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Business

DHAKA WEDNESDAY MAY 25, 2011, e-mail:business@thedailystar.net

Price fall hurts poultry farmers

SOHEL PARVEZ

Poultry farmers and hatchery operators are passing hard times because of falling prices of their produce due to increased supplies. Sporadic attacks of avian influenza are partly to blame.

Prices of broiler chicken meat were 11 percent lower at Tk 120-125 a kg yesterday, compared to the previous year.

Similarly, the prices of four eggs were 4 percent down at Tk 23-24 from Tk 24-25 a year ago, according to Trading Corporation of Bangladesh.

Poultry farmers said the fall in the prices of eggs and chicken meat have caused them losses as the production costs have gone up because of the rising feed prices.

MM Khan, secretary general of Bangladesh Poultry Industries Association (BPIA) linked the fall in prices to increased supply of both eggs and meat in the market. Demand has not gone up keeping pace with the rise in supply, he said.

"It appears that a lot of people have cut eggs or chicken off their menu because of a rise in their living costs. A section of people cannot afford meat or eggs any more after spending all their money for procuring over-priced rice and other essentials," said Khan.

He also linked the availability of alternative protein sources such as fish to the shrinking sales of chicken and eggs.

Not only the farmers, hatcheries that produce day-old chicks (DOC) for sales to the farmers, also suffered for a slump in the prices of DOCs of both broiler and layer due to a surge in production.

Encouraged by high prices of broiler and layer DOCs at Tk 55-65 per piece last year, the hatcheries, especially the large ones, as well as the newcomers went for higher production.

The weekly production of broiler DOCs rose to 80 lakh from 60-65 lakh earlier. The production of DOCs to produce eggs also increased during the same period leading to a fall in the prices.

In addition to the price fall, intermittent attacks of avian influenza have deepened the woes of the industry of 100,000 farms that ensure jobs for millions.

Breeders' Association of Bangladesh estimates that several outbreaks of the disease have caused Tk 700 crore losses in the current year alone. Last month Food and Agriculture Organisation said the avian influenza situa-



tion is 'endemic' in Bangladesh.

Khan of poultry industries association said: "It's the most crucial time for the industry."

"Prices of all the poultry products are low but feed costs are higher at a time when outbreaks of avian influenza have made the situation worse, coupled with the government nod to imports."

Early this month, the breeders' association President Kazi Zahedul Hasan claimed that the industry incurs a loss of Tk 5-10 crore daily.

Khandker Mohsin, who has 28,000 layer birds at his United Agro Complex in Gazipur, also said he had to incur losses, citing that he sold an egg at Tk 4.8-Tk 5, whereas his production cost was Tk 6-Tk 6.20.

In May-June last year, the egg production cost was Tk 5.55-Tk 5.60 apiece. "It went up gradually because of the rising cost," he said, blaming increased prices of feed, labour and vaccines. Mohsin said feed alone accounts for 70 percent of their production cost and it rose due to a spike in the prices of maize and other feed ingredients.

Realtors caught in energy crunch

SAYEDA AKTER

Real estate is likely to embrace new challenges in the upcoming fiscal year, while the sector is struggling to find a balance between declining sales and getting utility connections to new residential and commercial units.

At the same time, the government is yet to respond to the sector's demand for restructuring the increased rate of advance income tax (AIT) and tax at source, what insiders claim is a must for the industry to flourish further.

Apart from this, the realtors are worrying about whether the government would continue the scope for legalising black money through investment in the real estate sector. If not, they said their sales would drop by 20 percent in the coming year.

Industry insiders demanded the government develop a special fund to finance the middle and lower-middle income groups of people, so they can take loans from that fund at a competitive rate of interest for buying accommodation.

In recent months, sales of land and apartment have dropped by 30 percent due to a lack of new electricity and gas connections to residential and commercial projects and an increase in land transfer costs.

Insiders claimed that the realtors and developers have failed to deliver nearly 10,000 ready apartments worth Tk 8,000 crore to the clients on time.

In addition, due to a lack of electricity connections, a total of 700 new projects comprising an estimated 10,000 apartments had to suspend construction works, affecting the demand for land or apartments in Dhaka and other cities and towns in

2011-12 BUDGET

the country.

Also, the demand for apartments has been on the wane among the local and non-resident Bangladeshis, while the country has been deprived of an additional Tk 800 crore in remittances just because of this reason.

