ASIAN MARKETS

TOKYO

V 0.84%

MUMBAI

0.13%

\$96.52

DHAKA WEDNESDAY OCTOBER 1, 2014, e-mail:business@thedailystar.net

COMMODITIES

Gold 📤

\$1,211.60

Govt puts a bar on rawhide transport to border areas

STAR BUSINESS REPORT

STOCKS

DSEX

The government will not allow transportation of rawhide to border areas for 30 days from the day of Eid-ul-Azha to check smuggling, Commerce Minister Tofail Ahmed said yesterday.

More border guards will be deployed during the period to heighten vigilance, he told reporters after a meeting with the Bangladesh Tanners Association, Bangladesh Hide and Skin Merchant Association and Bangladesh Finished Leather Goods and Footwear Exporters Association.

The move comes as a section of unscrupulous traders purchase rawhide at a low cost every year during the religious festival and sneak them out of the country to sell at a higher price.

As a result, the country has been losing its competitiveness in leather business in the international market, he

Meanwhile, the commerce ministry is due to fix the minimum price of leather by October 3, so that sellers at the grassroots level get a fair price and are not subjected to price manipulation by a section of seasonal merchants.

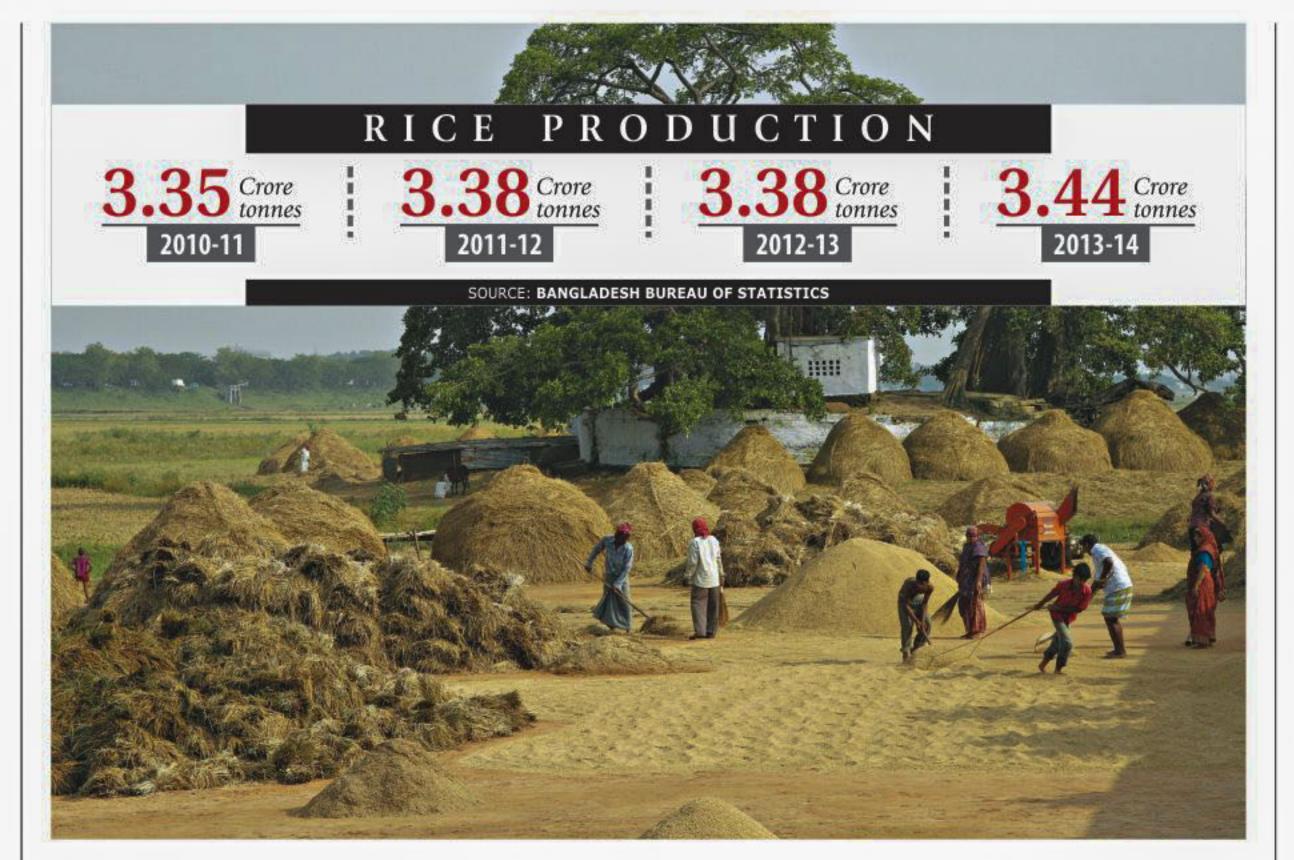
More than 65.39 lakh cattle were sacrificed during last Eid-ul-Azha, according to the data from the Department of Livestock.

