STOCKS Week-on-week
DSEX 3.76% 4,230.72 | CSCX 3.69% 8,282.65

COMMODITIES As of Friday
Gold $1,245.50 (per ounce) | Oil $92.46 (per barrel)

ASIAN MARKETS Friday closings
MUMBAI 1.20% 20,791.93 | TOKYO 0.41% 15,661.87 | SINGAPORE 0.31% 3,176.35 | SHANGHAI Flat 2,219.37

CURRENCIES As on Thursday STANDARD CHARTERED BANK

	USD	EUR	GBP	JPY
BUY TK	77.20	103.78	124.24	0.74
SELL TK	78.20	107.76	128.19	0.79

Star BUSINESS
DHAKA SUNDAY DECEMBER 1, 2013, e-mail:business@thedailystar.net

Fresh blockade leaves businesses in deep trouble

Garment shipment, delivery of essentials called off halfway

SOHEL PARVEZ

The sudden announcement of a fresh blockade programme by BNP and its allies on Friday night came as a blow to exporters and domestic businesses as many had to suspend their deliveries halfway.

And many trucks loaded with rice and essential commodities were stranded on the way, meaning the prices of those will soar.

"As the announcement came late, many trucks that were sent on Friday night could not reach their destination," said Nirod Boron Saha, president of an association of rice wholesalers and commission agents in Naogaon, a rice trading hub in the north.

Mohammadi Group, a garment exporter, had to shelve its plan of delivering goods from its factories to Chittagong port at the last moment.

The company had hired 13 covered vans at fares more than double (Tk 40,000) the normal rate (Tk 16,000-18,000).

"We agreed to pay higher as there were no vans to hire. And when the news of blockade came, six of the vans were already loaded. We had to stop the deliveries at the last moment," said Sajedul Azad, general manager in charge of export and shipping of the Group.

"Now we will have to request the buyers (of the garments) to give us some more time. If they do not agree, we will have to go for expensive air shipment," he said.

Not that only shipment was hampered, factories are facing problems in bringing imported raw materials from the port area.

"The losses are huge as we cannot run our factories properly due to a shortage of raw materials," Azad said.

Kamruzzaman Kamal, director (marketing) of Pran-RFL Group, said they cancelled all plans to deliver products to their distributors. "Stocks piled up as we could not make delivery last week," he said.

Pran, a leading food processor, makes its production plans based on the orders coming from the market. Production has fallen as delivery has been hampered due to frequent shutdowns and blockades, Kamal said.

The overall consumption has also come down as people hardly go to shops for fear of street violence, he added. "If the situation continues, we will be in deep trouble."

Sk Masadul Alam Masud, chairman of Bangladesh Auto Re-rolling Mills Association, said businesses have been in a standstill due to the current political instability.

"The burden of bank interest rises along with the pressure to pay workers' salaries although our production suffers often," he said, adding that he had to cut production by 40 percent for the recent shutdowns.

"If we don't get raw materials next week, we will have to shut our factory," Masud said.

READ MORE ON B3

PALASH KHAN

Clothes burnt in an arson attack on Standard Group's factory complex in Gazipur Friday. The company makes products for leading retailers.

Standard Group fire was 'planned'

Labour leaders blame arson on outsiders, jobless workers

STAR BUSINESS REPORT

The fire at Standard Group was a "planned incident" orchestrated by people who want to destroy the country's apparel sector, leaders of several garment workers' associations said yesterday.

Sirajul Islam Rony, president of Bangladesh Jatiya Garments Sramik Karmachari League, said the factory is "one of the most compliant" in the country, with "no signs" of worker unrest.

"It is the outsiders and jobless workers in association with local people who led the mob. We also suspect the involvement of unregistered workers' association."

Rony, who was also a member of the wage board, said the workers have no right to set factories on fire or vandalise irrespective of their issues with the owners.

Mahtab Uddin, president of Jatiya Garments Sramik Jote Bangladesh, echoed the same, while adding that following the finalisation of minimum wage there is nary an issue that warrants a protest.

