

Govt hikes sugarcane prices by 12pc

SOHEL PARVEZ

The government has increased sugarcane purchase prices by 12 percent a quintal in a bid to revive cane farming.

The price hike is meant to give incentives to farmers who are switching from cane cultivation to other crops to earn more.

From the coming crushing season, 15 state sugar mills under Bangladesh Sugar and Food Industries Corporation (BSFIC) will buy canes at Tk 250 a quintal (100kg) at the mill gate, up from Tk 222.37 in the previous crushing season.

BSFIC has increased cane prices at its purchasing centres to

Tk 244 from Tk 217 a year earlier.

"We have increased the prices to encourage farmers to grow sugarcane," said ABM Khorshed Alam, additional secretary of the industries ministry, which oversees BSFIC.

Sugarcane farming shrank to 2.9 lakh acres in fiscal 2009-10 from 3.12 lakh acres a year earlier. Areas under sugarcane were 4.72 lakh acres in fiscal 1990-91, the highest in two decades.

Production also declined in the same period, according to data from Bangladesh Bureau of Statistics.

The hike in procurement prices of cane came after a lobby-

ing group of sugarcane farmers, Bangladesh Chinikal Aakhchashi Federation, demanded a spike to Tk 120 from Tk 83 per maund (37.32 kg) because of rising production costs.

The group also threatened to stop supplying canes to the government mills in the crushing season starting November.

"We are not happy with the price increase. Molasses makers buy canes at higher prices than the government pays," said Golam Sarwar, president of Chinikal Aakhchashi Federation.

He said the group is yet decide if it will withdraw the previously announced programme of

refraining from supplying canes after the price hike.

"The government mills do not get adequate supply of cane because of low procurement prices," said Sarwar, claiming that many farmers sell cane to molasses producers and cane-juice makers due to low procurement prices of the state mills.

"Mills will get more sugarcane and utilise their full production capacity if the government pays us higher," he said.

State sugar mills require crushing 26-27 lakh tonnes of cane for full utilisation of their total production capacity of 2.10 lakh tonnes.

But these mills cannot operate

to the fullest of capacity, failing to get enough canes to crush, according to BSFIC Secretary Ferdous Begum.

"We expect sugarcane supply will increase due to the incentive," she said, adding the new price will be effective in the next crushing season.

To produce 1.35 lakh tonnes of sugar, the mills under BSFIC plan to crush 17.96 lakh tonnes of sugarcane in the 2011-12 season, up from 15.82 lakh tonnes in the previous season, the official said.

In fiscal 2010-11, the government sugar mills produced 1 lakh tonnes of sugar, up from 62,000 tonnes a year ago.



RANCON MOTORS

M Azizul Huq, managing director of GlaxoSmithKline, launches a free service campaign for the vehicles of Rancon Motors, general distributor of Daimler AG in Bangladesh, at a programme in Dhaka recently. The campaign that started yesterday ends on Friday. Daniel Seidl, executive director of Bangladesh German Chamber of Commerce and Industry, and Romo Rouf Chowdhury, managing director of Rancon Motors, were also present.



IDCOL

Infrastructure Development Company Ltd (IDCOL) has recently signed a deal at a programme in Dhaka with Seed Bangla Foundation for setting up five bio-electricity plants in five poultry farms. IDCOL will channel concessionary loans to the project.

Stocks remain gloomy

STAR BUSINESS REPORT

Dhaka stocks declined yesterday, the indices losing 2.33 percent, following a market free fall due to investors' low confidence.

The falling trend of the market was at its worst in the last 12 days as the benchmark General Index, DGN, the Dhaka Stock Exchange indicator, closed at 5,763 after falling 137 points. The benchmark index registered a second straight losing session.

"Investors lost their confidence as they were yet to see any workable action from the private and public sectors to boost the bourses," said Akter H Sannamat, a chartered accountant and market analyst.

Sannamat said most investors were demanding immediate action from the bourses as price support in the bearish market.

The market regulator should take pragmatic initiatives to bring back normalcy in the market, he added.

Yawer Sayeed, managing director of Aims, an asset management company, also agreed. He said small investors lost confidence and institutional investors seemed confused by hasty comments from stakeholders.