The commerce ministry put a bar on export of rawhide in 2012 to meet the demand of the local leather industry, although many traders applied to the ministry seeking permission for export.

In fiscal 2013-14, Bangladesh exported leather, leather goods and footwear worth \$1.30 billion, according to the commerce ministry. Japan, the EU and the US are the major markets for Bangladeshi leather and leather goods.

The Eid-ul-Azha is scheduled to be celebrated on October 6. At present, a total of 194 tanners buy rawhide during the Eid.

The number of large tanneries is 266 and small and medium tanneries 1,600, according to Ahmed.



CURRENCIES

SHANGHAI

0.26%

V 0.39%

Rice output hits a record high

SOHEL PARVEZ

Rice production edged up to a new high last fiscal year due to an increase in yield in all three crops seasons for favourable weather and a more balanced use of fertiliser. Production rose to 3.44 crore

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tonnes in fiscal 2013-14, from 3.38 crore tonnes a year ago, thanks to a record boro output. Boro yield rose 1.6 percent year-on-

year to 1.90 crore tonnes in fiscal 2013-14, according to a recent estimate by Bangladesh Bureau of Statistics.

Despite the rise in output,

imports started to show an upward trend in fiscal 2014-15 that began in July. Some 4,840 tonnes of rice were imported during July to September 28, according to data from the food ministry. During July to September 18 last year, 990 tonnes of rice were imported.

"Maybe some importers are bringing in rice from neighbouring countries to reap price benefits," said Abul Bashar Chowdhury, chairman of Chittagong-based BSM Group.

This was another year of increased rice yield despite falling cultivable land to grow the staple.

The country stands well above its annual food grain consumption requirement of less than three crore tonnes, according to a study by Bangladesh Institute of Development Studies.

The research organisation esti-

mated that the daily per capita food grain consumption was 509 grams, including rice at 462 grams. As a result, retail prices of rice have

remained stable in the past couple of months. One of the main reasons behind this is a high level of global production of rice and wheat.

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Build a roadmap to implement new VAT law

IMF asks govt as loan is due in Nov

REIAUL KARIM BYRON

The government will have to prepare a fresh roadmap for implementing the new VAT law to get the sixth instalment of a \$1 billion IMF loan.

Necessary hardware along with VAT software will also have to be purchased by June next year to help a new VAT collection system take off.

The conditions were tagged after a team of the International Monetary Fund concluded a two-week review of reforms on Monday under the lender's Extended Credit Facility programme.

The IMF board may approve the next instalment -around \$140 million -- of the loan in November.

Finance ministry officials said the government has agreed to the conditions, but those will be finalised at a meeting in Washington next month on the sidelines of the World Bank-IMF annual meeting. Though the government had earlier committed to the

IMF that the new VAT law would come into effect in July 2015, later it was deferred by a year. The new roadmap will replace the existing schedule of implementing the law. Due to opposition by influential ministers and the busi-

ness community, the government had backtracked on implementing the new VAT law. Meanwhile, the IMF in a statement said: "The introduction of a new value added tax, a key government reform to

boost fiscal space for development spending, is facing delays."

The persistent revenue shortfalls relative to budget expectations reinforce the importance of pressing ahead with tax reforms, it said.

"Implementing the new VAT remains the foremost priority, as it has the potential to mobilise considerable additional resources, reduce compliance costs, and boost growth.

READ MORE ON B3

Call money rate soars on demand from non-banks

LAST SEVEN

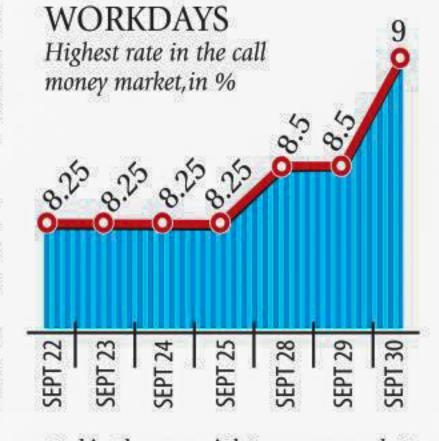
STAR BUSINESS REPORT

The inter-bank call money rate jumped to 9 percent yesterday -- the highest in the last one year -- as most of the non-bank financial institutions rushed to borrow to meet their overnight demand.

A total of Tk 7,497 crore was transacted in the call money market yesterday, down by more than Tk 404 crore from the previous day, Bangladesh Bank data showed. The call money rate, at which

banks lend and borrow from each other, reached as high as 8.5 percent on Monday. "The non-banks' demand for

money pushed the rate slightly up yesterday," said a treasury official of a private bank.



pated in the overnight money market, of which 20 were borrowers. Only Idcol and IPDC were lenders.

Among banks, The City borrowed Twenty-two non-banks particit the highest amount -- Tk 800 crore,

and among non-banks, state-owned Investment Corporation of Bangladesh borrowed the highest at Tk 710 crore.

State banks -- Agrani, Janata, Rupali and Sonali -- were the major lenders offering Tk 3,687 crore in

The call money market has remained sluggish in the past several months and the rate hovered between 6 and 7 percent. Bankers blamed the slowdown on their surplus funds.

