

DHAKA MONDAY NOVEMBER 5, 2012, e-mail:business@thecitizenstar.net

HC questions sales of Pran fruit drinks

Processed-food maker says it has withdrawn all fruit drinks containing BSTI logo

STAR BUSINESS REPORT

The High Court yesterday asked the government to explain in two weeks why it should not be directed to stop production, marketing and sales of fruit-flavoured drinks produced by Pran Group.

The HC came up with the rule following a writ petition that claimed there is no element of pure fruits in the drinks of strawberry, mango, pineapple, apple, orange and litchi produced by Pran, a leading processed-food maker.

Advocate Manzill Murshid, president of Human Rights and Peace for Bangladesh, filed the petition yesterday following a report published in the daily Amader Shomoy on October 23.

The report said Pran Group's fruit-flavoured drinks were still in the market after its licence was cancelled for non-compliance with standards set by Bangladesh Standards and Testing Institution (BSTI).

The petitioner has stated that fruit drinks produced by the company are risky and harmful for health although people, particularly children, consume the drinks considering those good for health.

There is no vitamin other than preservatives in such fruit drinks, Manzill said, adding that if the production and sales of the products are not stopped, it would increase health risk and will harm the future generation.

The petitioner prayed to the court to direct the government authorities to stop production, marketing and sales of the products.

The HC in the rule also asked the government to explain why its inaction to stop production, marketing and sales of the products should not be declared illegal.

Justice Naima Haider and Justice Muhammad Khurshid Alam Sarkar issued the rule after a hearing.

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Seek duty benefits from new Congress: Mozena

STAR BUSINESS REPORT

Bangladesh should ask the new Congress in January for duty benefits for its readymade garment products to the American market, Dan Mozena, the US ambassador to Bangladesh, said yesterday.

"If I would have represented Bangladesh the prime objective would have been to achieve duty-free access to the US market," Mozena told journalists at the luncheon meeting of the American Chamber of Commerce in Bangladesh.

He said the matter is to be decided by the Congress, to wit the new Congress which will be formed in January.

"If I were a Bangladeshi, once the [US presidential] election is over in two days I would have reached out to the Congress to remove those tariffs," he added.

Bangladeshi garment exporters have to pay on average 15.30 percent duty to enter the US market, whereas for some developed and developing countries the duty is below four percent.

The first annual session of the US-Bangladesh partnership dialogue took place in Washington in September, which Mozena said was a "grand success".

"I believe that this growing partnership has contributed, and will continue to contribute, to the emergence of new Bangladesh, the middle-income Bangladesh, Sonar Bangladesh," he said.

"I am proud that America is doing its part in helping Bangladesh become the next Asian tiger."

SEC puts a curb on omnibus accounts

STAR BUSINESS REPORT

No merchant banks will be allowed to operate 'omnibus accounts' for individual investors from next year, a regulatory move that will put an end to a much debated issue.

After closing the omnibus accounts, every merchant bank will have to open separate beneficiary owner's (BO) account for each of the individual investors with their custodian depository participants (DPs) within December 30.

The merchant banks will also have to transfer the stocks from the omnibus accounts to the BO accounts.

The Securities and Exchange Commission took the decisions at a meeting yesterday, with its Chairman M Khairul Hossain in the chair.

However, the merchant banks can operate the omnibus accounts for share transaction of institutional investors.

An omnibus account is a specific kind of stock holding account in which the transactions of multiple individual account holders are combined for easier management.

The SEC in a press statement said the Central Depository of Bangladesh Ltd will take necessary steps to transfer the securi-

ties from omnibus accounts to BO accounts without charging any fees.

If a merchant bank does not have all the information of an investor, it will complete the BO account form within one month after collecting the information from the clients, the SEC said.

In case of dividend distribution against margin BO accounts, the merchant banks will send a cheque to their DPs, which will later distribute the dividend to the individual investors' BO accounts, the regulator said.

The SEC said a margin client cannot renounce rights share without the approval of portfolio manager. The portfolio manager will take necessary steps in this regard after discussing with the issuer company.

Every merchant bank will have to publish advertisements on newspapers about the transfer of securities from omnibus accounts to BO accounts, the regulator added.

