

STOCKS

DSEX ▲ 0.46% 4,286.15	CSCX ▲ 0.54% 8,422.92
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COMMODITIES

Gold ▼ \$1,198.60 (per ounce)	Oil ▼ \$98.70 (per barrel)
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ASIAN MARKETS

MUMBAI ▼ 0.14% 21,140.43	TOKYO ▲ 0.69% 16,291.31	SINGAPORE ▲ 0.45% 3,167.43	SHANGHAI ▲ 0.88% 2,115.98
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CURRENCIES

BUY TK 77.20	SELL TK 78.20	104.82	108.83	126.66	130.69	0.72	0.76
				USD	EUR	GBP	JPY

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BUSINESS

DHAKA THURSDAY JANUARY 2, 2014, e-mail:business@thedaystar.net

Remittances fall 5.5pc in Dec year-on-year

STAR BUSINESS REPORT

Inward remittances dropped by 5.5 percent in December from the same month a year ago, unmasking the country's failure in sending more workers abroad.

Bangladesh received \$1.21 billion in remittances last month, dropping from \$1.28 billion in December 2012.

But December's remittances were nearly 15 percent higher than in November 2013, according to Bangladesh Bank data.

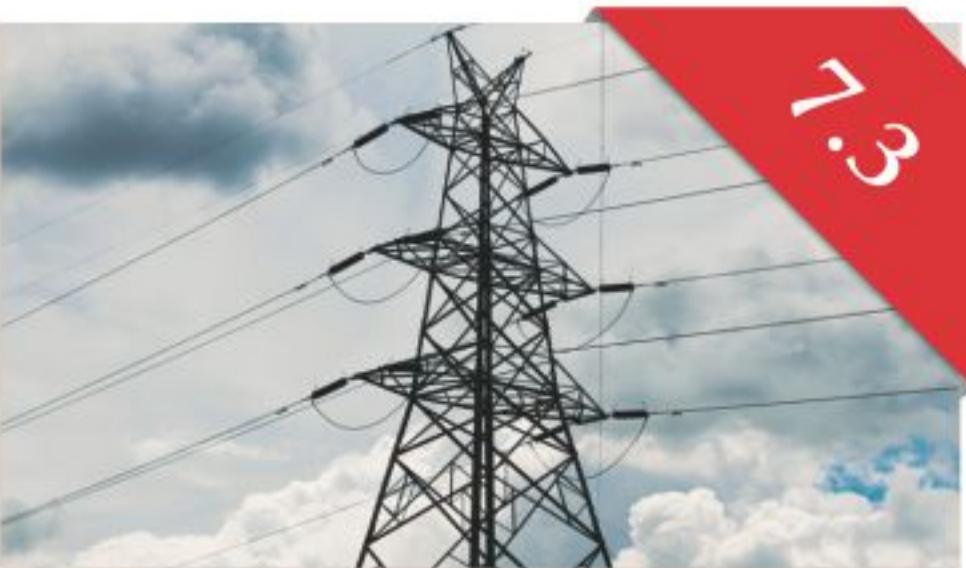
Migrant workers sent \$6.77 billion home in July-December, down 8.41 percent from the same time a year ago.

The drop in remittance is in line with predictions by local economists.

The flow of remittance is going down as the country is failing to send more workers abroad to traditional markets and exploring new markets, Mirza Azizul Islam, a former finance adviser of caretaker government said earlier.

READ MORE ON B3

PRICE HIKE IN % YEAR ON YEAR 2013

 20.36 DIFFERENT VARIETIES OF FISH	 10.04 COARSE AND FINE RICE	 38.64 GINGER, ONION, GARLIC & GREEN CHILLI
 7.3 ELECTRICITY COST	 5.65 FUEL COST	 10.91 HOUSE RENT

Living costs soar

Consumers' Association of Bangladesh releases report on 2013 prices

STAR BUSINESS REPORT

Consumers were hit with increased costs of living by as much as 11 percent in 2013 on the back of rising house rent, utility bills and prices of various essential food items.

"House rent is rising, keeping pace with the spiralling costs of fuel, electricity, water and com-

modities," the Consumers Association of Bangladesh (CAB) said in a statement yesterday.

The consumer rights campaigner prepared a report taking into account the costs of 114 food items, 26 essential commodities and 10 utility services, the findings of which was released yesterday.

It estimated the cost of living

based on weights of commodities and services in the consumer basket and found that it soared 11 percent in 2013 from the previous year. The prices of food and services rose 12 percent and house rent 10.9 percent in the course of the year.

"Home owners disregard the existing rules for hiking house rents and do as they wish. As a

result, many families were forced to shift to suburbs from the main town," CAB said, while urging the government to revise the house rent law of 1991 for public's best interests.

The cost of electricity and fuel also increased in 2013, by 7.3 and 5.65 percent respectively, and water also became dearer.

READ MORE ON B3

Foreign investment in stocks was buoyant in 2013

SARWAR A CHOWDHURY

Foreign investment in the capital market witnessed a 145 percent year-on-year increase in 2013 on the back of a two-year bearish market, comparatively low market multiples and solid economic fundamentals.

Last year, foreign investors bought shares worth Tk 2,652.4 crore and sold shares worth Tk 709.58 crore, to take their net investment for the year to Tk 1,942.9 crore, according to statistics from the Dhaka Stock Exchange.

NET FOREIGN INVESTMENT IN CRORES OF TAKA

Month	Investment (in Crores of Taka)
JAN	98.92
FEB	103.56
MAR	90.55
APR	82.96
MAY	231.58
JUN	336.6
JUL	188.54
AUG	155.41
SEP	84.65
OCT	228.35
NOV	276.83
DEC	64.95

reserves are at an all-time high of \$18 billion, remittance growth was over 12.5 percent even amid a currency appreciation of 3 percent and export growth was over 11 percent at the backdrop of import cutback of 4 percent.

"Over the last one and a half years we observed a strong turnaround in current account balance and all these positive indicators encouraged foreign investors to invest in our market."

He, however, expressed concern about the steep fall in net investment last month: it dropped by over 100

The market rates or the cost of funds is by far the highest among the peer countries and that has a trickle-down effect on the bottom line margins, which, in turn, results in low returns and thus lower interest from international fund managers, he said.

"Given the current political instability, depreciation of competitors' currency, strong remittance support, it is time that we go on par with our peers to stay competitive and support the businesses with higher margins and lower unemployment."

Also known as portfolio investment, foreign investment accounts for less than 1 percent of DSE's total market capitalisation, which was Tk 2,64,779 crore at the end of 2013.

Banks were initially the foreign investors' preferred sector, but non-bank financial institutions, power and energy, pharmaceuticals, multinationals, telecoms and IT also caught their attention.

percent from the previous month.

Cyclical effect, outlier in a sequence, political instability, remarkable turnaround in developed markets and significant depreciation of currency in peer countries could be behind the fall in investment, Ripon

Ctg port saw 9.6pc growth in container handling in 2013

DWAIPAYAN BARUA, Ctg

The country's premier seaport, Chittagong Port, experienced a 9.60 percent increase in container handling in 2013, a year rife with shutdowns and blockades.

He said the foreign exchange

edged the "enormous efforts" the staff put in to keep the port active in every circumstance, behind the impressive figures. The port did not remain closed for a single day last year, he added.

Meanwhile, Nasir Uddin Ahmed Chowdhury, first vice-president of Bangladesh Garment Manufacturer and Exporters Association, said the adverse effects of the political turmoil would be felt in the coming months.

Specialised banks face restrictions in opening branches

STAR BUSINESS REPORT

Four specialised banks will have to fulfil certain conditions to open new branches.

The restrictions were imposed yesterday mainly to minimise the misuse of government funds in the banks.

