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এসআইবিএল ইসলামিক কনজুমার ফাইন্যান্স
এসআইবিএল হোম ফাইন্যান্স
এসআইবিএল অটো ফাইন্যান্স

* ফ্রি অনলাইন সেবা
যে কোন প্রয়োজনে ০৯৬৯২০০৯২২



Star BUSINESS

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Fresh gas price hike can choke textile sector

Industry operators say they will lose competitiveness

REFAYAT ULLAH MIRDHA

The proposed 130 percent hike in gas price for captive power plants will badly hurt the country's primary textile sector, which is already struggling for the deluge of cheap fabrics and yarns from China and India.

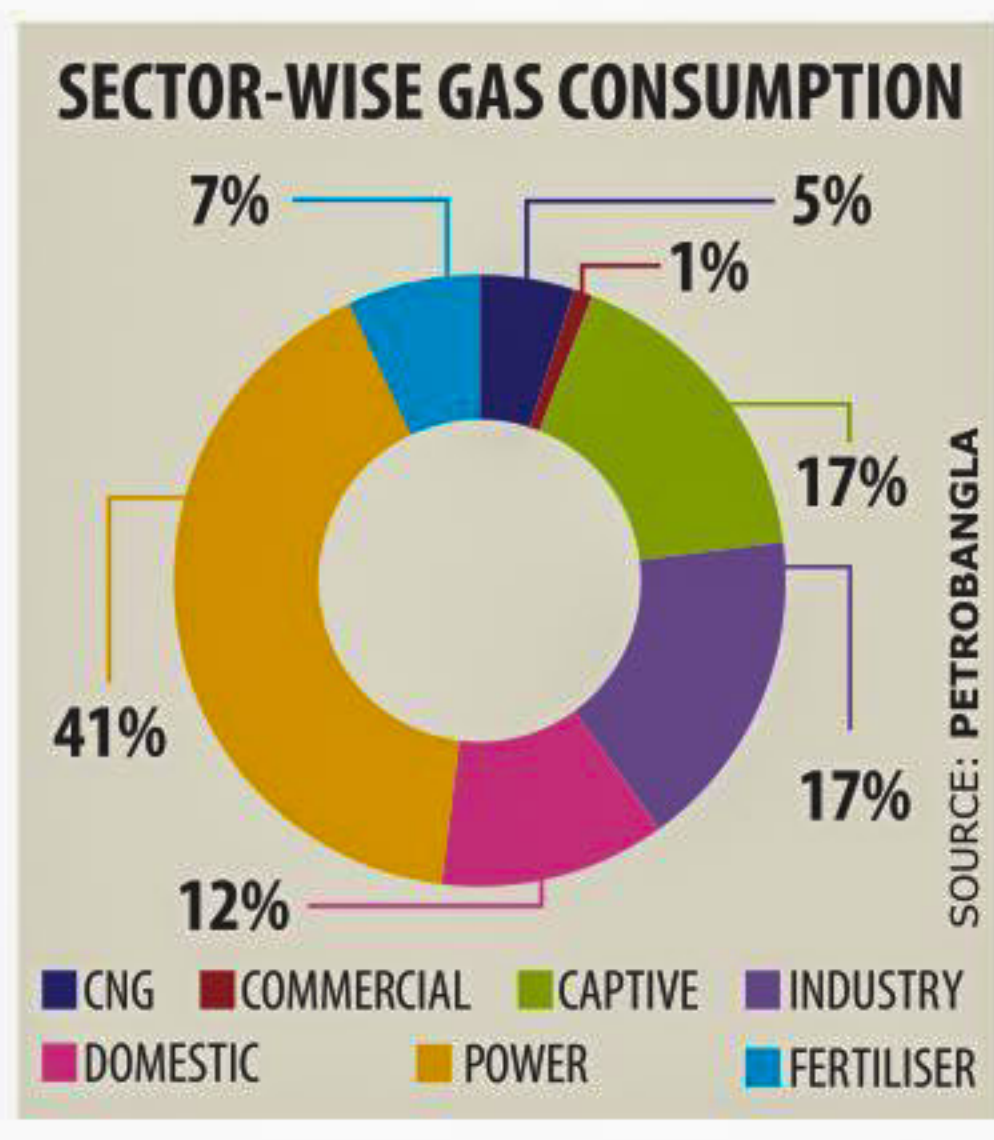
The hike will take the price of gas to Tk 19.26 per cubic metre from Tk 8.36 now. The government had already raised the price of gas for captive power plants as recently as September last year from Tk 4.36 per cubic metre to the current rate.

