

DHAKA FRIDAY AUGUST 26, 2016, BHADRA 11, 1423 BS

Rising consumption fuels cooking oil imports

SOHEL PARVEZ

Bangladesh is importing more edible oil now than ever before to meet the rising consumption, industry officials said yesterday.

Increasing income and population growth have fuelled the consumption of vegetable oils, particularly palm and soybean, in a country that suffers from a large deficiency of domestic production of oilseeds.

Bangladesh, which has a population of 16 crore, consumed 23 lakh tonnes of vegetable oil in fiscal 2015-16, up 11 percent year-on-year, according to a report released by the US Department of Agriculture this month.

The import of vegetable oils rose 10 percent year-on-year to 20.4 lakh tonnes in fiscal 2015-16, according to the USDA.

"Import and consumption are rising because of gradual improvement in the overall standards of living," said Bishwajit Saha, general manager of City Group, one of the biggest commodity processors and marketers in Bangladesh.

City markets its cooking oil under the brand name of Tee.

"People's tendency to have fast food is rising in addition to increasing household consumption."

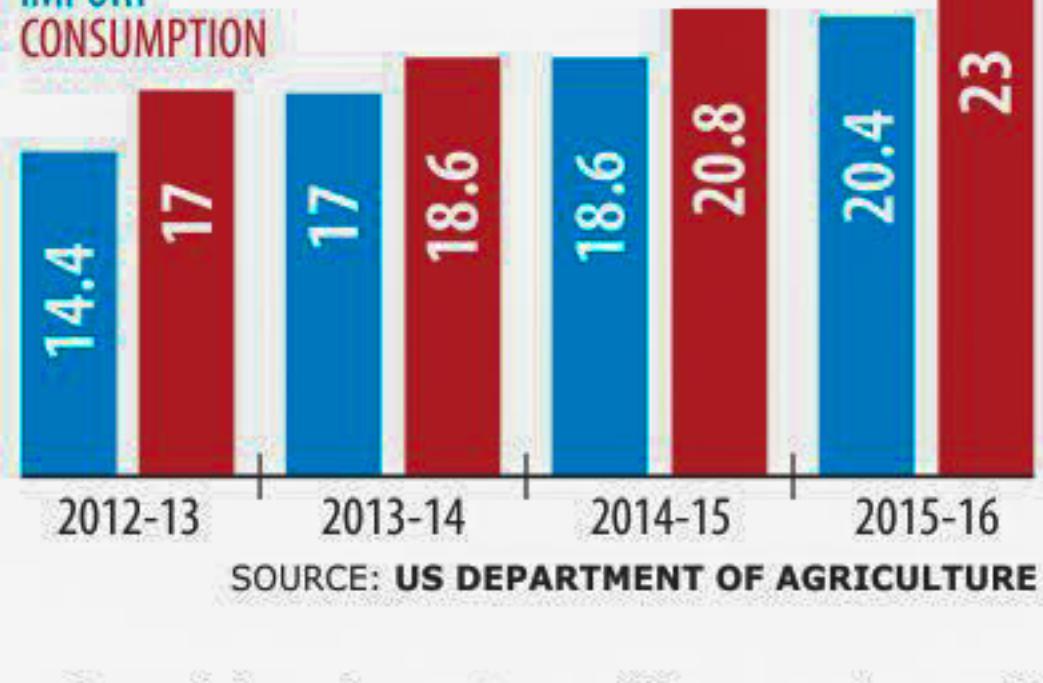
Some industrial sectors also use vegetable oil, particularly palm oil, for making snacks such as potato chips and Bombay mix, a traditional snack, according to Saha.

Sweetmeat makers use edible oil, while the paint industry requires vegetable oil too, he added.

The per capita oil consumption now stands at nearly 11 litres a year, which was 8 litres five years ago, said Shoeb Md Asaduzzaman, head of sales and marketing of Bangladesh

TREND OF VEGETABLE OIL IMPORT AND CONSUMPTION

In lakh tonnes



Edible Oil, a leading marketer of cooking oil.

"People now have more diversified food habits than in the past because of rising income."

