STOCKS		COMMODITIES		ASIAN MARKETS			
DSEX	CSCX	Gold ▼	Oil ▼	MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.52%	▲ 0.41%	$1,277.98 (per ounce)	$93.54 (per barrel)	Flat	▲ 0.28%	▲ 0.14%	▼ 0.51%
4,564.34	8,614.18			26,437.02	15,613.25	3,330.28	2,229.27

CURRENCIES — STANDARD CHARTERED BANK

	USD	EUR	GBP	JPY
BUY TK	77.00	100.25	125.83	0.73
SELL TK	78.00	104.25	129.84	0.77

Star BUSINESS

DHAKA TUESDAY AUGUST 26, 2014, e-mail:business@thedailystar.net

Solaric takes green energy tech to next level

The company set to open a new factory in Dhaka today

SUMAN SAHA

Solaric, a developer of renewable energy technology and products, is set to expand its operation in a bid to grab the country's growing solar energy market.

The US-Bangla joint venture company will open a new factory in Dhaka today to manufacture solar optimisers, a key component of solar home systems (SHSs) that increase power voltage.

Didar Islam, managing director of the company, said he developed the solar optimisers with a handful of Bangladeshi engineers.

The existing SHSs, he said, had limited load capacity, sufficient to run only a fan and a light bulb.

"But the solar optimisers now enable people to use anything they want with solar power, in the same way that we use electricity in our homes."

The device converts 12 volts into 125 volts, the utility level voltage, allowing consumers to use laptops, TVs, fans, light bulbs and most importantly, charge their mobile phones -- a simple task that was not possible with the earlier versions of the system.

US Ambassador to Bangladesh Dan Mozena is expected to inaugurate the 10,000 square feet-factory, which will double the company's production capacity to 15,000 units a month.

The company will also assemble LED bulbs and energy-efficient fans at the plant located in the neighbourhood of Bhatara in the capital.

Solaric is expanding its facilities in terms of production, customer base, business partners and investment to meet the growing demand for solar products at home and abroad, said Islam.

It aims to spend around Tk 40 crore ($5 million) on expansion this year.

The programme for installing SHSs in Bangladesh has the fastest penetration rate in the world, with the country installing more than 70,000 such units a month.

As of May, more than 3.1 million SHSs have been installed with support from the World Bank and other development partners, according to the Infrastructure Development Company Ltd (Idcol), the implementing agency.

The total installed capacity of the SHSs is around 140MW, sufficient to provide clean electricity to 14 million rural people, Idcol said.

Only 42 percent of the population in rural Bangladesh has access to electricity, and reliance on the grid alone will not achieve the government's vision of universal access to electricity by 2021, WB said.

Off-grid SHSs have subsequently become the only option for electrification of the remote rural areas.

At Solaric, Islam, who holds a master's degree in electrical engineering from the University of Florida in the US, has developed two kinds of solar home systems: the third generation SHS, which allows the use of standard appliances, costing between Tk 12,000 and Tk 35,000 and the nano-grid systems priced at Tk 8 lakh per unit.

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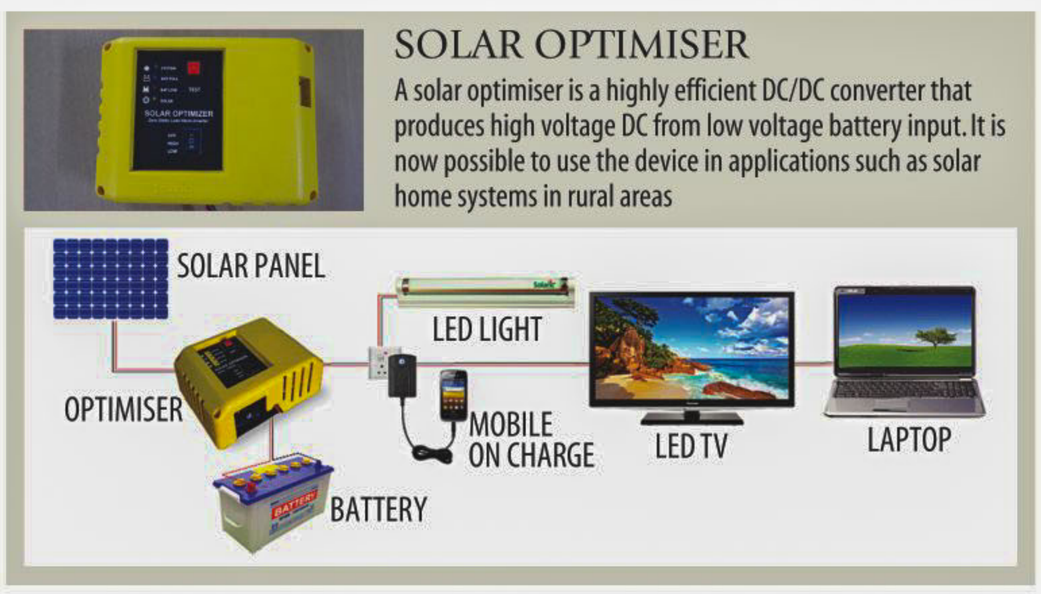

