Star Business

DHAKA TUESDAY JULY 6, 2010

Stocks

DGEN	▲ 2.21%	6,354.68
CSCX	▲ 2.40%	12,001.95

IDLC Index

IDLC 50	▲ 2.00%	6,748.86

Subject to Conditions contained in www.idlc.com

Currencies

	Buy Tk	Sell Tk
USD	68.80	69.80
EUR	84.90	88.95
GBP	103.06	107.39
JPY	0.77	0.82

SOURCE: STANDARD CHARTERED BANK

Asian Markets

TOKYO	▲ 0.69%	9,266.78
SHANGHAI	▼ 0.80%	2,363.95

Commodities

Gold	▲	$1,210.50 (per ounce)
Oil	▲	$72.67 (per barrel)

SOURCE: AFP (Midday Trade)

Remittance growth slows

REJAUL KARIM BYRON

Inward remittance growth in the outgoing fiscal year was the lowest in the last five years mainly due to a drastic fall in the migrant outflow.

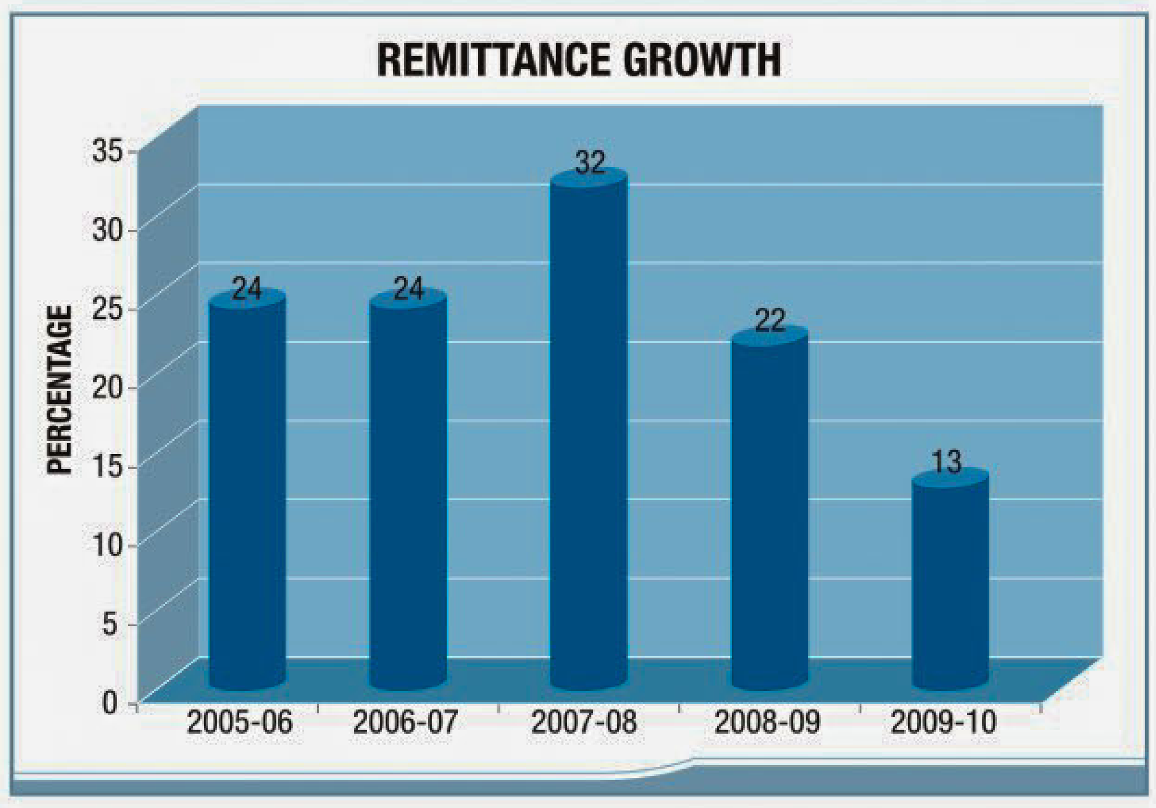
In fiscal 2009-10, the remittance growth was only 13 percent, which was 4 percentage points lower than the government target. The growth was 22 percent in FY2008-09.

Last year the remittance inflow was $10.97 billion, up from $9.69 billion in FY2008-09.

In FY2003-04, the remittance growth was 10 percent. The average growth in the following two years was 24 percent. In FY2007-08, the growth shot up to 32 percent.