The domestic production of oilseeds is rising but still remains much lower than demand.

Locally, oilseed production rose 10.67 percent to 9.34 lakh tonnes in fiscal 2014-15 from a year earlier, according to Bangladesh Bureau of Statistics.

Asaduzzaman expects the per capita oil consumption to accelerate to 15 litres in a decade from now.

"Consumption will rise further thanks to income growth," he said, adding that demand for branded oil, including BEOL's Rupchanda, is rising.

To cater to the increasing demand, BEOL in June bought all shares, assets and liabilities of Shun Shing Edible Oil Ltd for Tk 150 crore, he said.

In January 2013, Hong Kong-based SSEOL, which has refineries in the Mongla seaport area, launched soybean oil under the brand name of Veola in Bangladesh.

With the purchase of SSEOL, the processing capacity of BEOL has risen to 1,600 tonnes a day from its previous 600 tonnes, according to the official.

Bangladesh's refineries can process nearly 40 lakh tonnes of vegetable oil, mainly crude palmolein and crude degummed soybean oil, a year.

Processors mainly import palm from Malaysia and Indonesia and soybean from Brazil and Argentina to meet the domestic demand, according to Saha.

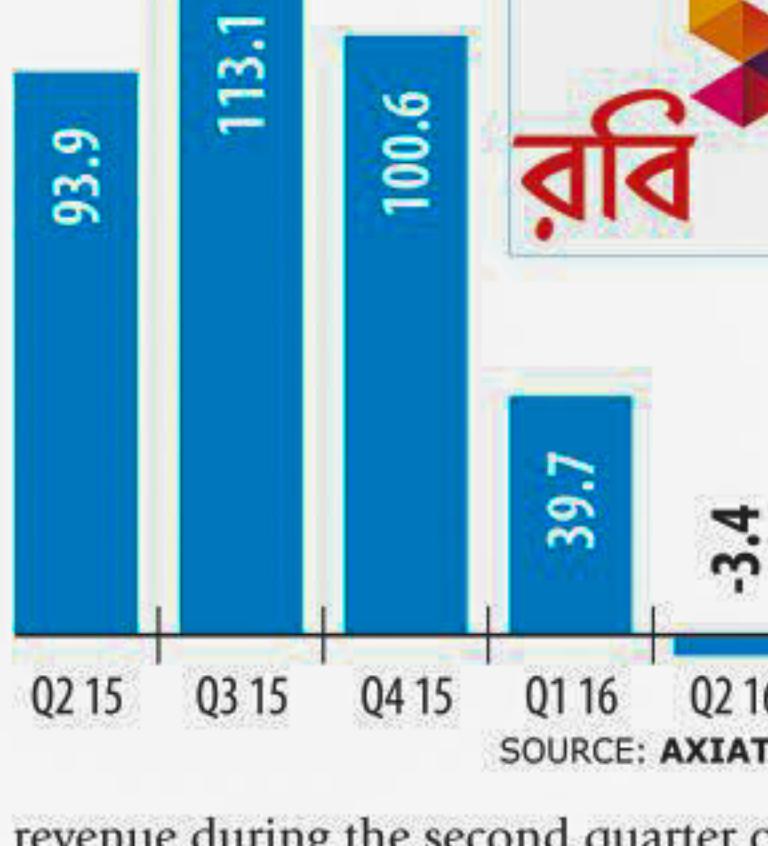
Low commodity prices allowed the country to have lower import bills -- of Tk 10,408 crore -- for edible oil in fiscal 2015-16, down from Tk 12,223 crore the previous year, according to Bangladesh Bank.

Robi incurs losses in second quarter

STAR BUSINESS REPORT

ROBI'S NET PROFIT

In crores of Tk



Mobile phone operator Robi witnessed a Tk 3.42 crore net loss in April-June, after nine quarters of continuous profit, mainly due to accelerated asset depreciation from network modernisation in the Chittagong and Comilla regions.

A tax hike in some segments was also another factor for the loss; its normalised profit was Tk 98.5 crore in the second quarter this year.

