

Big steel companies displace small ones

SAJJADUR RAHMAN

Small steel millers are being squeezed out of the market as more and more giants are entering the business.

At present, three big steelmakers -- BSRM, Abul Khair Steel and KSRM -- supply more than 50 percent of the country's annual need for 35-40 lakh tonnes of steel, with BSRM and AKS set to expand their capacity further to fully control the market for iron metal.

Besides the competition from big players, the smaller mills are also facing challenges such as price fall in international market and a decline in domestic demand, which they said are forcing them out of the market.

AKS and BSRM have been expanding their capacity to a level that they can meet the country's entire demand, said SK Masudul Alam Masud, former president of the Bangladesh Auto Re-Rolling and Steel Mills Association.

Masud said the market is increasingly becoming monopolistic, with over 300 smaller millers facing a phase-out of the market.

Mizanur Rahman Babul, senior vice-chairman of Bangladesh Steel Re-rolling Mills Association, echoed Masud's concerns.

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KEY POINTS

Annual demand: **35-40** lakh tonnes

BSRM, AKS and KSRM have capacity to produce **22** lakh tonnes per year

The remaining demand is met by around **400** smaller manual and auto re-rolling mills

Per capita steel consumption is **26** kg in Bangladesh, **57** kg in India and the world average is **217** kg

BGMEA asked to form emergency fund

Tuba workers' salaries paid; Eid bonuses still uncertain

STAR BUSINESS REPORT

Commerce Minister Tofail Ahmed yesterday suggested Bangladesh Garment Manufacturers and Exporters Association form an emergency fund to handle precarious situations like the Tuba Group workers' payment crisis.

"It is my suggestion to the BGMEA to form the fund to face any emergency," Ahmed said at a press conference at the BGMEA office following the completion of payments to Tuba Group workers.

The association yesterday distributed the salaries and overtime allowances of 1,417 workers of Tuba Group on behalf of its owner Delwar Hossain. Hossain sold off his land and machineries to arrange the Tk 1.4 crore that was needed.

Ahmed also came down heavily on former commerce adviser Hossain Zillur Rahman for his comments on the garment sector.

HIGHLIGHTS

1,417 workers get salary and overtime for July

Salaries for May and June were paid on August **6** and **7**

It's not made clear when Eid bonuses will be paid

Uncertainty over reopening of five units of Tuba

Rahman in a roundtable on Saturday said the government and the BGMEA always stand beside the non-compliant garment factories.

"Hossain Zillur was a commerce adviser once. During his time as well there were incidences of labour unrest, but he could not stop them."

About the fate of Tuba Group now, Ahmed said it remains in its owner's hands.

"If he is able to re-start the factories, he will do it. Otherwise, he must declare lay-offs and pay the salaries for four months as per the laws of the land."

The commerce minister also said a section of people tried to gain political grounds by creating a crisis out of the Tuba Group situation.

Shipping Minister Shajahan Khan echoed the same. "A conspiracy was going on to destroy the garment sector," he added.

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HC asks govt to explain why Destiny officials won't get bail

STAR BUSINESS REPORT

The High Court yesterday issued a rule upon the government to explain in four weeks as to why two high officials of the Destiny Group should not be granted bail in two money laundering cases.

The two officials are Destiny Group Managing Director Rafiqul Amin and Destiny Multipurpose Cooperative Society Ltd (DMCSL) Chairman Mohammad Hossain, who are now in custody in connection with the cases involving around Tk 4,200 crore.

The HC came up with the rule after hearing two separate petitions filed by the accused seeking bail in the cases.

The Anti-Corruption Commission filed the two cases in July 2012 against 22 Destiny officials on the charge of laundering Tk 4,200 crore.

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Young start-ups to get collateral-free loans at low interest

STAR BUSINESS REPORT

New entrepreneurs can take up to Tk 10 lakh as collateral-free loans at maximum 10 percent interest rate under a new initiative by the central bank.

The opportunity for young entrepreneurs came yesterday after Bangladesh Bank signed a deal at its office in the city with 32 banks and financial institutions to disburse money from its Tk 100 crore refinancing fund.

