

DSEX ▲ 0.30% 6,185.46
CSCX ▲ 0.22% 11,562.45



Gold ