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BUSINESS

DHAKA WEDNESDAY JUNE 11, 2014, e-mail:business@thedailystar.net

Leather sector poised for fresh funds

SUMAN SAHA

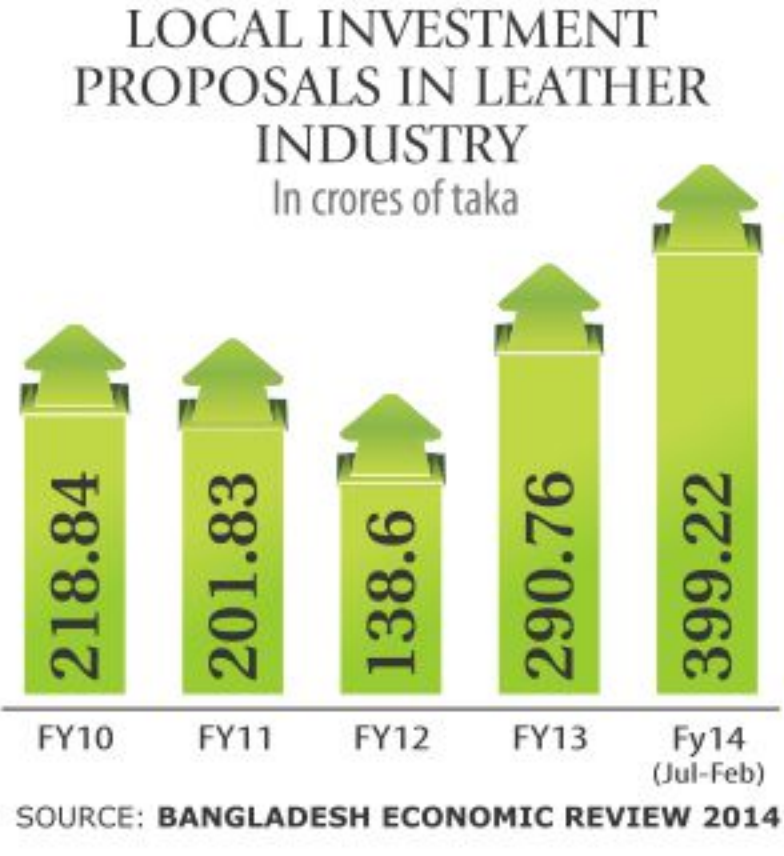
The leather industry logged robust growth in fresh investment proposals in the first eight months of the fiscal year, riding on the growing popularity of Bangladeshi wares globally.

Between July and February, local leather companies placed investment proposals of Tk 399.22 crore to the Board of Investment, whereas the amount for the whole of fiscal 2012-13 stood at Tk 290.76 crore, according to Bangladesh Economic Review 2014.

Aniruddah Kumar Roy, managing director of Footbed Footwear Ltd that exported around Tk 182 crore during the July-May period, said the sector's huge growth potential is the reason behind the spike in investment proposals.

"Bangladesh can now produce quality footwear at competitive prices, so many companies are pouring fresh funds to set up shoe factories or expand operations," said M Abu Taher, chairman of Bangladesh Finished Leather, Leathergoods and Footwear Exporters' Association.

Tannery owners too are investing money for relocating their hazardous factories from the capital's



Hazaribagh to Savar, he added.

BoI also registered Tk 30.94 crore of fresh investment proposals for foreign or joint venture projects during the July to January period, whereas the amount was Tk 57.29 crore in the whole of fiscal 2012-13.

Many foreign companies are relocating their factories from China to Bangladesh for cost advantages, Saiful Islam, managing director of Picard Bangladesh, a Bangladesh-Germany joint venture, told The Daily Star earlier.

Picard has shut down its operations in China due to increased

production costs and scarcity of workers and is now diverting its investment to Bangladesh, he said.

The company has recently set up a 250,000 square-foot plant at Zirabo in Savar to export leather trolley-bags and other high value-added products.

China produces around \$90 billion of footwear and \$39 billion of leather goods, which account for 65 percent and 35 percent of the global demand respectively, according to Roy.

But it is also facing a number of challenges such as anti-dumping tax imposed by the European Union, strengthening of renminbi by 20 percent against the dollar.

As a result, China's leather industry is now shifting to Bangladesh, Vietnam, Cambodia, Pakistan, India and Myanmar.

Between July and April, the leather industry exported \$1.06 billion of products, whereas the export receipts for fiscal 2012-13 stood at \$980.67 million, according to data from the Export Promotion Bureau.

Of the leather exports, 60 percent goes to the EU, 30 percent to Japan and 10 percent to the rest of the world, according to industry insiders.

Lafarge declares maiden dividend

STAR BUSINESS REPORT

Lafarge Surma Cement declared its maiden dividend of Tk 0.50 per share after a decade of being listed as the lone green-field company on the stockmarket in 2003.

The multinational company, which started commercial operations in 2007, announced the 5 percent interim cash dividend after it covered up accumulated losses at the end of May.

Lafarge's consolidated net profit in the first five months this year was Tk 114.41 crore, enough to offset the accumulated loss of Tk 31.62 crore after the first quarter to March this year.