The fund will be used to lend up to Tk 10 lakh against only personal guarantee and on easy terms to entrepreneurs trained and selected through programmes launched by public or private organisations like Dhaka Chamber of Commerce and Industry (DCCI).

However, with collateral an entrepreneur can avail up to Tk 25 lakh as loan from banks under the fund.

The fund will extend loans to entrepreneurs who have not taken any loan from a financial institution in the past.

Under the deal, banks and other financial institutions will get refinancing loans from the central bank at an interest rate of 5 percent.

However, the banks and financial institutions must have their default loans below 10 percent to be eligible for the refinancing facility.

"Under the current banking system, adequate collateral is an important part of availing financing. But the lack of adequate collateral poses challenges to the entrepreneurs at the beginning of business," Bangladesh Bank Governor Atiur Rahman said at the event.

Rahman said every year about 20 lakh new faces enter the workforce, with only half of them finding jobs at home and abroad.

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Solar irrigation pumps gaining traction

SUMAN SAHA

Solar-powered irrigation pumps are gaining popularity owing to cost-effective financing and an innovative business model.

The country now has around 120 solar irrigation pumps, the majority of which were installed last year, according to Md Enamul Karim Pavel, head of renewable energy at Infrastructure Development Company Ltd (Idcol).

Of the total, Idcol has installed 40 last year, with the help of other organisations.

He said an increased number of people are getting interested in solar irrigation pumps due to their financial viability and lower cost.

A farmer has to pay Tk 3,000-Tk 4,000 for each bigha of land as irrigation charge during a crop season for diesel or electricity run pump, whereas for solar irrigation pumps it is Tk 2,500-Tk 2,800, he added.

Considering its immense potential, Idcol has now set a target of installing 1,550 solar irrigation pumps by 2017.

"We want to install more solar irrigation pumps across the country as it will ensure a sustainable energy solution and reduce dependency on fossil fuels," said

The country has around **1.61m** irrigation pumps -- **1.34m** diesel-run, **0.27m** electricity-run

Diesel pumps consume **1m** tonnes of diesel worth **\$900m** a year

Idcol sets a target to install **1,550** solar irrigation pumps by **2017**

A solar pump can supply **5-6** lakh litres of water per day

The Idcol programme will replace at least **5m** litres of diesel per year

SOURCE: IDCOL

Mahmood Malik, Idcol's chief executive officer.

Till now, Idcol has approved 198 solar irrigation pumps, with 55 of them already set up and the remaining under the implementation phase, he said.

Under Idcol's solar irrigation programme, pumps with 5-11 kWp capacity and dynamic head ranging from 10-18 metres are being used.

The pumps can supply 5-6 lakh litres of water per day, sufficient to provide irrigation facility for 1,500 decimal of land for paddy and 3,500 decimal of land for vegetable cultivation per season.

"Installation of solar irrigation pump will certainly help the country save a huge amount of foreign currency," Malik said.

Currently, there are almost 1.61 million irrigation pumps running in the country, of which 1.34 million are diesel-run and 0.27 million electricity-run.

The 1.34 million diesel-run pumps consume 1 million tonnes of diesel worth \$900 million per year, with the government providing subsidy of \$280 million to keep the diesel fuel cost down, Idcol said.

On the other hand, the 0.27 million electricity-run pumps consume about 1500MW of elec-

tricity per year.

The programme aims to install solar PV-based irrigation systems and replace the diesel-based ones in off-grid areas where there are possibilities to produce three types of crops throughout the year, while remaining free from flooding, arsenic contamination or saline water.

Apart from reducing dependency on expensive diesel fuel, these solar irrigation pumps will ensure lower emission of carbon dioxide in the environment.

Individuals cannot apply themselves for financial assistance under the programme; a sponsor has to assess the viability of the project and send the application to Idcol on his/her behalf.

Idcol provides financial support to solar irrigation projects based on debt, equity and grant ratio of 40:20:40.

Subsidy of 40 percent and concessional financing of only 6 percent interest rate a year enable the sponsors to install pumps and sell water at an affordable rate.

The installation of a solar pump with a capacity to lift around 5 lakh litres of water, sufficient to irrigate 15-20 acres, along with other costs will require around Tk 25 lakh.

