnace oil to run the generators in the factories and the formation of a fund to build dormitories to solve the crisis of shelter for the workers.

On the same note, Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) President Fazlul Hoque urged the government for meaningful improvements in the supply of gas and power for the industrial sector.

He also urged the government to make the Dhaka-Chittagong Highway four lanes as soon as possible, to reduce the problems of infrastructure to an extent.

The government should allow the duty-free import of chemicals used in the effluent treatment plants (ETPs), to protect the environment from pollution, he said.

"A handsome allocation is needed in the budget, to form a fund with a view to diversifying products and export markets."

Bangladesh Textile Mills Association (BTMA) President Abdul Hai Sarker proposed that the government withdraw the 22 percent duty on the import of acrylic fibres, polyester chips/fibres and viscose staple fibres, which are used in making sweaters and shirts.

He also asked the government to null the import duties on chemicals used in ETPs and spare parts used in the factories in the upcoming budget.

"The government should give incentives to the local weavers, as the yarn prices shot up following the price hike of raw cotton in international markets," said Sarker.

Musa Mia, president of Bangladesh Frozen Foods Exporters Association (BFFEA), demanded a realistic budget from the government for fiscal 2010-11.

He suggested the government stop circulating statutory regulatory orders (SRO) frequently for changing the budgetary measures, as such initiatives hamper the actual objectives of the budget.

Demanding a research and development fund for the frozen food sector, he also proposed the government take measures to increase production in the sector.

He said the government could not reconstruct the cyclone Aila-hit embankments yet in the Southern districts of the country, where the main shrimp hatcheries are located.

At least 60 frozen food processing industries have already been closed, as they could not sustain the losses due to a shortfall in production from a shortage of raw materials, he added.

SM Jahangir Hossain, president of Bangladesh Fruits, Vegetables and Allied Products Exporters Association (BFVAPEA), demanded adequate funds to construct a central warehouse of international standard to cool, and preserve grading and packaging of the exportable vegetables and allied food items.

Maintaining a 'cold chain' is important to exporting the vegetables, as those are perishable, he said. He demanded increasing the cash incentives for the sector to 30 percent from the existing 20 percent.

The cold chain refers to the transportation of temperature sensitive products along a supply chain through thermal and refrigerated packaging methods and the logistical planning to protect the integrity of these shipments.

"The government should increase incentives as airfreight charges of different airlines went up recently."

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Power, transport to get 82pc more in outlay

Twin sectors to be prioritised in next ADP

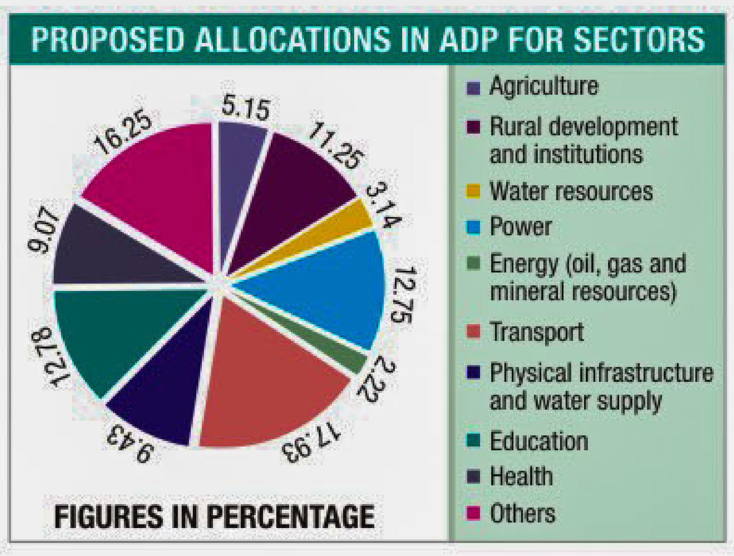
REJAUL KARIM BYRON

The government will increase allocations for power and transport sectors by 82 percent in the next fiscal year, mainly to bear the costs of Padma Bridge construction and new power plants.

The transport sector will get the highest allocation followed by education and power in the next annual development programme (ADP), according to a draft proposal by the planning ministry.

The transport sector is expected to see a 78 percent rise to reach Tk 6,903 crore, up from Tk 3,878 crore in the revised ADP of the current fiscal year.

The government has set aside a block allocation of Tk 1,000 crore for river dredging, an area it prioritised for the first time.



Planning ministry officials said the draft has almost been finalised and will be placed at the National Economic Council meeting at the end of this month.

According to the draft proposal, the size of the upcoming ADP will be of Tk 38,500 crore.

Local components will provide Tk 23,200 crore or 60 percent of the ADP outlay and project aids the rest Tk 15,300 crore.

The revised ADP for the current fiscal year was of Tk 28,500 crore, while the original size was Tk 30,500.

The ministry officials said the government plans to add around 9,500 megawatt of electricity to the national grid by 2015.

Rental power plants will provide 1,000MW-1,200MW, while the rest will come from government plants.

The allocation for the power sector will increase if the ministry can use all the funds, the planning ministry officials said.

Power ministry officials said the government would take steps in the next fiscal year to set up a dozen of power plants that will generate around 4,000MW.

The construction of the Padma Bridge will cost Tk 16,800 crore and the government plans to complete the construction by 2013.

Communication ministry officials said the bridge will get Tk 1,500 crore to Tk 2,000 crore in the next fiscal year.

