Cost of Ctg four-lane project goes up 21pc

STAR BUSINESS REPORT

The cost of a component of the Chittagong four-lane project has gone up 21 percent due to a rise in consultancy fees amid delays in project implementation.

The cabinet committee on purchase yesterday approved the increase in cost for four small bridges with a total length of 520.37 metres and construction of around 32 metres of overpass at Chittagong rail crossing to Tk 165.54 crore from an earlier estimate of Tk 136 crore.

Earlier, the consultancy fee for the project was increased by 40 percent to Tk 49.65 crore.

The committee also gave approval to purchase of 30-50 megawatts of electricity from NTPC Vidyut Vyapar Nigam Ltd (NVVN) to meet the shortfall in power imports from India.

Since October 2013, the country has been importing 500MW of electricity from India through grid interconnectivity between Bohorompur in India and Bheramara in Bangladesh. Under the deal, Bangladesh received 250MW of electricity through NVVN and the remaining 250MW from Power Trading Company India Ltd.

In reality, the country has been getting 30-50MW of electricity less due to auxiliary consumption at the generating station and losses during transmission.

Subsequently, a decision was taken last year at the seventh meeting of the joint steering committee formed under the agreement signed between Bangladesh and India on electricity cooperation to buy power from private suppliers in the neighbouring country.

Bangladesh Power Development Board then called for proposals from the two companies on appointment of trading agent, who will purchase power from the Indian open market and supply to Bangladesh for a year.

As of now, BPDB is favouring the price quoted by NVVN, as it has offered the lower additional charges of the two companies.

The average price for a kilowatt-hour of electricity from the Indian government is Tk 3.27 per unit, much lower than the market rate of Tk 5.99 per unit.

But the new power import from private players will cost an approximate Tk 4.74 a unit, said a BPDB official. The purchase committee also approved a proposal for importing 50,000 tonnes of wheat at a price of $279.75 a tonne. Rotterdam-based Glencore Grain will supply the wheat.

Shanghai relaxes e-commerce rules

BBC NEWS

China has said that foreign investors will be allowed to "fully own e-commerce companies" in its Shanghai Free Trade Zone (FTZ).

The move is part of a pilot scheme, state-owned news agency Xinhua said.

The FTZ was set up in September 2013 and has acted as a testing ground for economic reforms by China's government as it seeks to boost growth and productivity.

It is widely seen as a crucial part of the country's market-oriented reforms.

Analysts said the move to allow foreigners to fully own e-commerce companies in the Shanghai FTZ was significant.

"Foreign e-commerce firms were previously required to have a local joint venture partner for their e-commerce business," said Rajiv Biswas, Asia-Pacific chief economist at IHS.

"So this move represents a significant economic reform, liberalising foreign investment into e-commerce businesses in the Shanghai FTZ."

Biswas said the changes created a more level playing field as Chinese firms sought greater access to big e-commerce markets outside of China, particularly in the US and in Europe.

"The liberalisation of Chinese regulations for foreign investment into e-commerce in China needs to be seen against the wider context of the rapid expansion of Chinese e-commerce firms," Biswas said.

"Notably the Alibaba Group, following its very successful IPO in 2014."

But he said the reforms still represented "a significant opportunity" for foreign e-commerce firms due to the large size of the Chinese consumer market.

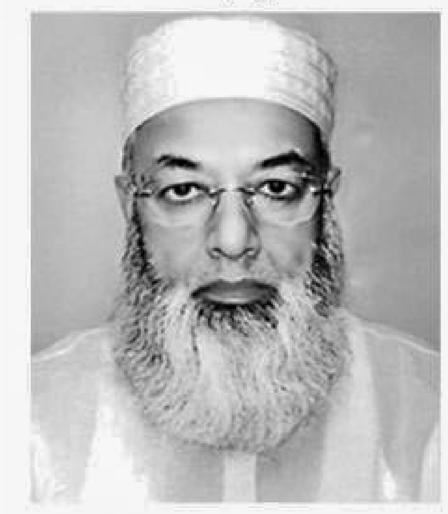
Last month, state-owned news agency Xinhua reported that China was set to expand its Shanghai FTZ to include "the city's commercial and financial centre Lujiazui, as well as Jinqiao and Zhangjiang districts".

The government said the expansion would help China "explore new paths and accumulate experience for the country's further and overall reform".

China also announced in December that three new trade zones would be set up in Guangdong, Fujian provinces and Tianjin municipality.

It said the new zones would offer "eased investment rules to speed up reforms amid economic hardship".

