

Bangladesh records highest tea production in 2012

IQBAL SIDDIQUEE, Sylhet
A bumper harvest of 63.85 million kilograms of tea, the highest for Bangladesh, was achieved in 2012 due to favourable weather and supportive policy measures.

Tea production was 59.13 million kg in 2011 and 59.24 million kg in 2010, according to data from Bangladesh Tea Research Institute.

This season, weather conditions were good with favourable temperature and uniform distribution of rains in the main tea-producing season, said Main Uddin Ahmed, director of the Bangladesh Tea Research Institute.

Good production was also



Tea leaves in focus at a garden in Sylhet. Bangladesh produced 63.85 million kilograms of tea in 2012, the highest quantity.

achieved from the small tea holdings in Panchagarh district, he added.

Better prices in the international market and increased local consumption have encouraged tea planters to produce more, said Mohammad Shahjahan, a general manager of Bangladesh Tea Board.

Better production was powered by well-balanced rainfall in April-October, a season critical for tea, he said.

There are 160 estates currently producing tea. Although about two thirds of the country's production was being consumed at home previously, local consumption has recently increased and pushed exports down 10 percent.

Wal-Mart holiday profit rises despite lacklustre sales

REUTERS, New York

Wal-Mart Stores Inc posted a larger-than-expected rise in quarterly profit on Thursday, as a lower-than-anticipated tax rate helped to overcome some weakness in sales at its major Walmart US unit that persisted into the beginning of February.

The world's largest retailer also raised its dividend payout. Its shares fell 1 percent in premarket trading.

Wal-Mart earned \$1.67 per share from continuing operations in the fiscal fourth quarter, up from \$1.51 per share a year earlier. Wal-Mart had forecast a profit of \$1.53 to \$1.58 per share from continuing operations, and analysts expected it to earn \$1.57 per share, according to Thomson Reuters I/B/E/S.

Walmart US has had a slow start to February, which Walmart US Chief Executive Bill Simon attributed largely to a delay in income tax refunds. The

company expects sales at Walmart US stores open at least a year, or same-store sales, to be about flat during the current first quarter. A year earlier, such sales rose 2.6 percent.

Efforts such as extending its layaway program and matching competitors' prices attracted shoppers during the competitive holiday season, but Walmart US same-store sales rose just 1 percent in the fourth quarter. The company had forecast an increase of 1 percent to 3 percent, and analysts, on average, had looked for a 1.5 percent gain.

A year earlier, Walmart US same-store sales rose 1.5 percent.

Still, Wal-Mart said that its biggest unit gained market share in major categories of food, consumables, health and wellness and over-the-counter medications, as well as in entertainment and toys, which are big sellers during the holiday period, citing data from Nielsen and the NPD Group.



BASIS

Russel T Ahmed, convenor of Bangladesh Association of Software and Information Services (BASIS) SofExpo-2013, and Prabeer Sarkar, chief executive officer of Officextracts, sole distributor of Kaspersky products in Bangladesh, attend the signing of an agreement for gold sponsorship of the upcoming expo at a ceremony held in Dhaka recently.



BGMEA

Abdus Salam Murshedy, president of Bangladesh Garment Manufacturers and Exporters Association; Abdul Mannan Mia, vice president of Bangladesh Textiles Mills Association; and AH Aslam Sani, second vice president of Bangladesh Knitwear Manufacturers and Exporters Association, meet with Atiur Rahman, governor of Bangladesh Bank, to discuss the situation of the local garment sector at the governor's office in Dhaka recently.

Russia's Sistema scales back Indian mobile operations

REUTERS, New Delhi/Moscow

Russian conglomerate Sistema said on Thursday that its Indian mobile phone unit would cease operations in almost half its regions as it prepares to bid in a spectrum auctions re-run.

All but one of 22 zonal permits held by Sistema Shyam TeleServices (SSTL) were ordered to be revoked by the Supreme Court last year. The company is required to win back airwaves in those zones to continue services.

