DHAKA SUNDAY JULY 18, 2010



(Week-on-week)

Asian Markets **MUMBAI** 0.26%

17,955.92 TOKYO 2.86% 9,408.36 0.17% SINGAPORE

2,948.69 0.03% SHANGHAI 2,424.27 (Friday closings)

Commodities

\$1,209.00 (per ounce) Oil

\$76.38 (per barrel) (As of Friday)

First solar irrigation project launched

STAFF CORRESPONDENT, Patuakhali

Central Bank Governor Atiur Rahman yesterday opened the country's first solar energy-based irrigation project in Kumarkhali village in Barguna.

The project, powered by 48 solar panels, will be able to lift eight lakh litres of water a day. It was set up at a cost of Tk 38 lakh.

"The water will help bring 40 acres of land under cultivation benefiting 83 families," said Golam Mostafa, executive director of Rural Development Forum that implemented the project.

The project was brought to light with financial help from Mutual Trust Bank and technical support from Rahimafrooz.

Bangladesh Bank Deputy Governor Murshid Kuli Khan was present at the inauguration.

Yarn prices spiral up

REFAYET ULLAH MIRDHA

Yarn prices have spiralled back up, marking a rise of around 6 percent in a week on the back of a cotton price hike, industry insiders said.

The widely consumed 30-count yarn, used for knitwear products, was selling at \$3.70-\$3.75 per kg yesterday. The price was \$3.50-\$3.55 per kg a week ago, they said.

The yarn price hit a record high in May this year when the 30-count yarn was selling at \$4.50 per kg due to a shortfall in yarn supply and the price hike of cotton in the international market.

A yarn trader in Pabna said yesterday that 80-count yarn was selling at Tk 17,000-Tk 19,000 per 100 pounds. The rate was Tk 16,000-Tk 17,500 a month ago.

The trader also said 60-count yarn was selling at Tk 15,000-Tk 18,000 per 100-pound, up from Tk 15,000-Tk 16,000 a month ago.

The upward trend in yarn prices will hamper export growth, said the outgoing president of Bangladesh Knitwear Manufacturers and Exporters Association, Fazlul Hoque.

"We can hardly make any profit

when the prices of yarn go up." The garment industries suffer from a production shortfall due to acute gas and power crises, he added.

"It's time for a rebound in exports as the largest apparel supply country, China, is losing its international buyers to Bangladesh. The higher prices of yarn will hamper export growth."

Bangladesh Textile Mills Association, said the yarn price started rising because of a poor supply of the item. "Also spinning mills can't utilise their full production capacity due to power and gas crises."

The prices of cotton increased in the international market over the last few months, he said.

Cotton now sells at \$1.01 per Abdul Hai Sarker, president of pound in the local market, while the reefat@thedailystar.net

He said import of raw cotton

price was 60 cents a few months ago.

stable compared with the previous

"But, the yarn market is still

A worker

stacks bob-

bins of yarn

at a factory

in Gazipur.

reflects an

effect on the

AMRAN HOSSAIN

adverse

export

apparel

items.

growth of

An increase

in yarn prices

from India is yet to resume officially. The Indian government imposed a ban on export of raw cotton in April 21.

higher prices."

Difference of opinion on industrial policy

REJAUL KARIM BYRON

The Finance Division has differed with a proposed industrial policy on different aspects, including privatisation.

The policy said a committee would be formed to decide on what to be done regarding the closed industrial units. However, no initiative will be taken for new project or reviving the old ones without settling the dues.

In line with the new policy, stateowned industrial units, if necessary, will be turned into corporate organisations or public limited companies to ensure their efficient management.

But the Finance Division has recommended dropping the proposal off the policy.

This is part of a series of recommendations the Finance Division made in its written reaction to the industrial policy.

industrial policy underscores attempts to turn loss-making public organisations into profitable ones before privatisation. But the Finance Division thinks there is no need for this. It says alternative employment for the existing manpower should be ensured before privatising any state organisation.

A Finance Division official said there is no need for efforts to turn the closed or loss-making industries into profitable ventures, because such attempts would mean a further waste of public funds.

The proposed policy suggested division of sick industries in two categories. It also said initiative should be taken to reopen the industries, which have some prospects, and the rest should be excluded from the industrial sector.

But the Finance Division opposed taking any initiative to revive some industries.

possibility of becoming viable. If those are given any facility, they will only take the benefits and become sick again, the official said.