SIBL appoints vice chairmen


Md Sayedur Rahman


Abdul Jabbar Mollah

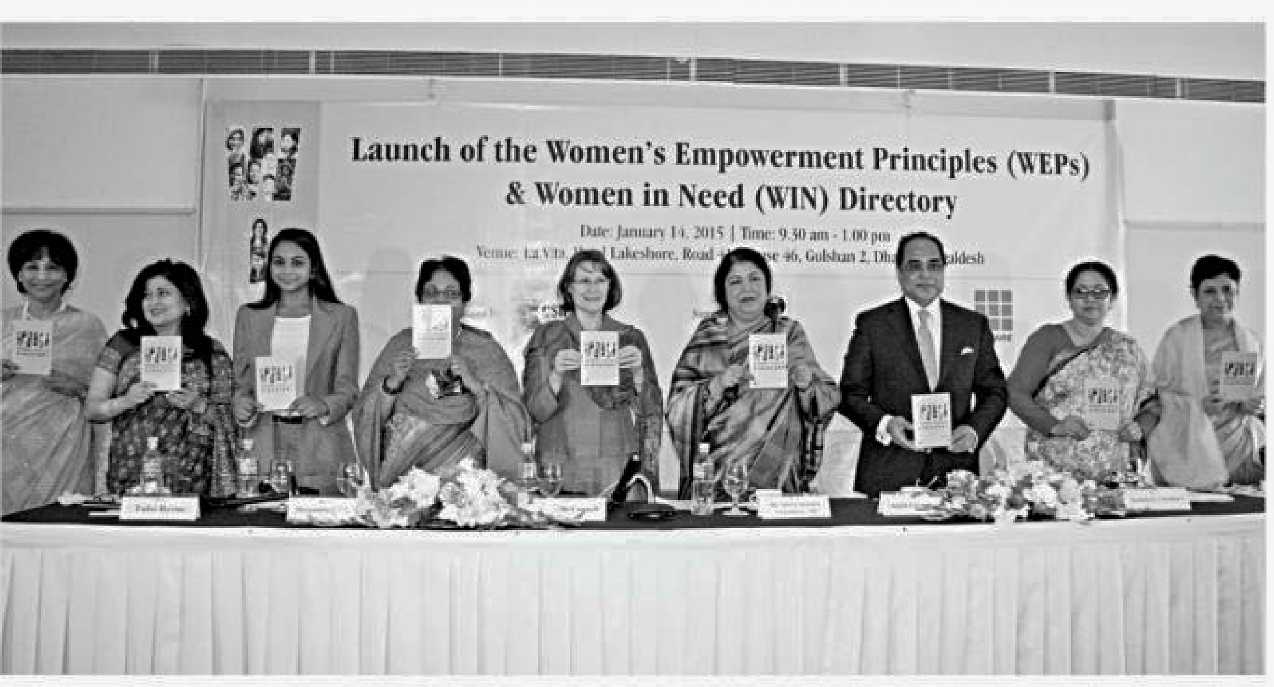
STAR BUSINESS DESK

Md Sayedur Rahman and Abdul Jabbar Mollah have been elected vice chairmen of Social Islami Bank, the bank said in a statement yesterday.

Sk Mohammad Rabban Ali, Md Abdur Rahman, and Nasiruddin have been elected chairman of executive committee, board audit committee and risk management committee of the bank respectively.

Md Sayedur Rahman is currently the managing director of Lodestar Garments and Mid-Asia Fashions.

Abdul Jabbar Mollah is a commercially important person (CIP) of Bangladesh, and currently serves as managing director of Jahanabad Sea Foods, Jalalabad Frozen Foods, and Jabbar & Co, it said.



CSR CENTRE

Shahamin S Zaman, chief executive of CSR Centre, Anjan Chowdhury, managing director of Square Toiletries, and Safina Rahman, chairman of Lakshya Sweaters, attend the launch of Women's Empowerment Principles, an initiative of UN Global Compact, at the capital's Lakeshore Hotel yesterday.

RSRM

Maksudur Rahman, chairman of Ratanpur Group, and Golam Mohammad Alamgir, chairman of Max Group, shake hands at the signing of an agreement to supply steel bars for Max Group's Muradpur-Lalkhan Bazar flyover project, in Chittagong recently.

WB scales up growth forecast

FROM PAGE B1

Exports started badly in the first quarter, but showed encouraging signs of recovery in the second quarter.

Private investment, which was stagnant the past three years, also appeared to be regaining some momentum, as witnessed by rising private sector credit growth towards the end of 2014, the WB economist said.