"Probably the highest hike has been proposed for the captive power generators," said A Matin Chowdhury, managing director of Malek Spinning Mills, a leading spinner.

Captive power generators account for 17 percent of total gas consumption, according to data from Petrobangla, the national oil, gas and mineral exploration company.

Primary textile accounts for 4 percent of the electricity generated by captive power plants.

The primary textile sector, where more than \$5 billion has been invested so far, would be



affected, said Chowdhury, who is also a former president of the Bangladesh Textile Mills Association.

"All the investment would be in difficulty if

the gas price is hiked, as the sector is already going through a rough patch due to imported raw materials, particularly yarns and fabrics," he added.

For sustainability in yarn trade, a mill requires a profit margin of at least \$1. At present, the millers' margin has dropped to below 60 cents.

Spinners and weavers have already expressed their concern over the proposed price hike in a meeting with the high-ups of Bangladesh Energy Regulatory Commission.

If the proposed hike in gas price is implemented, the price of yarn will increase 3-14 percent and the price of fabrics 3-10 percent in the local market, according to the BTMA.

The garment makers are not ready to pay the extra price as they now have the option of imported yarns and fabrics at a lower price, Chowdhury said. "And, they would continue to enjoy the zero-duty benefit."

Earlier, garment exporters had to use local fabrics and yarns to enjoy duty benefits, but in 2011 the rules were relaxed.

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Demand for building materials on the rise

Infrastructure projects and homebuilding in rural areas and suburbs drive demand

SOHEL PARVEZ

The government's infrastructure projects and rising homebuilding in rural areas and suburbs have provided scope for construction ingredient makers to make up for the void in demand created by the slowdown in the real estate sector.

"Government spending on infrastructure plays a driving role in construction activities," said Aameir Alihussain, managing director of BSRM, the country's largest steel maker.

Remittance inflows and increased farm income have also fuelled demand for construction materials, including rod, in rural and suburban areas.

"These sectors can fill up the vacuum that has been created for sluggishness in the real estate sector," Alihussain said.

Currently, the government is implementing various projects, including flyovers and bridges, which have sustained the demand for steel, cement and other ingredients.

"We have seen strong growth in the demand for construction materials in rural and suburban areas," said Md Alamgir Kabir, additional managing director of MI

Cement.

Bangladesh annually consumes nearly two crore tonnes of cement against the production capacity of more than three crore tonnes, according to cement makers' association.

The demand for construction materials would have grown faster had the real estate sector performed well, Kabir said.

Affluence is a factor behind the rise in construction of concrete homes in rural areas, said Masud Khan, chief financial officer of Lafarge Surma Cement Ltd.

"There has also been a good deal of construction activities such as building markets in upazilas and growth centres," he said, adding that the demand for cement is high in export processing zones as well.

BN Dulal, secretary general of Bangladesh Auto Brick Manufacturers Association, said the real estate sector was the main driving force for brick makers.

"Now, the demand is high in rural and suburban areas. People in rural areas are constructing homes with bricks," he added.

Bangladesh annually consumes 500-600 crore pieces of bricks and auto brick makers supply nearly one-third of the demand.

Ctg port opens shed for imported cars

STAFF CORRESPONDENT, Ctg

The Chittagong port yesterday opened a modern car parking shed to store imported vehicles before delivery.

Shipping Minister Shajahan Khan inaugurated the Tk 24 crore parking shed on an area of 1.92 lakh square feet that can accommodate 950 vehicles.

Pratunu Wahab & A Barik Associates built the shed near the port stadium.