The finance ministry released the medium term budgetary framework along with the national budget document on June 10.

The framework report predicted that the remittance growth would be 18.7 percent in FY2009-10. The following five years will see an average growth of 22 percent to reach the remittance flow to $31.4 billion in FY2014-15, according to the report.



A Bangladesh Bank (BB) official said the growth in 2009-10 fell mainly because of a slowdown in manpower export.

According to economic review statistics, the manpower export dropped by 38 percent in 10 months till April of FY2009-10 compared to the same period a year ago. In FY2008-09, manpower export fell by 34 percent.

The global recession caused a significant decline in manpower export last year. This year when some countries have already started hiring workers, Bangladesh is lagging behind because of what recruiters and experts say is a lack of comprehensive approach to address labour-related problems and promote markets.

Saudi Arabia, the UAE, Malaysia, Kuwait and Singapore are the major markets for Bangladesh's workers. Saudi Arabia and Kuwait have kept their doors almost shut for long, apparently due to anomalies in recruitment process.

Saudi Arabia, home to over 1.5 million Bangladeshis, hired 14,666 workers and Kuwait only 10 jobseekers last year.

A Bangladesh delegation led by Prime Minister Sheikh Hasina visited Saudi Arabia last year and Kuwait recently when manpower figured prominently in the talks, but there was no progress.

Meanwhile, Malaysia that cancelled work visas for 55,000 Bangladeshis in March last year following the economic crisis is now hiring one lakh workers from Nepal.

The BB official said the manpower export posted abnormal growth in 2006-07 and 2007-08 at 97 percent and 74 percent respectively. The official said if the normal trend is taken into consideration, the remittance inflow is satisfactory.

Exports rise on apparel rebound

REFAYET ULLAH MIRDHA

Overall exports grew 2.48 percent to $14.49 billion in the first 11 months of the immediate past fiscal year compared to the same period a year earlier, Export Promotion Bureau data showed yesterday.

The state-run promotional agency also pointed to the $1.64 billion exports in the single month of May, showing a 16.71 percent growth over this month a year ago. The annual export target for FY2009-10 was set at $17.6 billion.

Exporters attributed the rise to a sharp rebound of readymade garment and the addition of raw jute and jute products to the export basket.

During July-May, Bangladesh fetched $5.85 billion from knit exports, $5.39 billion from woven, $182.43 million from raw jute and $441.11 million from jute goods.

Fazlul Hoque, president of Bangladesh Knitwear Manufacturers and Exporters Association, said month-wise garment export registered the second highest growth in May after July of FY2008-09.

In May, knit exports were $632.32 million and woven $555.98 million. The rates of growth in these two sub-sectors are 9.29 percent and 12.68 percent respectively.

"The trend is positive, despite many hurdles. Frequent labour unrest, acute energy crunch and poor infrastructure are some of these hurdles," the knit sector leader said.

He also pointed to the enhanced rate of orders international buyers now place to Bangladesh. He said China, the largest supplier of apparels, is now faced with acute shortage of workers and frequent unrest in manufacturing units.

Hoque expressed his unhappiness that the central bank is yet to disburse the stimulus fund to apparel makers, although the finance ministry directive came at least two months ago.

"The time-bound disbursement of stimulus money to manufacturers, especially the small and medium factory owners, will help a lot to keep exports in positive trend," he said.

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Profit from pre-IPO share sales taxed

STAR BUSINESS REPORT

The government has imposed a 5 percent tax on profits from sales of shares or mutual fund units that an investor receives through pre-IPO placement.

Companies raise capital through pre-IPO placement, before going for an initial public offering. Many sponsors and individual placement holders make hefty profits by selling the placement shares or mutual fund units after the lock-in period.

The levy on placement holders is tagged with the provision of tax sponsor shareholders or directors of listed companies, according to a letter that the National Board of Revenue (NBR) has recently sent to the Securities and Exchange Commission.

The provision read that a 5 percent tax at source has been imposed on the profit made by sponsor shareholders or directors or placement holders from the sales of their shares or mutual fund units.

The NBR also asked the stockmarket regulator to collect the tax from the sponsor shareholders or directors or placement holders, officials said.

The SEC said it is now trying to find ways of collecting the tax.

"Till date, only the sponsor shareholders or directors are required to make earlier announcements for share sale. But now, the placement holders may also be required to make earlier announcements for share or fund unit sale, so that the amount of profit made can be identified," said Ziaul Haque Khondker, chairman of SEC.

