

STOCKS		COMMODITIES		ASIAN MARKETS		CURRENCIES						
DGEN	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY	
1.44%	1.31%	\$1,419.50	\$91.72	0.22%	closed	1.43%	closed	BUY TK	70.55	92.00	107.84	0.85
8,184.71	15,056.26	(per ounce)	(per barrel)	20,555.17		3,235.77		SELL TK	71.55	97.09	112.97	0.93

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# STAR BUSINESS

DHAKA TUESDAY JANUARY 4, 2011, e-mail:business@thedailystar.net

## LankaBangla ranks top on bourses, plans diversification

SARWAR A CHOWDHURY

LankaBangla Securities retained its top position on the turnover lists of the bourses last year, and now plans to diversify business.

"Besides brokering and margin trading, we plan to diversify our business," said Mohammed Nasir Uddin Chowdhury, chief executive of LankaBangla.

"The diversification could be in the form of equity financing to both listed and non-listed companies," he said.

The stockbroker will need a good capital structure to carry out the equity financing. "To increase our paid-up capital, we have already submitted our proposals to the regulator for raising funds from the public through IPO using book-building method," he said.

Through the initial public offer, the brokerage firm wants to float three crore ordinary shares of Tk 10 each. The indicative price of LankaBangla share has been fixed at Tk 250.

Its existing paid-up capital is Tk 55 crore and will reach Tk 85 crore after the IPO (if approved).

Chowdhury also said: "We always want to educate our retail investors through awareness programme, and this year we will focus more on this."

LankaBangla retained the most active member position for the fifth consecutive year on Dhaka Stock Exchange and for the seventh year on Chittagong Stock Exchange, according to statistics from the two bourses.

The stockbroker's turnover on the premier bourse in 2010 was Tk 49,242 crore, which was 6.14 percent of the total turnover on the bourse. On the port city bourse, the broker's turnover was Tk 6,794 crore, 9.96 percent of the total turnover.

sarwar@thedailystar.net



**STAR**  
Sewing machines remain idle after Azim Group suspended operations of four sweater units in Chittagong yesterday, fearing labour unrest. (Story on B3)

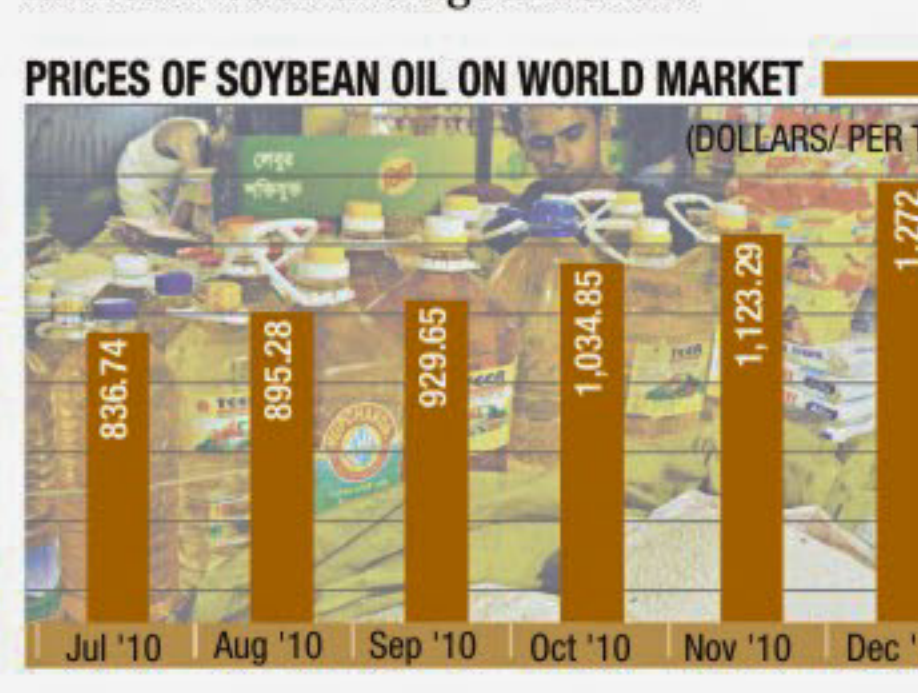
## Price control pulls down oil import

### Commerce ministry sits again today

SAJJADUR RAHMAN

The import of edible oil marked a drastic fall in the last two months, as fears of losses have gripped the importers due to the government-set prices that they said are lower than their costs.

The importers opened letters of credit (LC) for only 11,000 tonnes and 7,000 tonnes in November and December respectively against monthly average demand for one lakh tonnes. Earlier, businessmen imported 80,000 tonnes to one lakh tonnes on average a month.



"We are not importing the item, as costs exceed the sales prices set by the government," said a top importer of cooking oil, both soybean and palm oil.