The step is expected to allay the importers' resentment over damage and theft of parts of their imported vehicles which had been kept in port yards or left in the open, said Khan.

Two car carriers, worth Tk 3.9 crore, were also launched at the programme.

The Chittagong Port Authority purchased the carriers from Dockyard and Engineers Works in Narayanganj to carry imported vehicles from the jetty areas to the shed.

Each carrier consisting of a trailer and a tractor can transport six cars at a time, said Niaz Morshed Elite, managing director of Borotakia Group, the local agent of the supplier firm.

There are plans to expand the shed to allow in more vehicles, said CPA Chairman Rear Admiral M Khaled Iqbal.

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Before BB heist, Fed feared cyber attacks

REUTERS

In the years before hackers stole \$81 million from a Bangladesh central bank account at the Federal Reserve Bank of New York, senior Fed security officials examined the risk of such an attack -- but judged the prospect unlikely, bank sources told Reuters.

The Fed managers worried that lax security procedures and outdated technology at some foreign central banks could allow cyber-criminals to commandeer local computers and breach foreign accounts at the US central bank, according to interviews with seven current and former New York Fed officials and a former US government official familiar with the discussions.

Over several years, New York Fed and Federal Bureau of Investigation officials discussed the risk of an attack made using the banking system's communications network, known as SWIFT, according to Fed and government officials, who spoke on condition of anonymity.

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Refined petroleum imports more beneficial than crude

London-based BMI Research says in new report

STAR BUSINESS REPORT

Bangladesh will benefit more if it imports refined petroleum products instead of bringing in crude oil and refining them at home, BMI Research said in a new report.

The country imports crude oil from Saudi Arabia and the UAE, which is refined at Eastern Refinery Ltd (ERL), a wholly-owned subsidiary of state-owned Bangladesh Petroleum Corporation.

Recently, ERL has contracted Engineers India Ltd as a consultant to expand the country's lone Patenga refinery. The facility currently has a refining capacity of 1.5 million tonnes a year.

The government is seeking developers to construct a second crude distilla-

tion unit at the refinery, which will increase the refining capacity by an additional three million tonnes a year by 2019, at an estimated cost of \$1.7 billion.

"Given the geographical proximity of the Middle East and the competitiveness of its refineries, it may be more economical for Bangladesh to import refined fuels from the Middle East in the short term," said London-based BMI Research.

At present, Bangladesh imports refined fuels from countries such as Malaysia, China, Vietnam, the Philippines, Indonesia and Brunei, Turkey, Kuwait, the UAE and Oman.

"Additionally, we forecast Bangladesh will remain a net importer even if the refinery expansion project goes ahead, restricting the potential of

international sales revenue that ERL and BPC could generate."

Owned by Fitch Group, BMI Research provides macroeconomic, industry and financial market insights.

The analysis forecasts Bangladesh's refined fuel consumption will grow at an average of 3 percent a year to 2025, led by an expanding manufacturing sector and strong economic growth.

BMI Research cautioned that there are significant downside risks to the expansion project, such as a delay or project downsizing, given that the government has yet to secure financing.

The government has teamed up with France-based Technip in order to treble the country's capacity for refining crude oil, thus cutting the reliance on imports.

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UCEP to set up second technical vocation institute in Kalurghat

STAR BUSINESS REPORT

AK Khan Foundation and the Underprivileged Children's Educational Programmes (UCEP) Bangladesh have signed an agreement to set up a technical vocational education and training centre in Kalurghat, Chittagong.

The signing ceremony of the deal for the TVET Complex was held at UCEP Bangladesh in the capital yesterday, the national non-governmental organisation said in a statement.

AK Khan Foundation, the philanthropic unit of AK Khan & Company, will

support the setting up of the centre.

The TVET Complex will include vocational skills training facilities, where trainings for trainers and other capacity development trainings will be provided along with a four-year diploma in engineering in different subjects.

There will also be living accommodations for students, according to the statement.

UCEP established its first polytechnic institute—UCEP Institute of Science and Technology—in Dhaka in September 2015.

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