Sustained remittance inflow in 2014, which is a sizeable share of GDP, helped offset large trade deficits, the report said.

However, weak bank balance sheets continue to impede financing for an upturn in the investment cycle, WB said.

Stressed bank loans including restructured loans exceed 10 percent of loans in Bangladesh, Bhutan, India and Pakistan.

Restructured and problem loans need to be recognised as nonperforming, even though this would impair capital (with possible need for fiscal support), according to the report.

Banking system reforms, particularly aimed at strengthening human resources, improving nonperforming loan management and raising capital ratios, would help improve financial intermediation.

The fiscal cost of food and fuel subsidies is also heavy. Energy subsidies alone amount to 6-10 percent of revenues in India and Bangladesh.

However, the decline in international oil prices has opened the prospects of saving the budgetary provisions made for energy subsidies, Hussain said.

India has taken advantage of the window of opportunity to reduce and reform subsidies and other governments in the region should follow suit, as per the report.

Furthermore, the oil price slide has strengthened the prospects of sustaining balance of payment surplus and the declining trend in inflation, according to Hussain.

The share of manufacturing in GDP has gradually increased, reflecting the impact of a programme of reforms, begun over a decade ago, which have enabled a successful integration into global supply chains, WB said.

Supply-side bottlenecks continue to hold back growth in the baseline forecast, particularly in Sri Lanka and Bangladesh, where economies are operating at close to capacity.

With power generation unlikely to keep pace with growing demand in the region, shortages are expected to persist in the near term, including in Bangladesh, India, Nepal, and Pakistan, according to the report.

Regional growth in South Asia is expected to steadily accelerate toward 6.8 percent by 2017, supported by a recovery in domestic demand, especially investment.

Global growth is expected to rise moderately, to 3 percent in 2015, and average about 3.3 percent through 2017.

Expo shows strength in garment industry's backward linkage

FROM PAGE B1

JUKU, a global sewing machine producer of Japan, is showcasing apparel and non-apparel sewing machine, said Nazmul Hossain, a senior sales executive of its Bangladesh subsidiary.

He said the company is showcasing eco-friendly machines, as buyers around the world are increasingly demanding more and more environment-friendly products and production processes.

Naf Group is showcasing automated embroidery machine from Japan's Tajima company.

At the International Yard and Fabric Sourcing fair, Alam Industries has brought woven and knit tapes, which can be used in making inner wears and belts, said Nur Alam, one of the owners of the Gazipur-based company.

In the same pavilion, A Arun, executive director of Vijay Velavan Spinning Mills Ltd in India, is displaying export quality yarn and fabrics.

Industries Minister Amir Hossain Amu inaugurated the fair, where MA Mannan, state minister for finance, and Shitangshu Kumar Sur Chowdhury, deputy governor of Bangladesh Bank, also spoke.

DSE shuffles indices

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The 18 new companies will be added to the DSEX on the same day, while six existing companies will be excluded for failing to meet regulatory criteria.

Also, the regulator will add five companies to the DS30 index, a list of blue-chip companies, and exclude six others, after the semi-annual rebalancing of the index, as per criteria set by S&P Dow Jones Indices. The move will leave a spot on the index empty.

Taka gains slightly

FROM PAGE B1

The central bank's foreign exchange reserve stood at $21.7 billion yesterday.

"The supply of the US dollar improved significantly in recent days, but demand did not," said Sayedur Rahman, general manager of BB's foreign exchange reserve and treasury management department.

A continued slump in oil and commodity prices in the international market is helping Bangladesh save on foreign currency, while an inflow of remittance and export money continues to grow, Rahman said.

Bangladesh received $386 million from expatriates in the first week of this month, which is a good figure, he said. Half-yearly (July-December) export receipts were nearly $15 billion.

The taka faced depreciation in November-December 2014 riding on a rise in demand and BB was forced to sell $357 million during the period, the manoeuvre being a first of its kind in the last five years.

The BB bought $5.15 billion from the foreign exchange market in fiscal 2013-14, as any significant fall in the exchange rate affects exporters and remitters acutely, which prompts the central bank to buy dollars to avert such falls. The BB bought $4.53 billion in fiscal 2012-13.

Alibaba buys controlling stake in digital marketing firm AdChina

REUTERS, *Hong Kong*

China's e-commerce giant Alibaba Group Holding Ltd said on Wednesday it had bought a controlling stake in online marketing company AdChina, an investment aimed at bolstering its advertising business.

