



BUSINESS

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Grid power use costlier than captive power

SHARIER KHAN

In the late nineties, amid an acute power crisis and availability of surplus gas, the government had allowed businesses to build their own gas-fired power plants to run factories. Installing such power units required extra cash -- but the gas was cheap and the power they produced was just slightly costlier than that supplied by the Power Development Board.

Since then around 1,600 such small power plants were set up to ensure uninterrupted productivity. These are called captive power plants as they are not connected to the national grid, and they generate around 1,500 megawatts of power -- enough to meet the demand of one third of Dhaka, the country's main energy consumer.

Meanwhile, the country's energy scenario became bleaker with constant gas crisis and heavy electricity load shedding.

To tackle this problem, the government stopped giving new gas connections and turned to costly fuel-based power generation among other measures. Also, the gov-

ernment repeatedly hiked the national electricity tariff to cover the soaring costs.

Anyone connected to the national grid now pays more than three times the tariff they paid several years ago.

However, this does not apply to captive power users as the price of gas they use for electricity generation has been unchanged since 2008. Except for the price of compressed natural gas (CNG), the authorities refrained from increasing gas price as the sector is financially healthy.

"Captive power plant users enjoy lower input cost for production of goods than industries that use power from the national grid. Captive power is five to six times cheaper," said an industrialist requesting anonymity.

For example, in the steel manufacturing sector that heavily uses electricity -- a plant with captive power spends Tk 38,000 to make one tonne of billets, which saves more than Tk 4,000. A plant using grid electricity spends around Tk 42,000 to produce a tonne of billet which is later used by re-rolling mills to produce rods.

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Domestic air travel growth stutters

SUMAN SAHA

Growth in domestic air travel slowed down last year mainly on the back of one of the major carriers' shift in focus to international routes.

Domestic air travel grew 5 percent year-on-year in 2014, in contrast to 10 percent growth recorded for the previous year by the Civil Aviation Authority, Bangladesh. Last year, 680,420 people travelled by air within the country.

Regent Airways, which focused more on international routes, however carried around 35 percent fewer passengers nationally last year, as it cut back two domestic routes due to high fuel costs, said Sam Issac, chief adviser to the airline.

The airline now operates only on the Dhaka-Chittagong and Dhaka-Cox's Bazar routes and has instead diverted its resources to international routes.

"International routes hold immense business prospect," Issac said, adding that Regent registered four-fold increase in passenger count on international routes last year.

United Airways, another domestic carrier, had around 2.35 lakh passengers last year on the domestic route, down roughly 3 percent, said Kamrul Islam, the airline's deputy general manager of marketing support and public relations.

He attributed the slip in passenger count to the launch of US-Bangla Airlines in July last year. The airline now operates eight flights daily.



DOMESTIC AIR TRAVEL

Numbers of passengers

2009	2010	2011	2012	2013	2014
596,617	523,133	527,950	589,108	648,019	680,420

SOURCE: CAAB

ONE WAY FARE FROM DHAKA TO
In Taka (lowest-highest)

CHITTAGONG	SYLHET	COX'S BAZAR	JESSORE	SYEDPUR	RAJSHAHI
3,400	4,000	5,000	3,500	4,500	3,800
8,500	8,500	9,500	7,000	9,500	6,400

SOURCE: AIRLINES' WEBSITES

WEEKLY AVAILABLE SEAT

US-BANGLA AIRLINES	United AIRWAYS(BD) LTD.	NOVOAIR	REGENT
7,900-8,400	7,200-7,700	5,800-6,300	3,700-4,200

A comparatively stable political

environment was another reason for the decline in domestic air travel growth last year, according to Kazi Wahidul Alam, an aviation expert.

Many people tend to avoid costly air travel in favour of other modes of transport in times of political stability, he said.

For instance, many travellers are now opting for air travel even if it is more expensive, as the non-stop countrywide blockade has ren-

dered road and rail travel unsafe.

Novoair, which has been operating flights on domestic routes since January 2013, however, registered around 32 percent year-on-year growth in passenger count last year, riding on its increased seating capacity.

On average, the airline operated 7-8 flights daily last year, while the number was 5-6 flights in 2013, said Mofizur Rahman, its managing director.

In 2014, Novoair carried around 1.63 lakh passengers, up from around 1.23 lakh in 2013, he added.

Currently, the local carriers fly mainly on four domestic routes out of Dhaka -- Chittagong, Cox's Bazar, Sylhet and Jessore -- with the Dhaka-Chittagong route seeing the most traffic flow, followed by Dhaka-Jessore.