The Banking Division yesterday sent letters to the four banks -- Bangladesh Krishi Bank, Rajshahi Krishi Unnayan Bank, Karmasangsthan Bank, and Ansar-VDP Unnayan Bank -- saying they would have to meet six conditions for opening new branches.

As these banks run on government funds they have to follow the guideline, the letter said.

An official of the Banking Division said these banks have many loss-making branches and the restrictions have been imposed to minimise their losses.

The government would give permission for opening new branches only when 80 percent of their branches will become profitable.

READ MORE ON B3

Banks to remain open on Jan 3-4, closed on Jan 5

STAR BUSINESS REPORT

The central bank yesterday asked all scheduled banks to keep their branches open on January 3 and 4 (Friday and Saturday) ahead of January 5 polls.

The central bank issued the directive to help election officials and the members of law enforcement agencies conduct their cash transaction and clearing activities ahead of the parliamentary election.

Banks, however, will remain closed on January 5 (Sunday).

Tailors in hardship

Work orders fall 70pc for unrest

LOOKING BACK 2013



SUMAN SAHA

Tailors are in a fix these days with dwindling work orders due to frequent strikes and blockades.

"We are in real hardship. Very few customers are making dresses due to the ongoing political unrest," said Abul Kalam Azad, president of Bangladesh Dress Makers' Association.

November-January is one of the peak seasons for tailors as a large number of customers place orders for winter clothes, such as suits and blazers, he said.

Tailoring shops have registered a drop in such orders by more than 70 percent in the last two months, Azad added.

"A chunk of our revenue comes in the winter. But we are not even getting a single order on some days," said Sirajul Islam, a former president of the association.

Some 35,000 tailoring stores earn nearly Tk 1,000 crore a year in 'cutting and making' charges across Bangladesh; half of this revenue is generated during winter, he said.

The sector incurred a loss of around Tk 300 crore in the last three months due to political unrest, he added.

Tailors, also the proprietor of Orient Tailors and Fabrics, said his shop usually receives 15-20 orders a day to stitch suits and blazers in the winter season. "But the number has plummeted to only 3-4 pieces a day now."

"Customers are not coming to the stores for security reasons," said Mintu Miah, general manager of Sunmoon Tailors (Pvt) Ltd that has 10 outlets across the country.

Sunmoon Tailors, which makes a number of clothing items, such as suits, prince coats, sherwanis, overcoats and Mujib coats, has recorded an 80 percent drop in orders in recent times, he said.

Customers are not interested in spending money on clothes, as people's purchasing power, especially for the fixed income groups, has been on the decline for the ongoing unrest, Mintu Miah said.

Another side of the incessant strikes is that people, who placed orders previously, are not coming to collect their garments by paying the rest of the dues, said industry insiders. This is taking a toll on the business, as cash flow is being restricted, they added.

Fit Elegance, a leading suit, blazer and trouser maker, is also experiencing a decline in orders.

"Our orders have fallen by 30-40 percent recently," said Shahroom Ali Sikder, manager of its Tejgaon showroom. Fit Elegance has five outlets in Dhaka and one in Chittagong.

"Consumers' confidence has eroded amid uncertainty and political turbulence. So people are placing fewer orders."

Fit Elegance takes about three weeks to deliver orders; it charges Tk 6,000 to tailor suits and Tk 5,300 for blazers, he said.

Around two lakh people are directly and indirectly employed in the tailoring stores across the country, according to Azad, the president of Bangladesh Dress Makers' Association.

Of the total stores, there are some 1,500 popular tailoring shops that are making high quality attires and maintaining standards, Azad said.

AMRAN HOSSAIN

percent from the previous month.

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Kh Asadul Islam Ripon, chief executive officer of City Brokerage, which provides services to foreign fund managers, said the solid economic fundamentals account for the big jump in foreign investment.

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Authority's traffic department

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He said the different steps the port authorities took to boost the capacity -- like the implementation of computerised Container Terminal Management System and enhancement of spaces for storing containers -- played a key role in achieving the growth.

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