Robi posted a Tk 93.9 crore net profit in the second quarter of 2015, the operator's Malaysia-based parent company Axiata Group said in its quarterly report on its website yesterday.

The last time Robi saw a loss was in October-December of 2013; it had recorded a loss of Tk 1.15, according to a previous presentation of the company.

The third largest operator's revenue also declined 3.99 percent year-on-year to Tk 1,243.5 crore in April-June.

Of the total revenue, 12 percent came from the data segment, which was around 10 percent in the same period last year.

Robi, which is awaiting a possible merger with Airtel, continued investing aggressively to fast-track its 3.5G network expansion and improving its 2.5G customer experience both in voice and data services.

It invested Tk 560 crore to expand its 2.5G and 3.5G network coverage nationwide.

"We experienced stable mobile

ness, said the operator.

Though Robi was the third largest operator by subscribers and second in terms of revenue in the last couple of years, this setback pushed them back to third position in revenue, after Banglalink and Grameenphone.

Robi's gross revenue stood at Tk 2,427 crore with Tk 3.63 crore net profit for the first half of the year. Banglalink recorded Tk 2,450 crore in revenue in the same period although it did not mention its profitability position.

Grameenphone earned Tk 5,560 crore in revenue in the January-June period, with Tk 1,070 crore in net profits, according to the operator's quarterly report.

Despite some challenging conditions, Robi was able to maintain its subscriber base of 2.74 crore, representing 20.9 percent of industry subscriber market share.

Axiata's report showed that the operator's average revenue per user every month declined compared to the immediate past quarter. However, their smartphone penetration increased.

The operator's average monthly income against every subscriber was Tk 135 in the second quarter this year, dropping from Tk 144 in the same quarter last year. Both prepaid and postpaid subscriber spending also declined, according to the report.

The operator's smartphone penetration stood at 24 percent after June, which was 16 percent last year in the same period.

READ MORE ON B3

Banglalink takes SIM sales online

STAR BUSINESS REPORT

Banglalink has become the first mobile phone operator in Bangladesh to sell subscriber identification module or SIM cards online.

Browsing the website of the second-largest mobile phone operator, any customer can order for the connection and get home delivery in three days, said Asif Ahmed, head of corporate communications of the company.

There are two packages on offer at the e-commerce site -- e-shop.

To order a mobile phone number, customers will have to provide their e-mail addresses and national identification numbers.

Upon receiving the order, Banglalink executives will visit the address of the applicants with biometric devices to verify the prospective subscribers' identity. The executives will register connections for the customers in return for cash on delivery.

The future is digital and most of the customers like to purchase products online. Banglalink always strives to provide services as per customers' demand," said Ahmed.

He said the online service is increasingly getting popularity among customers. The price of the regular SIM has been fixed at Tk 200 while a special package SIM will cost Tk 401, according to the operator.

For the special offer, a customer will have to pay Tk 200 for the SIM and Tk 201 for 4GB data. Online purchase brings additional benefit to the customers.

Subscribers who are buying the new products online will get a special offer such as 4GB data bonus in the first month, of which 2GB can be used for 24 hours, while the rest from 12am to 12pm; Tk 100 will also be added to the customer's account, according to Banglalink.

The unit uses LED lights everywhere to reduce consumption of electricity and has its own captive power generation plant, he said.

"We have ready yarn, we have ready fabric and now we need a denim garment factory. We will

Denim by Square flourishes as purchase orders pour in

REFAYET ULLAH MIRDHA

The denim unit of Square Group that began full-fledged operations in July last year in Habiganj is thriving on market potential, said a top official of Square Denim.

"The company currently produces 1.2 million yards of denim fabric a month at the Habiganj project, although the company's target is to produce 2.5 million yards in near future," said Sayeed Ahmad Chowdhury, general manager of Square Denim.

The group opted for denim for its high demand worldwide with changing fashion trends, he said.

Square Group has been producing denim yarn, the raw material for denim fabric, for many years. This is another major reason for going into denim production at the new unit that was set up with Tk 400 crore, Chowdhury said.

"We are a step ahead as we have the backward linkage of ready yarn," Chowdhury told reporters while they were visiting the denim factory at Habiganj on Saturday.