The session witnessed a weak beginning and the fall accelerated as the session progressed, said a statement by Lanka Bangla Securities, a leading stockbroker.

Investors adopted a conservative view of the forthcoming earning declaration of the

bellwether sectors, it said.

Activities declined in the bourse -- turnover, volume and trade plunged 24.49 percent, 13.29 percent and 14.87 percent.

A total 92.28 thousand transactions were executed during the session, generating a turnover of Tk 322 crore with 3.83 crore shares traded.

Of the total 259 issues traded on the DSE, 235 declined and 17 advanced. A total of seven securities remained unchanged.

Summit Power was the most active share in terms of turnover with 17.10 lakh shares worth Tk 15.74 crore changing hands.

Bangladesh Shipping Corporation was the biggest gainer of the day, posting a 4.56 percent gain, while the BRAC Bank 25 percent Subordinated Convertible Bonds lost the most, plummeting 6.23 percent.

In another development, Securities and Exchange Commission imposed a penalty of Tk 3 lakh on KHB Securities for violation of Rule 3(2) of the Margin Rules Act, 1999.

The Chittagong Stock Exchange also declined yesterday with the Selective Categories Index, CSCX of CSE, going down 203 points or 1.91 percent, to end the day at 10,461.

The port city bourse traded 59.64 lakh shares and mutual fund units worth Tk 42.18 crore. Losers beat advancers 159 to 11. A total of three securities remained unchanged.

Single member company comes under spotlight

STAR BUSINESS REPORT

Leading businessmen have asked the government to incorporate the concept of a single member company in the new companies act to be formulated by next year.

They made the suggestion at a consultation on drafting a new companies act for Bangladesh at Ruposhi Bangla Hotel in Dhaka yesterday.

International Finance Corporation, which is helping the government draft the laws, has jointly organised the programme with the Federation of Bangladesh Chambers of Commerce and Industry.

"A single member company is present in many countries and time has come to incorporate it in Bangladesh," said AK Azad, FBCCI president.

Beximco Group's Vice-chairman Salman F Rahman has also supported the idea and said single proprietorship must go.

The difference between a sole proprietor business and a single member company lies with the liability, which is unlimited for a sole proprietor and limited for a single member company on the basis of shareholding.

Barrister Tanjib-ul Alam made a presentation on the reform of the Companies Act 1994, referring to the latest situation in other countries.

He also proposed allowing a single member company in the new laws.

The Companies Act 1994 does not allow formation of a single member company though it is present in many countries including Pakistan.

Alam also made a series of recommendations including no object clause, codification of directors' duties, restriction on payments of dividends, appointment of alternate directors, minority protection and remedies, derivative action, electronic

communication and easing up registration of foreign companies.

Azad said companies laws are not up to the mark in Bangladesh and often cause troubles to the businesses.

He cited example that if a person fails to submit tax returns on time he may be imprisoned for six months. According to the existing laws, not having licence for possessing a radio or television set is also a crime, he added.

"We should review the whole thing (laws) and the situation in other countries including the neighbours," said Azad.

Rahman of Beximco said many provisions in the present companies laws are obsolete and make businesses confused.

"The definition of stocks confuses everybody...this is very old," he said, adding that there are a lot of such issues in the laws that confuse businessmen.

Masrur Reaz, programme manager of the IFC, also spoke.

India scraps 32 rupees a day poverty rate benchmark

REUTERS, New Delhi

The Indian government yesterday said it would stop a controversial rate of 32 rupees (\$0.65) a day being used as a benchmark for access to anti-poverty programmes, a move which could raise the cost of its pro-poor agenda as it battles political storms.

The benchmark -- barely enough to buy a return ticket on

New Delhi's underground -- has been used for years to help calculate who gets subsidies in a country where malnutrition rates in some states are worse than the sub-Saharan Africa despite Asia's third largest economy enjoying years of economic boom.

Instead, the Indian government wants to rely on an official survey to identify subsidy beneficiaries under a new food security

bill promoted by Sonia Gandhi, the powerful head of the ruling Congress party.