He went on to shed light on many unregistered worker organisations whose "sole purpose" is to arrange demonstrations, "whether they are justified or not".

Generally, the leaders of such organisations have their own interests to further via the protests. "They do not care about the sector, but their own selfish wants."

Abul Kalam Azad, president of Bangladesh Sramik Karmachari Parishad, urged the government to investigate whether the incident was an outcome of a "conspiracy" or not.

The Bangladesh Textile and Garment Workers League, along with other garment workers' associations, called for the arrest of miscreants after conducting a thorough investigation.

Moyen Uddin Mondol, Bangladesh Sanjukta Garments Sramik Federation, said vandalism or arson on factories is not a proper way to realise the workers' demand.

"Workers' demand can be realised through negotiations in the right way and with right people," he said, while urging the workers to refrain from any kind of vandalism.

Meanwhile, the Dhaka Chamber of Commerce and Industry (DCCI) said if the violence continues, orders from international buyers may shift to alternative destinations and in the process, the country would lose valuable foreign direct investment.

"If our RMG industry falls in peril, it will bring misery to both factory owners as well as workers. So, it is the duty of all to save this big industry for the sake of the country's greater interest," the chamber said.

Apart from the company's huge financial losses, the future of some 20,000 workers is now uncertain, Bangladesh Chamber of Industries said.

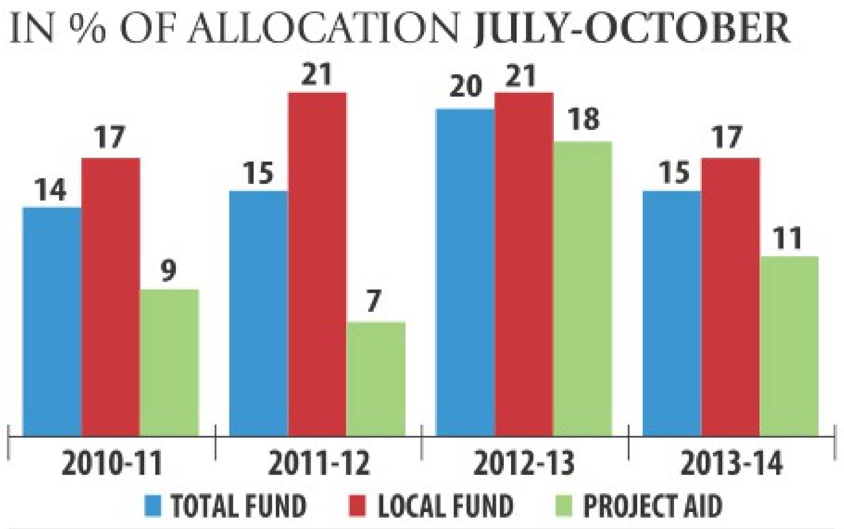
BCI alleged that local and foreign conspiracies worked behind the latest fire incident at Standard Group in Gazipur.

CANCHAM

From left, **Raihan Shamsi, CEO of GPIT; Nazia Andaleeb Preema, adviser of Bangladesh Brand Forum (BBF); Heather Cruden; Canadian high commissioner; Masud Rahman, immediate past president of Canada Bangladesh Chamber of Commerce and Industry (CanCham); Zulfiquar Rahman, CanCham vice president; Prof Syed Ferhat Anwar, chief adviser to BBF; and Michael P Byrne, principal of Canadian Trillinium School, pose at the CanCham Young Professional's Reception, at the Canadian Club in Dhaka on Thursday. Story on B3**

ADP progress down 9pc

REJAUL KARIM BYRON



ADP implementation dropped 9.28 percent year-on-year in the first four months of the fiscal year owing to slow progress of foreign-aided projects.

Moreover, it is for the first time in six years that the annual development programme (ADP) implementation dropped from the same period of the previous year.

Between July and October, the government spent Tk 9,960 crore in ADP, which was only 15 percent of the total allocation of Tk 65,872 crore. The ADP implementation during the same period of fiscal 2012-13 was Tk 10,920 crore, which was 20 percent of the total allocation.