"Bangladesh turned into a major denim producer as markets for China have been shrinking rapidly. We thought that we can use this opportunity."

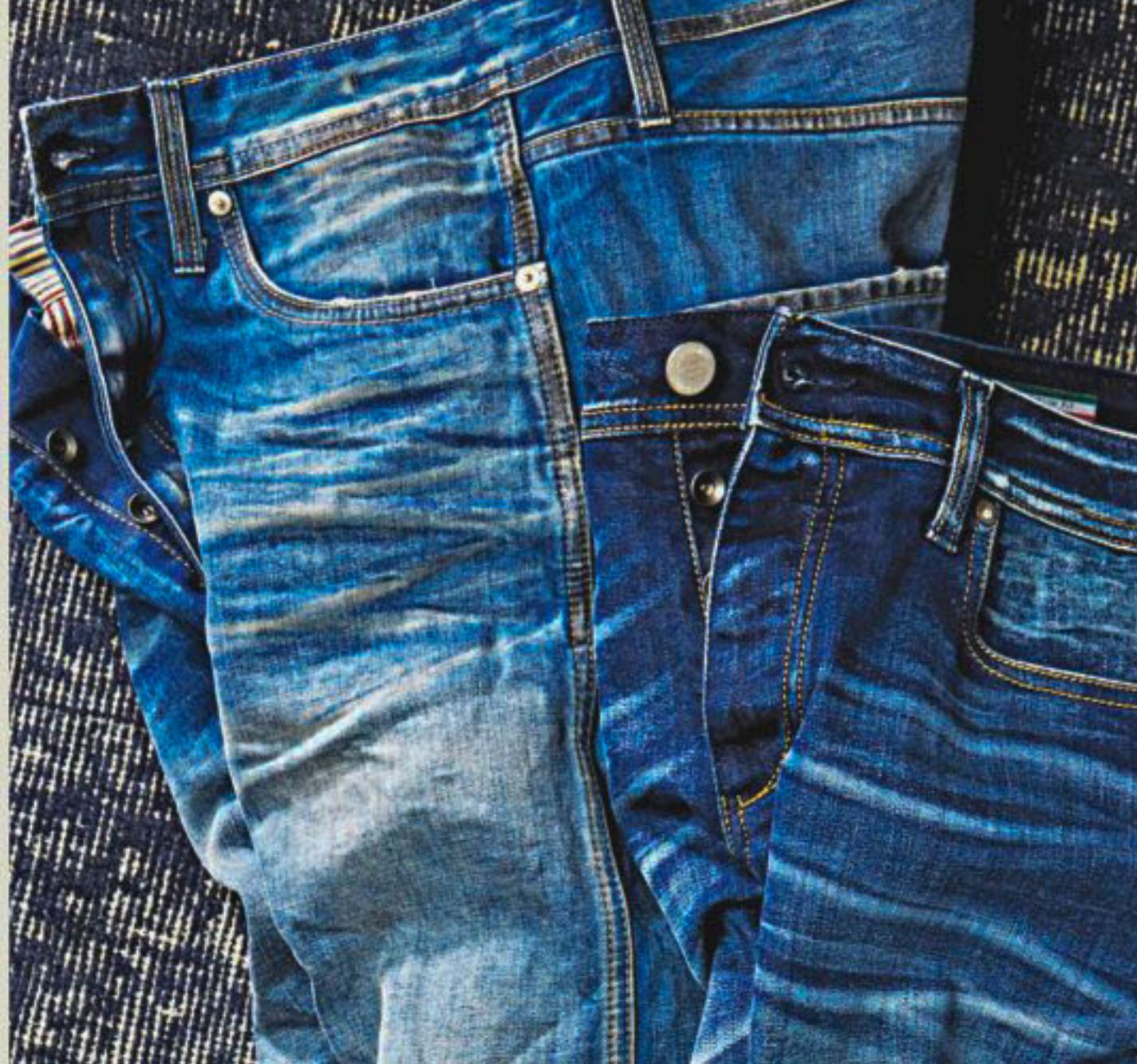
The group began construction of the denim factory in 2013 on 294 bighas of land. The unit began production in July last year with a full pressure of gas. We chose Habiganj mainly for two reasons -- availability of land and gas with adequate pressure," he said.