Recently, the government has started giving electricity connections to new residential projects after a halt of nearly two years, on condition that an urban residential or industrial unit has to manage 7-10 percent of its total loads from solar power.

And apartments and other small-scale residential power consumers will have to bear the costs of solar panel installation, as a precondition to get electricity connection.

The current government suspended giving new electricity connections to new residential and industrial units soon after taking charge in January 2009, mainly due to limitations in power supply.

Small-scale consumers, particularly in rural areas who consume less than 2,000 watts, started getting new connections. However, the urban consumers are yet to get the facility, as they are assumed to consume more than 2,000 watts.

This new decision has created misunderstanding and unhappiness among both the consumers and local real estate developers and home-makers.

The developers said installing a solar panel in an apartment will increase their total cost. They also cannot expect new gas connections to their fresh projects soon.

"The clients do not clear their

payments, and we cannot keep promises to deliver projects to them on time. Now, it would not be realistic to ask them to pay for solar panel installation," said Tanveerul Haque Probal, managing director of Building for Future Ltd.

"We still lack necessary infrastructure to set up solar panels in every apartment," he said, adding, "Solar panels and other equipment are pricey."

Probal also called upon the government to continue the option of allowing the investment of black money in the sector. "Otherwise, this investment will shift to other countries, for example where the cost of housing is more competitive compared to ours."

In addition, the government is likely to introduce property tax in the national budget for 2011-12, which the homemakers and realtors feel an added burden amid reduced demand for land and apartments.

The developers and realtors think the country is not ready yet for this new tax, which will discourage investments in the sector, and will fuel house rent.

The realtors also demanded the government revise the increased land registration fees that created a deadlock in the land registration process.

"The government should take a quick decision about restructuring the increased rate of advance income tax and the tax to be deducted at source on apartment registration fees," said Toufiq M Seraj, managing director of Sheltech (Pvt) Ltd.

He said the tax at source on apartment registration has been increased 10 times, creating a deadlock in the sector.

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Stocks break losing trend

STAR BUSINESS REPORT

Stocks broke a four-day losing streak as the finance minister clarified in parliament that there would not be any tax on capital gains and the government did not make it mandatory for investors to have tax identification numbers.

The benchmark general index of Dhaka Stock Exchange (DGEN) gained 67 points, or 1.26 percent, to close at 5,444.

The selective categories index of Chittagong Stock Exchange (CSCX) increased 111 points, or 1.19 percent, to 9,786 points.

After falling for the fourth straight day, the index gained heavily in the morning session buoyed by optimism that there will be a midterm reversal.