The finance minister in his budget speech said only the sponsor shareholders or directors of listed companies would be brought under the tax net. But the provision of tax on placement holders has been kept in the finance bill.

A portion of the initial public offer is placed with private investors right before the IPO is scheduled to hit the market. The investors will be able to sell the shares at a higher price after the lock-in period attached to the placement. This is how they make profits.

Decision on bandwidth sell-out tomorrow

STAR BUSINESS REPORT

The government is set to export unutilised bandwidth of Bangladesh's lone submarine cable, as the evaluation committee concerned sits tomorrow to reach a decision on it.

Bandwidth is a measure of available or consumed data communication resources.

Three local and foreign companies have already submitted price offers to Bangladesh Submarine Cable Company Limited (BSCCL) to buy such bandwidth.

Mir Telecom and Mango Telecom Service are the two local bidders, while the international company is India's Bharti Airtel.

"The unutilised bandwidth will be sold out, if the evaluation committee is satisfied with the prices offered by the bidders," said an official of the telecom ministry.

The country was linked with submarine cable in 2006 at a cost of $35.1 million. The SMW-4 cable has a capacity to handle 120GB bandwidth, of which Bangladesh currently subscribes 44.70GB. The country uses only 14.60 GB of its capacity domestically.

The BSCCL invited buyers through tenders last month in line with the government's decision to sell unused bandwidth.

Earlier, Singapore-based telecom giant SingTel has pulled back from its bid to use 2.5GB bandwidth from Bangladesh because of what it said a lengthy procurement process.

Partex Group splits

SAJJADUR RAHMAN

Partex Group, one of the largest family-owned manufacturing and service-based companies in Bangladesh, has split its business into two groups to improve management procedures.

Sultana Hashem, wife of company founder MA Hashem, and her two elder sons own one part, Partex Group. MA Hashem and their three other sons have retained different units of the rest of the company under Partex Holdings.

"We started the break-up process in 2006 and now it is complete," Aziz Al Kaiser, the eldest son and vice chairman of the present Partex Group, told The Daily Star.

Kaiser, who is on his mid-40s, said there is no family feud among them. "The split was made for better management practices."

Rubel Aziz, the youngest son and a director of Partex Holdings, said the division was taken on amicable terms.

With a modest start in 1959, Partex began with tobacco trading and prudent entrepreneurship under the leadership of Hashem. It now owns over 25 units -- from tobacco to food, water, soft drinks, steel containers, edible oil, furniture, yarn and the IT sector.

The group employs over 10,000 people.

The new Partex Group owns Star Particle Board Mills, Danish Condensed Milk, Danish Food Products, Danish Milk Bangladesh, Danish Distribution Network, Partex Furniture Industries, Corvee Maritime, Ferrotechnic Ltd, Rubel Steel Mills, Partex Ltd, Partex Builders, Partex Agro Ltd, Partex Housing, and Partex Laminates.

Partex Holdings, under Hashem, owns Amber Cotton Mills, Amber Pulp and Paper Mills, Partex Beverage, Partex Plastics, Partex Real Estate, Star Vegetable Oil Mills, Star Coconut Mills, Dhakacom Ltd (ISP), Fotoroma, Partex Spinning, and Danim and Hashem Corporation (Pvt) Ltd.

Small, medium and large family owned businesses dominate over Bangladesh's $100 billion economy, which has been growing at over 5 percent a year since 1995.

Besides Partex, Akij Group, Nasir Group, Square, Ispahani, Abul Khair Group, ACI and PHP are some prominent family-owned businesses in the country.

Although large family-owned companies are usually split in different countries, it did not happen to that extent in Bangladesh.

"The break-up process started before 1/11 (January 11, 2007). I have done it for my necessity," founder of the company MA Hashem said. "It is better to divide the business among the five sons before my death."

Now, the new Partex Group dreams to grow faster in the local market, while Partex Holdings has focused on export markets.

"We'll rebrand the name Partex Group and expand it," said Kaiser.

Rubel Aziz said they own export-oriented companies of the former group except a few.

"Eventually, every brother will be separated in business," he said.