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BASHUNDHARA
CEMENT



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BB asks banks not to file cases against defaulter farmers

STAR BUSINESS REPORT

Bangladesh Bank yesterday asked six state banks not to file "certificate cases" against farmers who have defaulted on agro-loans.

The central bank also directed the banks to reschedule the loans and withdraw all cases filed against farmers. A certificate case is filed by local magistrate courts against defaulter farmers.

Six state banks filed certificate cases against more than two lakh farmers, according to BB data

banks -- Sonali, Janata, Agrani, Rupali, Bangladesh Krishi Bank and Rajshahi Krishi Unnayan Bank -- filed certificate cases against more than two lakh farmers, according to BB data. Of them, arrest warrants were issued against 10,000.

Default loans involving the certificate cases stood at Tk 570 crore as of November 30, 2014, up by Tk 18 crore from January the same year. "It is not acceptable that the farmers will have to face cases. It is also unfortunate that farmers are on the run due to the arrest warrants," Chowdhury said.

The deputy governor also directed the banks to take awareness programmes so that farmers do not become defaulter willfully.

BB data showed that these six state banks filed 2,504 certificate cases against farmers in November last year while the courts settled only 1,710 cases in that month. In January 2014, the banks had filed 3,785 certificate cases while the courts settled 2,499.

The courts issued arrest warrants against 10,224 farmers between 1991 and 2014, as they failed to repay their loans, BB data showed.

Another BB official said the six state banks filed certificate cases with the executive magistrate's courts to recover default loans worth up to Tk 50,000 from each farmer.

Bangladesh to grab spotlight at HK meeting on garment

REFAYET ULLAH MIRDHA

Global retailers will focus on safety standards and compliance in Bangladesh's garment sector at the sourcing trend meeting in Hong Kong in mid-March.

Rick Darling, executive director of government and public affairs of Li & Fung, the world's largest supplier of clothes and toys to retailers, will present a keynote paper on these issues at the meeting on March 16, organisers said in a statement.

SourceTrends is an annual event for apparel and footwear brands, manufacturers, retailers, agents and suppliers. This year, Bangladesh is on the radar for the Tazreen Fashions fire and Rana Plaza building collapse.

American Apparel and Footwear Association, American Chamber of Commerce, Footwear Distributors and Retailers of America, SGS, Oeko-Tex, Business Social Compliance Initiative, Sustainable Fashion

Business Consortium and Worldwide Responsible Accredited Production are organising the meeting.

Every year, retailers, brands and manufacturers from all over the world attend the meeting to discuss updates on safety standards, compliance and future plans in apparel and footwear sectors.

"Darling's presentation will focus on compliance and the effect of the issues in Bangladesh over the last two years and their relevant impact on the industry," according to the statement.

Darling will discuss the progress reports of the Alliance, a North American garment factory inspection agency, and Accord, another platform of 190 retailers and brands for factory inspection.

Darling will also shed light on how the brands and retailers can use the experiences of both Accord and Alliance on factory inspection globally.

In his current position, Darling

oversees Li & Fung's government relations, public affairs and supply chain sustainability on the global industry and multi-stakeholder initiatives, such as improving worker safety in Bangladesh.