The call money rate generally soars during festivals like Eid, but it has been stable for the last two years.

Bankers said the rate has increased now due to demands from tanners and leather businesses. Also, a huge amount will flow out of banks to meet payments for wages and festival

François de Maricourt

HSBC gets new chief executive

STAR BUSINESS DESK

François de Maricourt has been appointed chief executive officer of HSBC Bangladesh, effective from today, the bank said in a statement.

The appointment remains subject to regulatory approval, it said.

Maricourt joined the HSBC Group in 1994 and has since held a number of senior roles across diverse geographies including Europe, Asia, the Middle East and Africa. Prior to joining HSBC in Bangladesh, he was chief executive officer of the corporation in Lebanon, it said.

Maricourt replaces Andrew Tilke, who will now take up as head of wholesale credit and market risk for Asia Pacific, based in Hong Kong. Tilke joined HSBC Bangladesh in

READ MORE ON B3

Toys exporter goes into production today

SARWAR A CHOWDHURY

GSL Export begins commercial production of toys today, to find a niche in the global market mostly dominated by China.

The joint-venture, a subsidiary of listed company Golden Son, will produce soft and plush toys for export purposes. The company targets to export toys worth Tk 40 crore in the first one year.

"In our first shipment, we will send toys worth €0.215 million to Germany by early November," said Belal Ahmed, chairman of GSL Export. The company currently employs more than 300 workers and the number will reach 1,000 by the yearend.

"We are booked till December with orders from Germany alone," he said, adding that they will move to enter new destinations from January next year, with Russia being a priority.

China controls around 99 percent of the toys market worldwide, Ahmed said. However, China is losing its competitiveness in many markets due to a rise in the cost of production for a shortage of labour, he added. "This is an opportunity for us," said

Ahmed, also managing director of Golden Son, which holds a 50 percent stake in GSL Export. Stephen Christenson, a German entre-

preneur, has a 40 percent stake in GSL, while Ahmed holds 10 percent. Christenson runs business and facto-

ries with similar product lines in Germany, Latvia and China.

More than Tk 7 crore has already been invested in the factory of international standards located in Chittagong.

"The amount of investment will subsequently reach Tk 40 crore within the next three years," Ahmed said.

Production will initially begin on 50,000 square feet of rented space on Golden Son's premises, Ahmed added. two lakh square feet."

KEY POINTS

GSL Export to compete with China in global toy market

> Tk 40cr export target in the first year

GSL employs 300 workers; 1,000 workers by yearend

Initial investment Tk 7cr; amount to reach Tk 40cr in three years

The business and profits from the subsidiary will also increase profitability of Golden Son, which was listed on the stockmarket in 2007.

Golden Son has also invested Tk 20 crore to purchase capital machinery and an additional Tk 60 crore to construct its own factory building during January-

September this year. Golden Son, a Bangladesh-Taiwan joint venture, engages in manufacturing, importing and exporting products like electrical motors for fans, non-electrical cookware appliances and garment accessories. The company has also invested in manufacturing LED lights with plans to

expand into solar energy-based lights. "Commercial production at our new setup will start from January. As a result, production and sales of the company will increase by around 50 percent," Ahmed

added. Each Golden Son share traded between Tk 56.30 and Tk 52.80 on the Dhaka Stock Exchange yesterday, before closing at Tk 53.40.

The company's net profit as of June "Gradually, we will expand the unit to was Tk 25.88 crore with earnings-per share of Tk 2.12.

Large-cap stocks keep market afloat amid cautious trade

STAR BUSINESS REPORT

Stocks returned to the black yesterday, riding on renewed investor interests in large-cap shares.

DSEX, the key index of the Dhaka the previous day. Stock Exchange, gained 23.96 points or 0.47 percent to close at 5,074.30. The shariah index, DSES, slipped 1.91 points or 0.15 percent to close at 1,195.

"Large-cap companies dominated turnover. Meanwhile, investors remained cautious before Eid vacation, which will start the next week, while some opted for profit booking bullish sentimen to re-balance the portfolio before stockbrokersaid.

going for a week-long vacation," IDLC

Investments stated. Turnover, the most important indicator of the market, declined 2.5 percent to Tk 879 crore, compared to

Amid heavy sell-offs in power and pharma sectors, financial and food provided massive support and held the market afloat, said Sheltech

Brokerage. The buying spree in the morning pushed the market into a positive zone, which is a strong indication of a bullish sentiment in the market, the

A total of 1.5 lakh trades were executed with 15.83 crore shares and mutual fund units changing hands on the Dhaka bourse. Gainers beat losers 137 to 123, as 40

remained unchanged out of 300 issues that traded on the premier bourse. Of the major sectors, food and

allied gained 3.7 percent, but

telecoms declined 2.7 percent. Grameenphone was the most liquid stock of the day with 19.66 lakh shares worth Tk 75 crore changing hands, followed by Titas Gas, MJL

Bangladesh and Jamuna Oil. READ MORE ON B3

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