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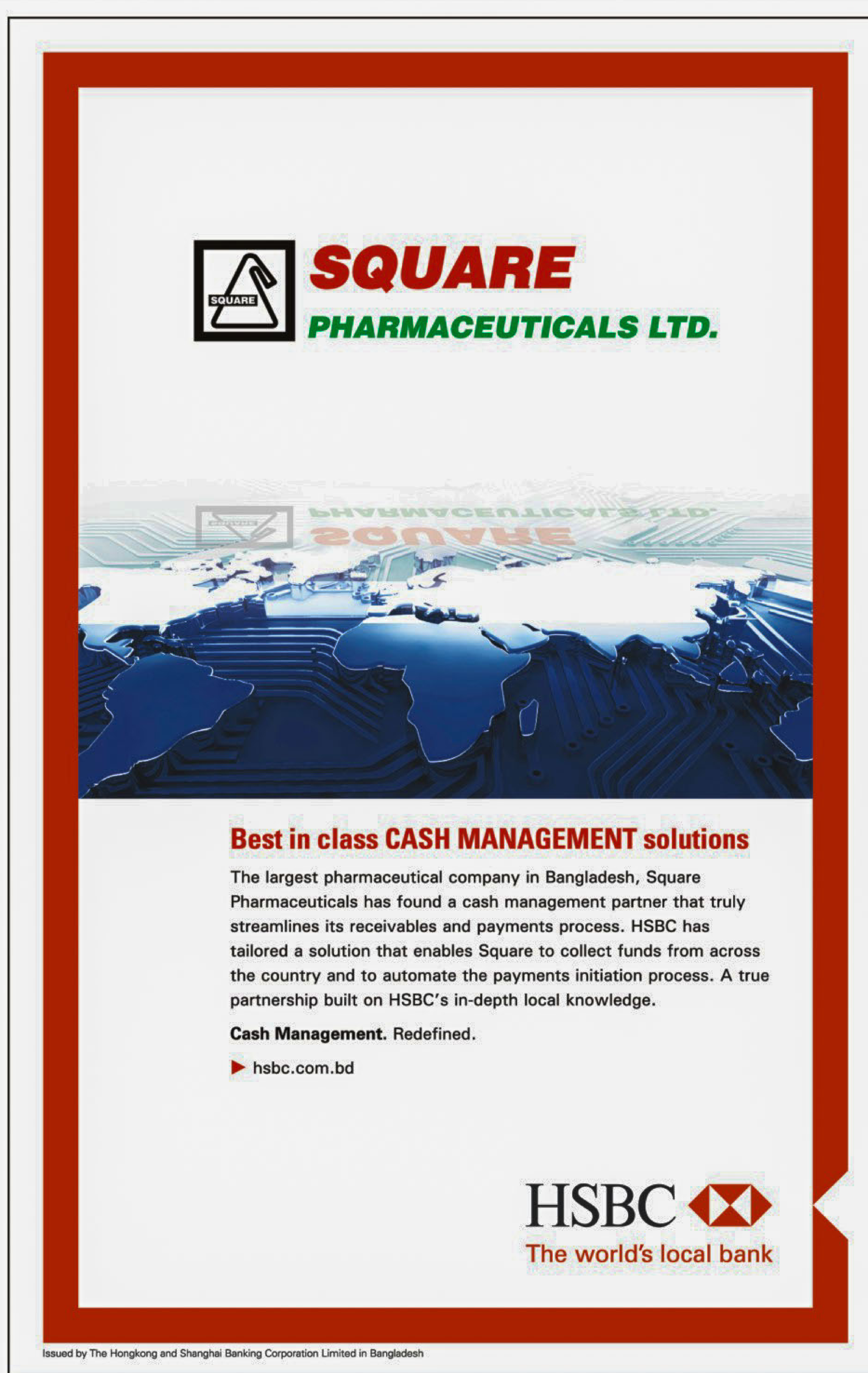

BP eyes stake sale

REUTERS, *London/Kuwait*

Shareholders in British oil company BP balked at reports it would seek urgent investment from a wealthy Middle Eastern or Asian country as clean-up costs for its US oil spill topped $3 billion.

Over the weekend, while US Independence Day holidaymakers shunned Gulf of Mexico beaches tarred by the leaking well, media reports said BP was looking for a strategic investor among the sovereign wealth funds of the Middle East and Asia.

An investor would help ward off a takeover and raise funds for the liabilities racking up behind the worst oil spill in US history, the reports said.

BP shares rose 4.35 percent in London to 336.95 pence at 1345 GMT after the reports, but some shareholders balked at the idea of a strategic investor.