Sistema confirmed on Thursday that Shyam would take part in the auctions starting on March 11, but it did not specify the number of zones it would bid for.

The company said in a statement that it needs to conserve resources because of uncertainties resulting from the cancellations and that it will start to inform customers in 10 zones to shift to other carriers.

Its subscriber base, which stood at 14.88 million at the end of 2012, will decline by 15 percent, a company

Chasm opening between French and German economies

REUTERS, London

The schism dividing the euro zone's strong and weak economies deepened to include its core pairing in February as French firms suffered their worst month in four years in stark contrast to prospering Germany.

The gap between the two biggest economies in the euro zone is now at its widest since purchasing manager surveys (PMIs) started in 1998, the latest sounding showed.

It dealt a blow to hopes the euro zone might emerge from recession soon, showing the downturn across the region's businesses worsened unexpectedly this month.

The latest PMIs also suggest that the "positive contagion" across financial markets noted by European Central Bank President Mario Draghi in January may take a long time to filter through to the real economy.

"The improvement in the financial markets will not be enough on its own to kick start an economic recovery," said Ben May at Capital Economics.

While businesses in Germany sustained a healthy rate of growth, French services companies fell into their worst slump since the nadir of the Great Recession in early 2009.

The PMIs poll thousands of compa-

nies each month and are firmly at odds with the upbeat mood on financial markets and improving investor confidence, suggesting the real economy is failing to improve behind a sheen of optimism.

Survey compiler Markit said the French data were more befitting of a struggling peripheral euro zone economy such as Spain or Italy, rather than a key growth engine with Germany.

"There are issues in the French economy which are being unmasked by the depth and severity of this crisis," said Peter Dixon, global equities economist at Commerzbank.

He said France has major structural problems, and also said business activity may have been cramped by confusion over the government's economic policies.

"That may well have been frightening the horses when it comes to businesses."

Markit's Eurozone Services PMI fell in February to 47.3 from 48.6, marking a year below the 50 threshold for growth and confounding expectations for a rise to 49.0 from more than 30 analysts polled by Reuters.

None of them forecast such a poor reading. Markit said the latest PMIs pointed to the euro zone economy shrinking 0.2-0.3 percent in the first quarter, following an estimated 0.4 percent contraction at the end of last year.

Praises for the economy

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While the global economic situation remains fragile, Bangladesh's economy continues to show resilience, with growth this fiscal year expected to slow only moderately. However, risks remain to the downside, mainly arising from a slowdown of exports to mature markets, spike in world commodity prices, further deterioration in state bank finances and election-year uncertainty.

Going forward, firm implementation of the ECF-supported programme is necessary to consolidate gains made thus far, maintain fiscal and debt sustainability, reduce vulnerabilities and achieve higher and sustainable growth.

Fiscal policy has remained broadly on track, but underperforming tax collections, related mainly to the trade slowdown, require upfront actions to broaden the tax base and strengthen enforcement.

Over the medium term, the new value-added tax is expected to increase revenues and guide tax modernisation. Subsidy costs still weigh large on public finances.

Continued vigilance is needed to contain energy and fertiliser related outlays, while improving the reach of safety nets, all with a view to creating more space for growth-critical development spending. The government's debt management strategy should focus on utilising concessional and selective nonconcessional borrowing to ensure

debt sustainability.

Bangladesh Bank's monetary policy has helped reduce credit growth and inflationary pressures, but recent easing, while modest, should proceed further only when macroeconomic and financial stability is firmly established. Policy effectiveness will be enhanced by continued exchange rate and interest rate flexibility.

Structural reforms have moved forward. However, greater coordination is required in reaching internal policy consensus to avoid delays.

The new VAT law is a landmark, but its timely implementation will require careful planning and support, foremost in tax automation.

Banking law amendments, aimed at strengthening financial sector governance, should also move forward to keep risks in check, especially those arising from the state-owned banks.

Other envisaged reforms in revenue administration, public financial management, and foreign controls are all aimed at boosting public and private investment, in order to accelerate growth and further reduce poverty.