Earnings-per share of the manufacturer of Supercrrete brand cement stood at Tk 0.99 at the end of May with net asset value per share at Tk 10.51, according to a post on the Dhaka Stock Exchange website yesterday.

But the dividend could not raise its share price, at least for yesterday, and the price slumped almost 6 percent, as inves-



tors went for profit taking sales after the corporate declaration.

On the premier bourse, each Lafarge share traded between Tk 99.30 and Tk 82.20, before closing at Tk 86.50.

READ MORE ON B3

Orion's third power plant comes on stream

STAR BUSINESS REPORT

A 100MW heavy fuel oil-based power plant of Orion Group began commercial operations on Sunday.

The plant, Digital Power and Associates Ltd, a unit of Orion, is the first to achieve a commercial operation date, out of the six private power projects that received contracts in July 2012.

This is Orion's third power plant, with the first two plants both being rentals: the 104MW IEL Consortium and 108MW Dutch Bangla Power plant.

Located in Gognagar of Narayanganj on the bank of river Buriganga, the new power plant has a dozen Finnish engines by Wartsila and can supply 102MW of electricity to the national grid.

The plant's engineering, procurement and construction were done by Orion's own team, the company said in a statement yesterday.

The plant's effluent will be treated with an Oily Water Separator from Alfa Laval that separates and collects sludge from the discharge in a dedicated tank, in an effort to minimise pollution.

Orion Group is also implementing two 660MW coal-based IPPs in Dhaka and Khulna.

Another three similar IPPs of 1,300MW have recently been awarded to Orion.



STAR

Clearing and forwarding agents continue to protest strict customs measures at Kamalapur Inland Container Depot in Dhaka yesterday.

C&F agents continue to strike for third day

STAR BUSINESS REPORT

A strike by a section of clearing and forwarding agents at the Kamalapur Inland Container Depot (ICD) continued for the third day, hampering delivery of import consignments and arrival of exportable items for shipment.

As in the previous days, the striking agents yesterday refrained from submitting bills of entry and facilitating physical examination of import consignments.

In an attempt to break the deadlock, the National Board of Revenue will now sit with the strikers and leaders of the Dhaka Customs Agents Association (DCAA) at its headquarters today.

Meanwhile, two NBR members, Md Farid Uddin and Sultan Md Iqbal, yesterday visited the ICD and held a five-hour meeting with the customs officials about the ongoing strike.

"We have instructed officials not to harass service seekers, reduce formalities and avoid re-inspection unless there is an

unavoidable circumstance. We have also asked them to give reports of physical inspection quickly," said Farid Uddin.

The leaders of DCAA also sat with the strikers yesterday but failed to find a solution despite a couple of hour-long meetings, said DCAA President Sheikh Md Farid.

The deadlock, which began on June 8, started after the customs house tightened measures for inspections of consignments in a bid to stop tax evasion.

Enraged by the move, the C&F agents went on strike bypassing the DCAA, the platform for C&F agents.

Strikers demanded removal of Customs Commissioner Maruful Islam and Joint Customs Commissioner Khaled Mohammad Abu Hossain, accusing them of enforcing "dictatorial" rules.

The agents alleged "harassment" by the commissioner, who demands frequent re-examination of import consignments. The re-inspection costs time and money, they said.

READ MORE ON B3

Don't go for capital gain tax

Stock regulator urges finance minister

STAR BUSINESS REPORT

The stockmarket regulator yesterday urged the government to scrap its plan to impose tax on capital gains from share sales for individual investors.

A delegation of Bangladesh Securities and Exchange Commission made the call at a meeting with Finance Minister AMA Muhith at his office yesterday.

"A decision on the issue will be taken on June 26 or 27," Muhith told reporters after the meeting.

In the proposed budget for the next fiscal year, the government slapped a 3 percent tax on capital gains upwards of Tk 10 lakh. For gains above Tk 20 lakh, a 5 percent tax will be applicable.

Muhith also said the stockmarket became stable after the demutualisation of the bourses.

Meanwhile, stock investors under the banner of Bangladesh Sharemarket Investors' Association held a sit-in in front of Dhaka Stock Exchange yesterday and termed the budget "unfriendly" for the market.

Stocks ended flat yesterday amid volatile trading with strong selling pressure in textile, cement and non-bank financial institutions, LankaBangla Securities said in its analysis.

DSEX, the benchmark general index of the DSE, lost 14.07 points or 0.31 percent to close at 4,401.88.

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International award for e-governance

STAR BUSINESS DESK

International Telecommunication Union, a UN body on telecom, yesterday awarded Bangladesh for its efforts to increase use of internet in rural areas with the help of its Access to Information (A2I) Programme.

State Minister for ICT Zunaid Ahmed Palak received the award at the World Summit on Information Society 2014 in Geneva in presence of ministers of different countries, the foreign ministry said in a statement.

The four-day event began yesterday.

A2I project has been instrumental in leveraging the benefits of information and communication technology by changing the traditional method of public services delivery in Bangladesh, according to the statement.

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Guardian