Farm sector may get Tk 1,981 crore, up from Tk 1,801 crore in the revised ADP of the current fiscal year.

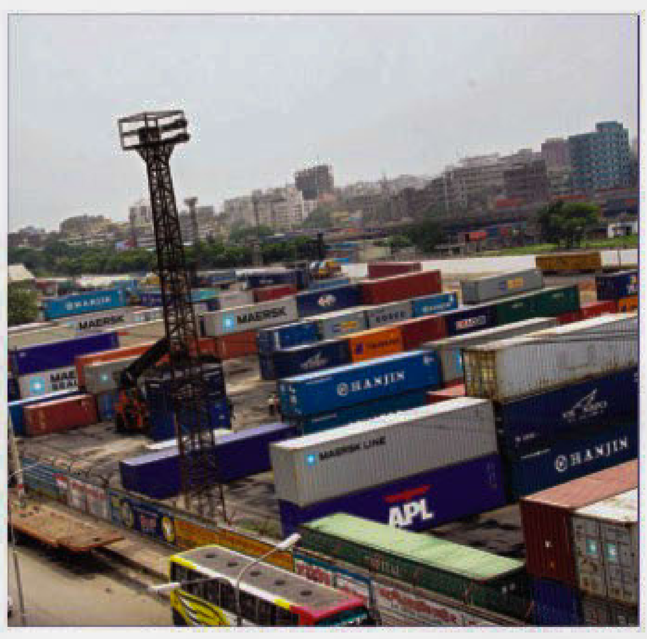
The government may increase allocation for education sector to Tk 4,919 crore from Tk 4,400 crore in the current fiscal year.

Health sector may get Tk 3,493 crore, which was Tk 2,981 crore in the revised ADP of the current fiscal year.

However, energy sector will see a cut, as it will get Tk 853 crore as against Tk 1,030 crore in the revised budget.

Lack of locomotives idles ICD containers

SOHEL PARVEZ



The number of locomotives to carry containers from Chittagong to Dhaka has declined, leaving the inland container depot (ICD) in Kamalapur with little work.

The number of containers stuck at Chittagong port stood at 1,671, five times the normal level, said customs agents.

"It is the result of a reduction in the number of cargo train engines to carry ICD-bound containers," said Sheikh Md Farid, president of Dhaka Customs Agents Association (DCAA).

Six organisations, including DCAA, have been agitating for days, demanding an end to the deadlock.

Such stalemate in activities at the ICD returns more than six months after traders suffered similar problems due to a fall in the flow of containers from Chittagong port.

Customs agents said the situation improved early this year after Bangladesh Railway allocated five engines to transport ICD containers from Chittagong.

But Bangladesh Railway withdrew two locomotives from carrying ICD containers in March. At present, only three engines, which are also accused of being slow, are transporting containers to the Kamalapur ICD.

The customs agents said the Kamalapur ICD records the arrival and departure of over 120 TEUS (twenty-foot equivalent units) of containers normally.

But the latest transportation problem has not only brought down the Kamalapur-bound container carriage below 100 TEUS but also delayed the arrival of cargo.

"Now, it takes a container 25-30 days to arrive at the ICD from Chittagong," said Farid. "Importers and exporters are incurring losses due to shipment delays."

Farid said some importers are shifting to other ports due to delays in receiving their goods.

Md Motaher Uddin, deputy traffic manager of the Kamalapur ICD, admitted that the flow of containers dropped. "We communicated with the railway authorities to take measures to solve the problem. I hope the situation will improve in 15 days."

"There is a shortage of engines in operation. We will provide five engines to carry containers whenever the engines become available," said Belayet Hossain, director general of Bangladesh Railway.

Of 138 locomotives of Bangladesh Railway's eastern zone, only 86 are available for operations.

The remaining engines are in workshops for maintenance. Officials said the eastern zone requires a minimum of 107 engines to handle passenger and goods trains.

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Inflation fed by world food, fuel prices

Says IMF official

STAR BUSINESS REPORT

Eteri Kvintradze

An upturn in global food and fuel prices is partly to blame for higher inflation rates in the region, said the Bangladesh resident representative of the International Monetary Fund (IMF) yesterday.

"The rising inflation rate in Bangladesh is also fuelled by another factor -- excess liquidity in the banking system," said Eteri Kvintradze.

Against this backdrop, the step taken by Bangladesh Bank was no different from others in the region, she said.

The central bank has recently increased the cash reserve requirement for banks in a bid to contain inflation, which hovered around 9 percent in March.

Kvintradze's views were not necessarily the views of her organisation. She was responding to queries made by reporters at the first press meet after she joined IMF's Bangladesh mission.

Expressing her impression on Bangladesh, she said the country has an amazing potential for economic growth and development.

She emphasised the need for infrastructure, energy and an investment-friendly environment for dynamic growth in Bangladesh.

On IMF's activities, she said IMF is now surveying and providing technical assistance to the monetary activities in Bangladesh.

On a query on Bangladesh's sovereign credit rating, Kvintradze said she is not endorsed to comment on the sovereign rating.

Vodafone profits surge

AFP, *London*

British mobile phone giant Vodafone said yesterday that its annual net profits almost trebled to 8.645 billion pounds on reduced write-downs and increased sales of its broadband Internet services.

The world's biggest mobile phone operator by revenue said profit after tax soared to the equivalent of 10.1 billion euros or 12.5 billion dollars in the 12 months to March 31, beating its own expectations.