Looking ahead, achieving a stable, growth-supportive environment and mitigating risk factors necessitate a further strengthening of policy buffers in 2013, supported by strong economic governance and manageable debt levels.

Timely actions will allow Bangladesh to reap full gains from a global recovery.

CSE ready to cut short trading settlement time

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Before that, there should be some changes to the Settlement of Stock Exchange Transactions Regulations 1998, Khan said.

The CSE has submitted a draft amendment on the settlement of the regulations for approval.

The stockmarket regulator on October 18, 2011 decided to cut the stock trading settlement period by a day, in an attempt to increase trading efficiency of the bourses.

The SEC also asked the stock exchanges to decide when they would be able to implement the new rules.

Earlier, at a meeting on October 25, 2011, the Dhaka Stock Exchange put the decision on hold by saying it would be implemented after the market situation was stabilised.

The CSE will communicate with the BSEC on Sunday on the issue, said Syed Sajid Hossain, chief executive officer of the port city bourse. "We discussed the issue at our board meeting on February 16."

The time reduction of trading settlement period will boost market activities, analysts said.

Free medical camp in Munshiganj

STAR BUSINESS DESK

A free medical camp was organised yesterday at Yunus Khan-Mahmuda Memorial Health Complex in Munshiganj at the initiative of Faridur Rahman Khan, managing director of United Hospital.

The camp was organised to mark International Mother Language Day, according to a statement.

Specialists in cardiology, medicine, kidney and gynaecology were present for the camp.

Special concessions on pathological tests were also given.



BRAC

BRAC launched its Bangla website, www.brac.net.bd, at a ceremony at BRAC Centre in Dhaka yesterday. Sir Fazle Hasan Abed, chairperson of BRAC, opened the website.

IMF okays \$140m

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The board also agreed to the government's request to relax the external borrowing ceiling set under the programme.

For 2013, Bangladesh was allowed \$2.25 billion in hard-term loans from international sources. But the government called for increasing the limit -- by \$1.5 billion -- to support spending on power projects and arms purchase from Russia.

In April last year, the IMF board approved a three-year ECF arrangement of \$975.9 million for the country -- conditional upon certain structural reforms.

The first instalment -- an amount of around \$141 million -- was disbursed right away, and the third instalment, as per IMF's schedule, is due in May next year.

The government placed a memorandum of economic and financial policies (MEFP), a summary of the reforms it will undertake in 2013, to the IMF board.

Given the background of various scams in some state banks, the government has committed to different reforms in the banking sector to limit fiscal and systematic risks.

The MEFP stated that the Bangladesh Bank will commence special diagnostic examinations focused on asset quality, liquidity management and internal audit and control at the four state banks by March this year.

The lending of the banks would be controlled, and the BB will publish a quarterly performance report of the banks.

Furthermore, the amended Banking Companies Act increasing the central bank's authority over the state banks would be placed in parliament by March

Frozen food exports still reel from recession shock

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Industry people said finding new markets and cultivating new varieties could help save the highly potential sector.

Shrimp is cultivated in around 1.70 lakh hectares of land in Bangladesh, said Amin Ullah of the association.

He stressed the need for bringing productivity in fish cultivation.

"We can produce around 250 kilogram of shrimp in each hectare," said Amin Ullah, who is also the managing director of ARK Sea Foods Ltd.

New varieties and new farming methods can increase shrimp production by 20-25 percent in each hectare.

Frozen food (shrimp, frozen fish and others) is the third biggest export earning sector after garments and jute.

Frozen fish exports, however, declined by 56.04 percent to \$36.27 million in the first seven months of the current fiscal year.

Exports of other fish also fell drastically as the government slapped a ban on exports of all types of fish, except shrimp, during the last Ramadan, said Kazi Belayet Hossain, managing director of Sobi Fish Processing Industry.

However, Barua of Apex Foods expects the situation to improve next year with a rebound in the global economy.