Turnover hits six-month high

STAR BUSINESS REPORT

TURNOVER ON DSE

In crores of taka

428.7

560.49

491.86

651.8

588.01

763.9

Aug 3

Aug 4

Aug 5

Aug 6

Aug 7

Aug 10

Turnover on the Dhaka Stock Exchange hit a six-month high yesterday with the stocks ending in black for the fifth consecutive session, implying an increased interest in buying.

Turnover, the most important indicator of the market, advanced almost 30 percent to Tk 763.90 crore, also crossing the Tk 700 crore level for the first time in the last six months. The premier bourse's turnover stood at Tk 770.40 crore on February 2.

DSEX, the benchmark index of DSE, also hit a three-month high at 4,530.83 points, after registering 1 percent or 44.64 points gain. DSEX, the shariah index of the premier bourse, rose 20.92 points or 2.03 percent to finish the week's first trading day at 1,047.02.

Stable macro-economic indicators like foreign exchange reserves crossing \$22 billion and the appreciation trend of the taka put a positive psychological impact on investors, IDLC Investments said.

Investor confidence remained high as evidenced by sustainable increase in participation in terms of turnover in the last few sessions, the merchant bank added.

Large-cap centric trading pattern formed the bulk of the turnover upshot, with the top ten capturing 38.77 of yesterday's trade, it added.

LankaBangla Securities said the benchmark index

crossed the psychological barrier of the 4,500-point level with strong turnover.

"Heavyweight stocks extended their rally further with increased buying interest," the stockbroker said in its regular market analysis.

Telecommunication continued its gaining streak with 2.97 percent rise, while cement sector increased by 2.91 percent.

Conversely, life insurance with 1.32 percent fall and banks with 0.81 percent decline disappointed investors the most.

Gainers beat losers 165 to 100, with 34 securities remaining unchanged on the DSE.

MJL Bangladesh dominated the turnover chart with 67.40 lakh shares worth Tk 67.81 crore changing hands, followed by Square Pharma, Grameenphone, Active Fine Chemicals and Beximco.

Shahjibazar Power Company was the day's best performer, advancing 9.98 percent, and ICB 1st NRB Mutual Fund was the worst loser, slumping 8.27 percent.

Chittagong stocks also gained yesterday, with the benchmark CSCX increasing by 82.73 points, finishing the day at 8,575.2.

Gainers dominated losers 116 to 91, with 21 securities remaining unchanged on the Chittagong Stock Exchange.

The port city bourse traded 1.41 crore shares and mutual fund units, generating a turnover of Tk 78.53 crore.

Govt urged to consult with telcos before finalising rule for Social Obligation Fund

ABDULLAH MAMUN

Mobile operators have urged the government to discuss with the industry stakeholders before finalising the rule for Social Obligation Fund to ensure the best use of the fund.

The law ministry approved the draft of the rule last month, which will be published soon, an official of the ministry said.

The fund was formed to build telecom infrastructure in places where mobile companies find expansion costs unfeasible.

Bangladesh Telecommunication Regulatory Commission (BTRC) has so far collected over Tk 600 crore from the mobile operators, which is 1 percent of the gross revenue of the operators.

The fund was supposed to be created with contributions from the government, local, foreign and international organisations and the telecom operators, according to the Telecom Act.

The fund was formed to build telecom infrastructure in places where mobile companies find expansion costs unfeasible

with the Telecom Act, which is intended for the development of the sector, he said.

Abu Saeed Khan, senior policy fellow at Colombo-based ICT think tank LIRNEasia, said the fund collection cannot continue forever.

The government must set a target amount to be raised, he added. "Otherwise, it will become a crucible of corruption."

"We last wrote to the telecom ministry on July 21 for a consultation," said TIM Nurul Kabir, secretary general of the Association of Mobile Telecom Operators of Bangladesh.

"We wrote similar letters along with a draft rule to the ministry in December last year and January this year."

However, neither the government nor the telecom regulator discussed the rule with the operators.

In March 2010, BTRC prepared a draft of the rule and sent it to the telecom ministry.