The company will start its next phase of denim production on the same premises in April next to meet the high demand for the fabric, he said.

"We are fully booked with orders from customers. The higher orders from international retailers such as H&M, Next and C&A have inspired us."

Square Group is also set to open its denim garment factory at Bhaluka in November, looking to utilise the fabric produced in its denim factory, he added.

"We have ready yarn, we have ready fabric and now we need a denim garment factory. We will



open our denim garment factory on a small scale from November this year. Later, we have plans to expand operations," Chowdhury said.

The company also plans to set up a spinning mill in Habiganj starting in February next year.

The denim factory there currently employs 950 workers, 70 percent of whom have dorm accommodation facilities.

The factory that has been set up meeting environmental guidelines of the government and international standards operates an effluent treatment plant (ETP), which has the capacity to treat 70,000 litres of water an hour. The treated water is used to flush bathrooms in the factory, he added.

The treated water is also poured into nearby Suta River through a canal, he said.

The company also harvests rainwater to reduce dependence on ground water, he said, adding that the reservoir's capacity is 162,000 litres, which can meet the factory's requirements of 10 days.

The unit uses LED lights everywhere to reduce consumption of electricity and has its own captive power generation plant, he said.

"We have ready yarn, we have ready fabric and now we need a denim garment factory. We will

SQUARE DENIM AT A GLANCE

Square Denim started production in July last year

The company invested Tk 400 cr so far

It produces 1.2 m yards of denim a month

Its target is to make 2.5 m yards a month in near future

The denim factory employs 950 people

Square will open a denim garment factory in November

products such as trousers, but now they also make shirts, bed sheets, pillow covers, home textiles, aprons and tablecloths, he said.

Production capacity of the denim mills in Bangladesh is more than 40 million yards a month against demand for nearly 70 million yards. The rest of the demand is met through imports from countries like China, India, Pakistan and Turkey.

About Tk 8,000 crore has already been invested in denim business in Bangladesh, said industry insiders. In a few years, the export of denim products will rise to \$5 billion, from more than \$2 billion a year now.

Global denim sales amount to more than \$56 billion a year now; the number is expected to reach \$64 billion by the end of 2020.

In 2015, Bangladeshi denim products had a 22.88 percent market share in the EU and 11.35 percent in the US, according to US Department of Commerce.

Bangladeshi entrepreneurs supply denim products to major global retailers and brands, including H&M, Uniqlo, Levis, Nike, Tesco, Wrangler, s.Oliver, Hugo Boss, Walmart and Gap.

Inflation may reach 6.2pc this year: BMI Research

STAR BUSINESS REPORT

Inflation may reach 6.2 percent at the end of this fiscal year, a research firm said, though the government aims to keep the rate at 5.8 percent.

Inflation risks are tilted towards the upside due to accelerated credit flows and a likely recovery in commodity prices over the coming months, London-based BMI Research said in a report.

"We expect Bangladesh Bank to hold rates steady again at its next meeting in January," the report said, adding: "We also highlight upside risks to inflation in the current environment of high credit growth."

Core inflation has been increasing steadily, coming in at 8 percent year-on-year in June. "We believe that rising core inflation reflects excess credit that is not being channelled into productive investments," it said.

In addition, the high rate of non-performing loans, which was 9.9 percent in the first quarter this year, could be exacerbated by lax credit standards and obligatory loans to inefficient state enterprises.

However, the decision to hold interest rates steady, coupled with the central bank's selective easing measures, may provide some support to growth, which the BMI forecast at 6.5 percent year-on-year in 2016.

The central bank's rate cut and expansion of 'selective easing' measures in January facilitated the credit growth to the private sector, which rose 5.1 percent between January and May, up from 3.7 percent during the same period of 2015. The central bank is also likely to continue with the 'selective easing' in the form of cheaper loans to targeted sectors, so that private sector credit growth remains on track for the 6.5 percent target this fiscal year.

"We believe that selective easing