BB

SK Sur Chowdhury, deputy governor of Bangladesh Bank, poses with officials of 16 banks after signing deals at BB headquarters yesterday.

BB bankrolls troubled jute sector

Central bank signs deals with 16 banks to roll out Tk 200cr loans

STAR BUSINESS REPORT

The central bank yesterday signed deals with 16 banks to extend low-interest loans to the jute sector in a bid to prop up the ailing industry.

The loans will be extended from the Tk 200 crore refinance scheme that Bangladesh Bank has created for five years.

All public and private sector jute mills, exporters and traders are eligible for loans from the fund, which will come at an interest rate of 9 percent, according to SK Sur Chowdhury, deputy governor of BB. The banks will receive the funds from the central bank at a 5 percent interest rate.

The state-owned and private sector jute mills can take 40 percent of their required funds as loans under the scheme, while the exporters and traders will get 20 percent.

The total loans given to the jute sector by the 16 banks stand at Tk 1,505 crore, a good portion of which has now become default due to a major slump in demand for its wares.

Stockpiles of jute goods hit a nine-year high of 1.69 lakh tonnes at the beginning of the fiscal year, according to the Department of Jute.

The jute industry, which involves about 40 lakh farmers and 1.5 lakh workers, has seen an acute downturn in its export earnings in recent times owing to the Middle East crisis and a slump in demand from Africa, Thailand and India.

Export receipts fell 20 percent year-on-year to $824 million in fiscal 2013-14, according to the Export Promotion Bureau.

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IDB offers $44m for second undersea cable

ABDULLAH MAMUN

The government yesterday signed a Tk 340 crore ($44 million) loan contract with Islamic Development Bank to install the second submarine cable for the country.

"We had been trying to get the loan for the last couple of years and finally the contract was signed," said Monwar Hossain, managing director of Bangladesh Submarine Cable Company Ltd (BSCCL).

The installation may complete by 2016, while Bangladesh entered a consortium in March this year.

The new cable -- SEA-ME-WE 5 -- that is likely to connect 15 leading operators in the Asia-Pacific and Europe will increase the country's internet bandwidth by sevenfold from 200 Gbps now.

Hossain said BSCCL has already paid $19.2 million to the consortium from its own fund.

Bangladesh will have to spend a total of $72.5 million for the new cable. Of the amount, $40 million is for the core cable and the rest $32.5 million is for the branch cable which will connect the country with the main deep-sea cable, he said.

The IDB will provide $44 million, while BSCCL will spend $70 million from its own fund.

The rate of interest for the loans will be LIBOR+1.35 percent and the loans will have to be repaid in 13 years. LIBOR is the rate at what banks charge each other for short-term loans in the London interbank market. It also serves as a global benchmark for short-term interest rates. The LIBOR will be followed as the loans will be given in foreign currency.

"As Myanmar has become a member of the consortium we are paying $10 million less for the branch cable," Hossain said.

So far 12 countries have confirmed their membership with the consortium, while three other entities may join later, which will reduce the cost of Bangladesh for the core cable, he said.

The final contract of the consortium will be signed next month, he said.

For internet connectivity, the country depends largely on the lone undersea cable SEA-ME-WE-4, which was installed eight years ago. Separately, six more private international terrestrial cables are connected to global cables through Indian links.

The second cable will serve as a backup for the previous undersea cable as well. The single backbone fibre optic network will link Southeast Asia, Middle East, East Africa and Europe.

The cable's landing station will be at Kuakata in the southern district of Patuakhali. The first undersea cable's landing was in Cox's Bazar.

Exports to India on the decline

REFAYET ULLAH MIRDHA

Exports to India declined 19 percent year-on-year to $456.63 million in fiscal 2013-14 mainly due to a slowdown in shipment of garment items that enjoy duty-benefit in the neighbouring market.