The proposed policy said steps will

be taken to revive all types of stateowned jute mills, but the Finance Division suggested favouring the mills that are now in operations. The proposed industrial policy

recommended taking a package programme to rehabilitate the industries that have gone bankrupt, while the Finance Division suggested roles of the banking sector. The existing tax break facility can

continue in future depending on the area, according to the proposed policy. But the Finance Division said the facility should continue for a specific period.

The proposed policy said if the finalised. National Board of Revenue does not give its decision to the applicants for getting tax holiday benefit within 45 The Finance Division official said days of receipt of such application, the industries that have been sick it would be considered as granted. the industrial policy was taken in Another major difference is, the for the last 15 years or more have no No application can be rejected 2008.

without hearing the applicant. The Finance Division suggested the whole provision go.

The proposed policy also said export earnings from cottage industries and jute goods would be 100 percent tax-free till June 30, 2015. But the Finance Division suggested dropping the provision and said it would be right to continue the scope given in the present income tax act for the sector. An official of the industries min-

istry said they have recently sent the draft industrial policy to the Cabinet Committee on Economic Affairs for approval, incorporating some recommendations of the Finance Division.

After discussion in the committee, the proposed policy will be

However, officials said finalisation of the industrial policy was delayed because of the privatisation policy. The initiative to formulate

Weak safeguard ails BSCIC

Barua tells roundtable

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STAR BUSINESS REPORT

A lack of government attention in the past has turned Bangladesh Small and Cottage Industries Corporation (BSCIC) into a 'sick organisation', said the industries minister yester-

"BSCIC became a sick organisation just because of a lack of strengthening initiatives. Although, we get revenue worth Tk 1,750 crore a year from BSCIC, none of the previous governments took steps to better its infrastructure," said Dilip Barua.

In many districts, its industrial estates do not even have road connections, he said. All employees are appointed on a temporary basis, he added.

"But we are taking measures to restructure the organisation," said Barua

He was speaking at a roundtable on light engineering, electrical and electronics industries in Bangladesh, coorganised by the Bangladesh University of Engineering and Technology Alumni Association and The Daily Star at the newspaper's office in Dhaka.

In addition, the government is taking steps to strengthen Bangladesh Standard and Testing Institution (BSTI) and Bangladesh Industrial Technical Assistance Centre (BITAC), to ensure the quality of local products, said the minister. "We have to promote the local industries, be it large manu-

facturing units or small and medium enterprises. Otherwise, our local industries will not grow, and the country will become a captive market for others," said Barua. "For that, the government has to change its mindset and

make long-term policies to promote the local industries. We will end the old practice of taking ad-hoc steps." "We formulated an industrial policy and will make it

public by the end of this month," added the minister. The government has opened a research and development wing at the industries ministry to boost the creativity and innovation of the local industries.

In his keynote paper, M Kamal Uddin, head of Institute of Appropriate Technology of BUET, said the government should provide tax facilities to the entrepreneurs of light

engineering, electrical and electronics sectors. "At present, these small and medium industries are facing sever difficulties regarding the taxes and value-added taxes (VAT) imposed on them. Anomalies in the duty, tax and tariff structures are hindering the growth of local industries, spe-

cially small enterprises.' He suggested VAT exemptions on repair and maintenance services, and introduction of VAT on truncated value as a second option.

In another paper, K Siddique-e Rabbani, chairman of Biomedical Physics and Technology of University of Dhaka, suggested the government modify tax policy to make the local industries competitive against the imported items.



Micromax makes Bangladesh debut

STAR BUSINESS DESK

Indian handset maker Micromax has set foot in Bangladesh by launching a series of mobile sets. Reach Distribution Ltd, a sister concern of Giant Group in

Bangladesh, will distribute the handsets through more than 2,500 sales outlets. Micromax launched



and three CDMA --priced between Tk 2,000 and Tk 16,000, the company said in a state-The phone models

will include feature-rich mobile phones, ranging from 30-day battery backup, dual SIM, QWERTY chat-phones, music-touch phones, lifestyle phones to utility phones.

Micromax already has a presence in Hong Kong, US, Dubai, Nepal and Sri

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Lanka. "We have been keenly observing the Bangladesh telecom market for the tremendous growth it has undertaken over last few years. We are sure that wireless communication has a

great future in the country," said Vikas Jain, business director of Micromax Informatics Ltd.





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