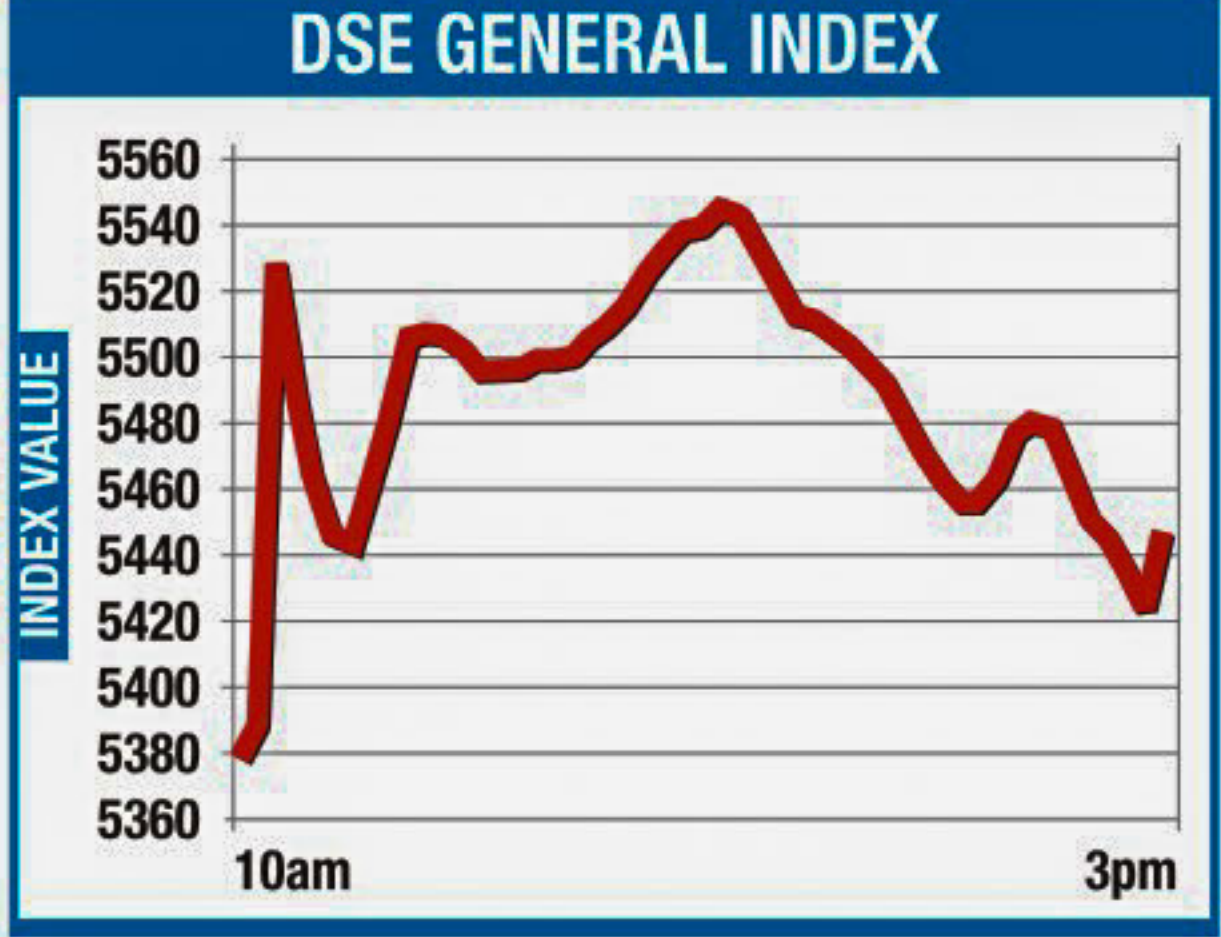
"The finance minister's remarks in parliament reassured the investors of making a qualitative improvement in the market," LankaBangla Securities said in its daily market analysis.

In the morning session, DGEN gained 173 points, breaking the 5,500 resistance level established a day before.

But the index started to falter from the beginning of the afternoon session due to lack of volume sup-

port. An accelerated fall during the closing hours worried the investors about sustainability of the index at the current level next day.

On the whole, the market turnover was Tk 349 crore, or 1.7 percent higher than Monday's Tk 344 crore.



Around 3.86 crore shares changed hands on the DSE. On the DSE floor, 216 shares gained while 39 shares declined. A total of six shares remained unchanged.

Money market instability and heavy import payment using dollars before the budget are causing a liquidity crunch in the market, said LankaBangla.

Most of the major sectors gained on the day: banks lost 0.74 percent, non-bank financial institutions 1.60 percent, telecoms 1.21 percent, pharmaceuticals 0.80 percent, and fuel and power 0.70 percent.

MI Cement Factory Ltd topped the turnover leaders with 8.49 lakh shares worth Tk 11.50 crore changing hands.

Meghna Cement was the biggest gainer of the day, posting a 9.99 percent rise in its share prices, while Southeast Bank First Mutual Fund was the worst loser, slumping by 20.58 percent.

Holcim opens concrete innovation lab

STAR BUSINESS REPORT

Holcim Bangladesh yesterday opened a concrete innovation and application centre, an aggregate testing laboratory, at its corporate office in the city to reach more customers and ensure quality of construction.

Prof Jamilur Reza Choudhury, former vice chancellor of BRAC University, inaugurated the lab. Aidan Lynam, head of Holcim for Southeast Asia, and Rajnish Kapur, Holcim Bangladesh managing director, were

also present.

Officials said the material testing laboratory will set quality trends in product, materials, workmanship, and verify compliance with project specification. All materials testing service will be performed in accordance with national and international standard, they added.

Kapur said there is a gap in providing services regarding mix and applications in the industry in Bangladesh. "This centre will help the company bridge the gap and get closer to customers."

Choudhury said this type of lab is very important for Bangladesh, as the country moves to build major infrastructures such as bridges, elevated expressways and flyovers.

Lynam said the Switzerland-based company does not want to remain a cement supplier in Bangladesh alone. "So, we set up the centre for excellence, which will help us move beyond cement. It will also help us become a solution provider. It will be a point between customers and the company. We will also be able to give what our customers demand."

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