Stocks are also running out, presently standing at only 1.5 lakh tonnes, slightly over a month's requirement.

The commerce secretary sits again today with edible oil importers and traders to discuss the issue. On December 22, the minister set the retail price of soybean oil at Tk 89 per litre, but it was not followed. A month ago, the price was

set at Tk 83 per litre.

The price of soybeans rose to 28-month high as hot and dry weather threatens crops in Argentina, the world's biggest shipper of cooking oil made from oilseed. Palm oil also climbed to a 33-month high following a prolonged drought in regions of South America.

Soybean oil traded at \$836.74 a tonne on the international market in July 2010, which rose to over \$1,123 in November. The price further went up to nearly \$1,300 in December. The freight charge of \$60 a tonne pushes the price up at \$1,350.

Data shows that the import cost of one litre oil exceeds Tk 90 and refining costs take it to more than Tk 100 a litre.

"Per litre of oil costs us Tk 116-Tk 120. How can we sell it at Tk 89 a litre?" said Mostafa Kamal, chairman of Meghna Group of Industries, one of the biggest importers of cooking oil. Meghna markets under the brand name of Fresh.

Other large importers include City Group, TK, S Alam and Noorjahan.

Under the price pressure, most of the importers are now least interested to import edible oil, while the retailers are selling the item for Tk 100-Tk 105 per litre ignoring the government-set price of Tk 89.

"We buy it at Tk 98 a litre from the refiners," said Akhteruzzaman, a retailer at the city's Kathalbagan area. He said the refiners never sold the item at the government-set price.

## Frozen food exports return from losses

SOHEL PARVEZ

The frozen fish and shrimp sector is returning from the past two years' losses thanks to a rise in prices, as demand for seafood is going up on the global market.

The export volume has not increased.

A shortage of supply of shrimp and prawns bars the 10 lakh-job providing sector from taking full advantage of the rise in prices on the international market, industry insiders say.

Between July and November of fiscal 2010-11, export earnings from frozen foods surged 40 percent to \$266.21 million, from a year ago, according to the Export Promotion Bureau.

Exporters attributed the rebound in export earnings to recovery from recession in Europe and the USA.

"We received good price offers for our products. That's why our exports increased in terms of value," said Kazi Belayet Hossain, former president of Bangladesh Frozen Foods Exporters Association.

The July-November data stood higher than in the same period of fiscal 2008-09. In July-November of fiscal 2008-09, exporters fetched \$242.38 million.

The economic meltdown and its impact led to a slump in demand for shrimps and frozen fish in Europe and the USA in the past two fiscal years.

A six-month voluntary ban on prawn exports to the EU and a fall in output due to a reduction in farming area after Cyclone Aila in 2009 had also widened the losses in export earnings earlier.

The global market is now moving up, said Masudur Rahman, director of Fresh Foods Ltd, a leading exporter.

"A rise in prices indicates more demand and consumption in Europe and America," he said.

Khan Habibur Rahman, senior executive director of another leading exporter, Lockpur Group, said the prices rose between \$1-2 a pound on the international market in the last one year.

The sector, however, could not reap the benefit of increased prices fully due to lack of production of shrimps and prawns.

Khan linked the rise in prices to a fall in catches in the USA after the oil spill in the Gulf of Mexico.

"Prices went up in the USA and it later caused a spike in prices on the European market," he said.

"It's a good sign. Higher prices will encourage farmers to grow more shrimps," said Khan, expecting that a rise in production will help the sector heal the wounds.

## Remittance flow loses pace

REJAUL KARIM BYRON

Remittance growth slowed last year compared to the previous year, and the inflow fell short of the yearly target by \$1 billion.

The growth was 2.62 percent in the last calendar year against a target of \$11 billion. In the last few years, the growth hovered around 15-30 percent.