"The (government) planning commission is not taking the view and has never taken the view that benefits should be restricted to only those below this poverty line," Planning Commission deputy chairman Montek Singh Ahluwalia, one of the Indian government's top policy advisors, told reporters.



REHAB

Abdul Mannan Khan, left, state minister for housing and public works, receives a crest from Nasrul Hamid, president of Real Estate and Housing Association of Bangladesh, at the opening ceremony of REHAB Housing Fair, Toronto 2011, in Canada on Saturday. Fifty-one developers from Bangladesh took part in the event that ended yesterday.

City Group opens sugar plant

STAR BUSINESS DESK

City Group has recently set up a sugar refinery at Rupshi in Narayanganj, the group said in a statement yesterday.

Newly-formed company City Sugar Industries Ltd will produce 5,000 tonnes of sugar daily in the plant.

"Setting up the world's largest sugar refinery in Bangladesh is a matter of pride not only for City Group, but for the nation also," said Fazlur Rahman, chairman and managing director of City.

City Group, a conglomerate of 22 industries, has

Alibaba chief 'interested' in buying Yahoo!

AFP, New York

The head of Chinese Internet giant Alibaba is "interested" in buying Yahoo! and has been approached by private equity firms and other groups about doing a deal, The Wall Street Journal reported Monday.

Jack Ma, chief executive of Alibaba, China's top online retailer, was quoted as making the comments at a "China 2.0" event at Stanford University on Friday, according to the newspaper.

A spokesman for Ma told the Journal that he did not wish to elaborate on Ma's remarks, as "they speak for themselves."

A memo sent to Yahoo! employees last month said the struggling US Internet company was fielding inquiries from "multiple parties" interested in the business in the wake of the firing of its chief executive Carol Bartz.

The memo was disclosed amid reports that Yahoo!'s board is looking at selling all or part of the company.

Alibaba is 43 percent-owned by Yahoo! and is considered one of its best assets, but the relationship between the two was strained earlier this year in a dispute over Alibaba's online payments platform Alipay.

Alibaba Group includes Taobao, China's largest online marketplace with more than 800 million product listings and 370 million registered users.

Yahoo! notified the US Securities and Exchange Commission in May that ownership of Alipay had been shifted to a Chinese firm owned mostly by Ma.

But Yahoo! said the transfer was done without the knowledge or approval of Alibaba's board of directors or shareholders.

Ma has insisted that Yahoo! was informed of the transfer of ownership and it was done to comply

Drugs firm GSK eyes India acquisitions

AFP, London

British drugmaker GlaxoSmithKline is in the market to buy assets in India at a total cost of up to \$2.0 billion (1.5 billion euros), its chief executive said in an interview published on Monday.

Chief executive Andrew Witty told The Times newspaper that GSK was seeking "bolt-on acquisitions" as it seeks to further exploit opportunities in the rapidly-growing Indian market.

"India is clearly on the radar," Witty said during a recent visit to Mumbai, adding that the group would spend between \$500 million and \$2.0 billion on acquiring assets.

"I would love to buy something in India," he said, but cautioned that GSK was unlikely to seek large-scale takeovers and would not pay over the odds.

"We already have an enviable brand in India so there is no need for us to pay a strategic premium. Others might need to do that, but we don't," he added.

Witty has made emerging markets one of his key strategic priorities since becoming GSK chief executive.



PUBALI BANK

Md Mosharraf Hossain, general manager of Pubali Bank, and SM Shamsul Arefin, managing director of Uttara Finance and Investments Ltd, exchange documents after signing a term loan agreement for Tk 10 crore. Helal Ahmed Chowdhury, managing director of the bank, was also present.



HOLCIM

Rajnish Kapur, managing director of Holcim (Bangladesh) Ltd, attends a programme to celebrate the Swiss company's 99th anniversary at a Holcim plant in Dhaka recently.



ALWAYSON

Reaz Shaheed, fourth from left, managing director of AlwaysOn Network, and Mahir Ali Khan Ratul, director of Rupayan Group, exchange documents after signing a corporate agreement at Rupayan's office in Dhaka recently. AlwaysOn will provide internet services to all Rupayan offices in the country.