The implementation of government-funded projects, however, increased 0.97 percent, while foreign-aided projects plummeted 28.2 percent.

Zahid Hossain, lead economist of the World Bank's Dhaka office, said the implementation of development projects is slow due to the government's full attention on the impending national election.

A planning ministry official echoed the same: the projects which could sway the voters, such as the ones under the local government, are being pushed in place of the large infrastructure projects which could help the economy.

The local government division has spent 24 percent of its allocation in the first four months, the highest among the 10 biggest ministries and divisions, according to statistics from Implementation Monitoring and Evaluation Division.

The primary and mass education ministry has spent 26 percent and the education ministry 21 percent of their allocation. The official said the increased expenditures of the two ministries would help attract voters.

In contrast, the implementation of the other big ministries and divisions were unsatisfactory.

The bridges division, which got the third highest allocation in the ADP due to the Padma Bridge project, expended only 1.5 percent of its allocation.

The health ministry continued with its poor implementation from the last fiscal year: in the first four months it used up only 13 percent of its allotment.

The roads division implemented only 16 percent of its share, due to slow progress in many big projects like the Dhaka-Chittagong four-lane highway project.

The power division spent only 8 percent of its allocation, energy and mineral resources division 15 percent and housing and public works 5 percent.

Political violence batters real estate

SUMAN SAHA

The ongoing political violence has emerged as the latest bottleneck to real estate already weighed down by the higher lending rates, industry people said.

"We have been hit hard by the political turbulence. The customers are simply not placing any new bookings," said M Wahiduzzaman, general secretary of Real Estate and Housing Association of Bangladesh (REHAB).

In recent times, the interest rates on loans to buy properties have climbed to upwards of 18 percent. Moreover, there is a ceiling for equity and loan (65:35) ratio for buyers, meaning that a buyer has to pay Tk 65 lakh against a loan of Tk 35 lakh to purchase a flat worth Tk 1 crore.

This, along with the frequent shutdowns and blockades, has brought about a decline in apartment sales upwards of 50 percent, he said. At present, there are around 20,000 unsold flats in the country, mainly in Dhaka and Chittagong, according to Rehab.

"The year 2013 has been the worst for real estate sector," Toufiq M Seraj, managing director of Sheltech (Pvt) Ltd, said. The situation is so dire that he deems a price correction to be not sufficient to raise the demand.

Sheltech is now sitting on around 335 saleable apartments ranging from 805-2,225 sq ft, with another 884 units under construction.

"There used to be a time when we sold flats at the under-construction level. Now, we are facing cancellation of booked flats," added the Sheltech MD.

Tanveerul Haque Probal, a former REHAB president, said real estate buyers are now waiting for the political crisis to stabilise.

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Tax return deadline extended to Dec 31

STAR BUSINESS REPORT

Taxpayers will get one more month to submit their returns as the revenue authority has extended the deadline to December 31.

The announcement came from Ghulam Hussain, chairman of the National Board of Revenue, at a programme at Sonargaon Hotel in the capital.

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Importers of used cars get retrospective duty benefits

STAR BUSINESS REPORT

The National Board of Revenue has extended duty privilege to importers of nearly 3,500 old cars, retracting from its previous position, in a bid to clear the ports of vehicles left stranded for years.

The NBR last week increased the depreciation facility on five-year old cars imported between fiscal 2009-10 and June 6 of this year from 35 percent to 45 percent -- the rate that importers of five-year old cars this fiscal year pay. The move comes two months after the NBR abandoned the bid to extend retrospective benefit to importers of these cars, asking them instead to take away the vehicles by paying duty based on the old depreciation rate.

As a result, many importers refused to take delivery of the cars on grounds of "too heavy" duty.

Under such circumstances, the NBR was within its rights to auction them off, but the amount the auction would have fetched was unlikely to be more than the sum the NBR would receive if it extends the duty privilege to the importers.

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