Following the stock market debacle early last year, many analysts recommended that the omnibus accounts should be closed, while the merchant banks opposed such suggestions.

Low rice prices hurt agro-machinery sales

SOHEL PARVEZ

Farm machinery sales have fallen drastically mainly due to the reduced prices of rice, marketers said yesterday.

"Farmers show little interest in buying farm equipment because of the low prices of rice against higher production cost," said JA Jamal, chairman of Chittagong Builders & Machinery Ltd, a leading marketer of power tillers.

Sales of power tillers slumped 53 percent to 27,000-28,000 units in the January-October period this year compared to the same period a year ago, said Jamal.

The dip in sales is also reflected in imports of power tillers and tractors.

In July, both opening and settlement of letters of credit (LCs) plunged from the same month a year ago, according to Bangladesh Bank statistics.

Opening of LCs fell to \$3.71 million in July from \$11 million in the same month a year ago. LC settlement also halved to \$4.72 million during the period.

The marketers recorded the falling sales of the farm equipment after the prices of paddy and rice declined due to increased produc-



A harvesting machine is used to reap, thresh and winnow paddy in a field in Dinajpur. Farm machinery sales dipped in January-October.

tion and higher stocks.

The prices of fine and coarse rice were 10.64 percent and 8 percent lower yesterday compared to the same day last year, according to the Department of Agricultural Marketing.

The sector suffered from the downturn at a time when the government encourages mechanised cultivation to help growers cut production cost as manual cultivation becomes expensive amid rising labour costs.

Earlier, the government ran a Tk 150 crore project to encourage mechanised farming by paying 25 percent subsidy on the prices of various farm implements. The project ended in June.

FH Ansarey, executive director of agribusi-

ness at ACI, said the government subsidy for farm machinery purchase had buoyed the demand earlier. But the demand fell after the support ended, he said.

"It is another reason behind the falling sales. Tractors and power tillers suffered the most along with diesel engines," said the official of ACI, another marketer of farm machinery.

Tractor sales fell 28 percent to 3,518 units in nine months through September from 4,918 units in the same period a year ago, said Ansarey.

The demand also slowed as the prices of tractors increased due to the depreciation of the taka against the dollar and higher bank interest rate on loans, he said.

"The amount of instalments to buy tractors through bank loans has gone up due to higher interest rate. It has become difficult for people to buy tractors by paying higher instalments," said Ansarey.

Jamal of Chittagong Builders said the demand might rise slightly ahead of the boro season. But the overall sales would remain substantially lower compared to last year, he said.

ACI Salt trebles refining capacity

STAR BUSINESS REPORT

ACI Salt Ltd has trebled its refining capacity to gain more market share in edible salt business, Managing Director Syed Alamgir said.

The subsidiary of ACI Ltd can now refine 13,500 tonnes of salt a month, up

from 4,000 tonnes earlier, Alamgir said in a recent phone interview.

"We have increased our capacity considering consumers' growing shift to dirt-free and iodised salt," said ACI Salt's Managing Director Syed Alamgir.

Processors of non-branded salt enjoy majority of the market share of edible salt, according to Alamgir.

He, however, said the demand for dirt-free and iodised salt grows by 10 percent per year, widening scope for the firms selling this type of salt.

Launched in 2005, the company now has an 8 percent share in the edible salt market of 10-11 lakh tonnes a year.

He said the company has almost doubled the number of distributors to 700 from 400 earlier.

The ACI official said the expansion would enable the company to reduce energy consumption. The recovery rate from refining would be higher than the older ones, he said.

"We hope to provide salt to consumer at more reasonable and affordable prices."

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"We hope to provide salt to consumer at more reasonable and affordable prices."



BUILDING A STRONG PARTNERSHIP

We have awarded our top performing dealers with a tour to Germany, Switzerland and Turkey recently. They were delighted to meet and spend some time with the Chairman of the Managing Board of HeidelbergCement Group Dr. Bernd Scheifele, Mr. Jose Marcelino Ugarte, Managing Director-HeidelbergCement Bangladesh Ltd. and Syed Abu Abed Saher, Director-Sales and Marketing.

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