Alibaba did not close the size of the deal or the stake it would take in AdChina, a Shanghai-based firm founded in 2007. The internet marketing firm, which generated $51 million in sales in 2011, had filed for a $100 million initial public offering in Feb. 2012, but pulled the listing a year later.

The deal is the first Alibaba has disclosed this year, after spending more than $6.2 billion on acquisitions in 2014, the same year as its record-setting $25 billion New York listing.

The AdChina investment is geared towards improving Alibaba's online and mobile advertising efforts through Alimama, the group's advertising arm. This unit sells marketing to merchants using Alibaba's e-commerce sites like online marketplace Taobao and online retail platform Tmall.com.

Bicycle exporters may face rough ride

FROM PAGE B1

Bangladesh exported around 500,000 bicycles worth $110 million in 2014; it also exports bicycle parts and accessories to Europe, according to industry insiders.

Last month, the European parliament voted in favour of the European Commission's proposal to include the Philippines in EU's GSP plus, which will make all imports from the Southeast Asian nation to the EU duty free, including bicycles, parts and accessories.

The Philippines will now benefit from zero tariffs on 6,274 products -- nearly two-thirds of its exports -- destined for Europe.

At present, there are two large bike producers -- Procycle Industrial Inc and Jumbo Brico Associated Co -- with three factories in the Philippines. These are Taiwanese companies.

"We'll face more competition, but we are not worried as the Philippines cannot beat us overnight," said AHM Ferdaus, general manager of Alita Bangladesh.

"Altogether, it may be good for us, as we'll try to go for high-end products."

Bangladesh presently exports low and mid-range bicycles that cost between $100 and $150 a unit. But the Philippines exports only low-end bicycles that are priced between $60 and $70 a unit.

"However, we cannot sit in complacence as many more Chinese and Taiwanese companies will set up factories in the Philippines and can produce the same types of bikes we make," said Bari of Meghna.

Exporters asked the government to facilitate business by improving infrastructure, particularly the roads and ports. They also sought fiscal measures to enhance their competitiveness.

The government had given a 15 percent cash incentive for bicycle exports until 2010. "We need the incentive back," Bari said.

Political violence hits tourism hard

FROM PAGE B1

Tourists who have already entered the country have also failed to make their planned visits to archaeological sites in Rangamati, Chapainawabganj, Rajshahi, Bogra and Sylhet as they were stuck in hotels for blockades, he said.

A total of five groups of tourists from Turkey, China and Japan, comprising 30 people, are sitting idle in hotels, he said.

This is the first time the 14 tourists from Turkey came to Bangladesh, Rahman said.

Two groups comprising 30 tourists from Australia and Italy have also cancelled their 14-day trip since January 12 through Riverain Tours.

"The travel of foreign tourists is our bread and butter," said Syed Mahbubul Islam Bulu, chief executive of Riverain Tours. "We are in a crisis as the country is experiencing a tough political period."

The political parties should free the tourism industry from their agenda, he said.

A total of 30 tourists from Japan and China had planned to visit Bangladesh this month through Tour Planners. "They have cancelled their trips," said Faridul Haque, the company's managing director.

"Bangladesh has a number of natural tourism spots, while Singapore has invested $20 million to develop the sector. But we cannot bag the full benefits from the sector due to the strikes and blockades," said Haque.

The country's image is being eroded for the political unrest, he said.

A bus carrying 26 Japanese tourists was attacked at Pirojpur last week. Miscreants threw stones at the bus and the tourists got back home ahead of schedule, he said. "We are losing foreign currencies due to the strikes."

Bengal Tours brought 50 tourists from Japan and Europe to Bangladesh. "We are in a mess as we cannot take them to the planned sites," said Masud Hossain, executive director of the company.

Another 100 tourists will visit Bangladesh next month through the company. "We are tense over whether the situation will improve or further deteriorate." "We want a pleasant environment to do business in the country."

In 2013, a total of 3.92 lakh foreigners visited Bangladesh, generating direct jobs for 1,328,500 people (1.8 percent of total employment), according to World Travel and Tourism Council.

AMULET PHARMACEUTICALS

Shaukat Ahmed, chairman of Amulet Pharmaceuticals, attends the company's 3rd annual sales conference held at Victoria Convention Centre in Dhanmondi yesterday. AZE Rasul, managing director, was also present.

IPDC

Mominul Islam, managing director of Industrial Promotion and Development Company, hands over blankets, winter clothes and inhalers to Sebastian Zug, deputy country representative of Terre Des Homes Foundation, for distribution among the cold-stricken people of North Bengal recently.

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