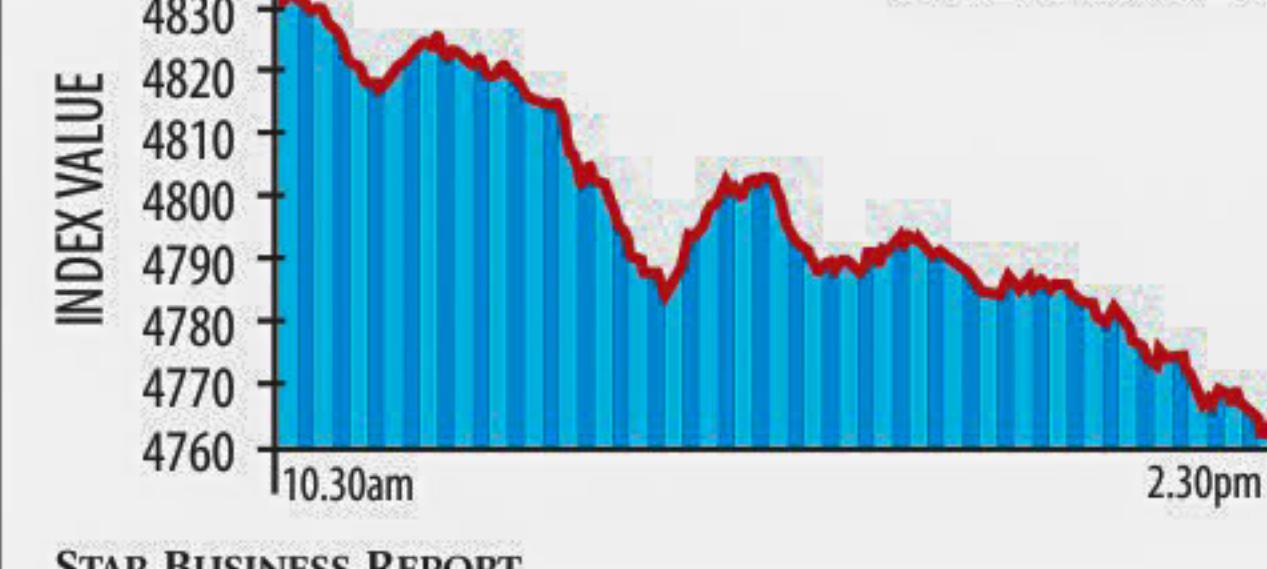
A full-day event is planned with five panel discussions that address product testing regulations, US customs and supply chain traceability.

Each panel will be comprised of speakers from retail or brand organisations, product testing or audit/inspection companies, along with leaders from international trade associations from the textiles, apparel and footwear industry.

Ian Spaulding, senior adviser of Alliance for Bangladesh Worker Safety; Larry Brown, head of global sourcing compliance of Esprit; Kitty Man, senior product safety manager of VF Corporation; and Alex Thomas, vice president of supply chain and manufacturing at VF Corporation, will also speak.

Stocks fall for second day amid sell-offs

DSEX INDEX



STAR BUSINESS REPORT

Stocks declined for the second day as investors sold off scrips yesterday to bag profits amid continued political strife.

DSEX, the benchmark general index of the Dhaka Stock Exchange, fell 61.71 points or 1.28 percent to close at 4,769.47. DSES, the shariah index of Dhaka bourse, fell 14.64 points or 1.28 percent to close at 1,132.48.

The market saw another bloodbath as investors refrained from making fresh investments amid political unrest, IDLC Investments said.

Turnover, the most important indicator of the market, advanced 5.9 percent to Tk 280 crore, compared to the previous day, the investment bank said.

All the major sectors closed in the red. Cement shares lost 2.56 percent in market capitalisation, followed by power 1.78 percent, non-bank financial institutions 1.47 percent, telecoms 0.86 percent, pharma 0.85 percent, food and allied 0.42 percent and banks 0.09 percent.

A total of 0.88 lakh trades were executed with 8.37 crore shares and mutual fund units changing hands on the Dhaka bourse. Losers beat the gainers 209 to 68, while 36 remained unchanged on the DSE floor.

Beximco was the most liquid stock of the day with 27.58 lakh shares worth Tk 9.52 crore being traded, followed by Ifad Autos, Amara Technologies, MJL Bangladesh and Grameenphone.

Bangas became the highest gainer of the day with a 4.12 percent rise, while Summit Alliance Port was the worst loser, plunging by 6.88 percent.

Chittagong Stock Exchange also declined yesterday with its selective categories index, CSCX, losing 115.58 points to close at 8,851.46.

Of the 243 issues that traded, 174 declined, 44 advanced and 25 remained unchanged on the CSE where 85.82 lakh shares and mutual fund units changed hands with Tk 24 crore in turnover.

BIAC seeks govt help for alternative dispute system

STAR BUSINESS REPORT

The Bangladesh International Arbitration Centre (BIAC) has sought assistance from the government in popularising the alternative dispute system which could cut the courts' burden of dealing with commercial and business disputes.

A team led by BIAC Council

Chairman Mahbubur Rahman met Finance Minister AMA Muhith at the secretariat yesterday.

"The BIAC urged the government to make rules so people go to the centre to have their disputes settled before directly going to court," Muhith said.

The BIAC has great potential but people do not know much about it, Muhith said. "The delegation has

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sought cooperation from the government to popularise the BIAC."

The minister said parties involved in commercial disputes directly go to court because it allows them to defer the payment for a long period.

The first international arbitration institution of the country, the BIAC started its operations in April 2011.