In fiscal 2012-13, exports to India were worth $563.97 million, according to Export Promotion Bureau.

But exports were supposed to increase as the Indian government offered Bangladesh duty-free benefit for all products except 25 alcoholic and beverage items since November 2012. The duty benefit came following then Indian prime minister Manmohan Singh's visit to Bangladesh in September the same year.

As a result of the duty benefit, exports had started increasing at the end of fiscal 2012-13.

But shipments began to fall in 2013-14 due to a 12.5 percent countervailing duty on Bangladeshi garments.

Because of the countervailing duty, Bangladeshi exporters lost competitiveness to the Indian garment manufacturers.

The main reason behind the Indian duty benefit was to narrow the widening trade gap between the two countries. The trade balance is heavily tilted towards India.

Generally, India exports goods worth more than $5 billion a year to Bangladesh through formal channels, and it is believed products worth another $5 billion enter Bangladesh through informal channels.

Two reasons -- tariff, non-tariff and para-tariff barriers and the Lilliput issue -- have reduced Bangladesh's exports to India, said Abdus Salam Murshedy, a former president of Bangladesh Garment Manufacturers and Exporters Association.

Twenty-two garment exporters of Bangladesh have been facing uncertainty for years in receiving payments worth $5 million from Lilliput, a leading kids wear brand in India.

Besides the 12.5 percent countervailing duty, there are some non-tariff and para-tariff barriers for exporting garment items to India, said Murshedy who has long been doing business with India.

India takes a long time for laboratory tests of Bangladeshi goods, he added.

"The visa problem is a long pending issue. We should resolve the issue as soon as possible to increase our garment business with India," he said. "We need multiple-entry visas to grab more market share in India."

Murshedy said India can become the second biggest apparel market for Bangladesh after the EU as the demand for Bangladeshi apparel items among the growing Indian middle class is high.

Multinational retail chains such as Walmart, Gap and H&M are opening stores in India, which might be an opportunity for Bangladesh as well, he said.

In fiscal 2013-14, Bangladesh exported apparel items worth $96.26 million to India, registering a 21.86 percent growth from the previous year, according to EPB.

In 2012-13, apparel items worth $75.21 million were shipped to India, with a 63.84 percent growth year-on-year.

Submarine Cable's profit falls 58pc

SARWAR A CHOWDHURY

Net profit of Bangladesh Submarine Cable Company dropped more than 58 percent year-on-year to Tk 36 crore in 2013-14, as the state-owned internet connectivity provider lost its market share.

The company's major income comes from sales of bandwidth, which came down to 25 gigabits per second (Gbps) last fiscal year from 42 Gbps a year earlier.

"Many of our customers switched to private sector international terrestrial cable (ITC) providers that sell bandwidth at low prices," said Monwar Hossain, managing director of the company.

"We lost revenues due to a huge gap between the government and private ITC providers in bandwidth prices."

Submarine Cable Company has already decided in principle to reduce the bandwidth selling price to be competitive with the private sector ITC providers.

"But we will need the telecom ministry's approval and we will urge the ministry to allow us to reduce the bandwidth selling price."

There are six private ITC providers that sell around 35 Gbps, meaning Bangladeshis use a total of 60 Gbps internet bandwidth for voice and data connectivity.

The sharp decline in Submarine Cable's net profit forced the company to announce lower dividends for fiscal 2013-14 than a year ago.

The company on Sunday declared 10 percent cash dividends for the last fiscal year, compared with 20 percent cash and 15 percent stock dividends for 2012-13.

The fall in net profit and dividends eroded investor confidence to chase for the company's stocks, which declined 8.33 percent on the trading board yesterday.

On the Dhaka Stock Exchange, each share of the company traded between Tk 160 and Tk 150, before closing at Tk 151.8.

With the sharp fall, Submarine Cable, which got listed in 2012, also became the second worst performer for the day on the premier bourse.

Stocks return to black after three days in red

STAR BUSINESS REPORT

Stocks broke a three-day losing streak to return to the black yesterday, riding on investors' buying into large-cap firms.

DSEX, the benchmark general index of the Dhaka Stock Exchange, gained 23 points or 0.52 percent, to close at 4,564.

The shariah index of the Dhaka bourse, closed at 1,063 points after gaining 2.87 points or 0.27 percent.

Recent momentum in multinational companies and fast-moving consumer goods continued to support markets following the uptrend witnessed throughout much of the past two weeks, said LankaBangla Securities.

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