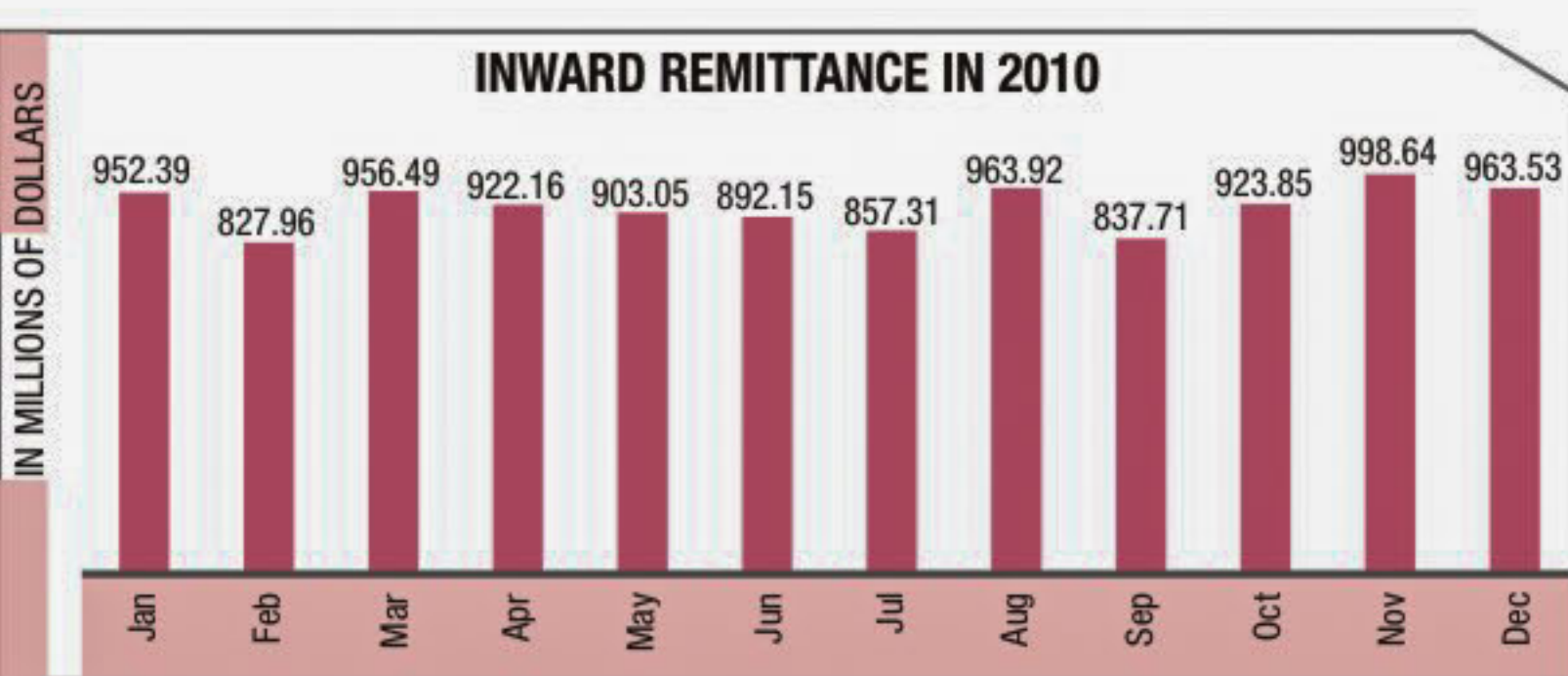
The remittance inflow was \$10.99 billion last year, and \$10.71 billion in 2009.

Officials at the finance ministry and Bangladesh Bank (BB) linked the declining growth to the fall in manpower export and the reduced earnings of the expatriates.

According to labour and employment ministry data, manpower export fell by about 18 percent last year.

A high official of the central bank said Bangladesh in the current year faces the dual challenge of containing inflation and increasing manpower export.

Remittance inflow plunged in December last year compared to November, BB data showed. In December the amount was \$963.53 million, down from \$998.64 million



in November.

The growth of remittance showed a downward trend from the beginning of the year 2010, mainly from July.

A BB official said, apart from a fall in manpower export, many expatriate workers have returned home after losing their jobs abroad. Also, the decline in the export of skilled manpower dampened remittance inflow.

Refugee and Migratory Movements Research Unit (RMMRU), a research and policy advocacy institution, in a study in December said the export of skilled manpower went down last year, while the trend is upward among the unskilled segment.

The government took some steps

last year to increase the export of manpower, such as setting up of an expatriate bank and digitalisation of the recruitment process, according to the findings of the study.

However, it said some more measures are required to improve the migration situation.

The RMMRU suggested laying highest emphasis on manpower export during the sixth five-year plan tenure.

A finance ministry report on macro-economic situation prepared last month said export of manpower, especially the skilled ones, is a big challenge for Bangladesh. The report recommended expanding Bangladesh's labour market in the countries in Eastern Europe and North and South Africa.

## Govt team off to Riyadh

STAR BUSINESS REPORT

Bangladesh will sign an agreement with Saudi Arabia today to ban double taxation to facilitate trade relations between the two countries, the commerce ministry said.

An 18-member delegation led by Commerce Minister Faruk Khan left Dhaka for Riyadh yesterday to sign the deal and hold talks to further ties.

The delegation also comprises five government officials and 12 business members.

The commerce minister is scheduled to hold talks with finance, commerce and industries ministers of Saudi Arabia during the two-day official visit.

The delegation will also sit with Riyadh Chamber of Commerce and Industry and non-resident Bangladeshis.

Khan will also attend a seminar on investment and remittance, said a commerce ministry statement, before returning home on January 8.

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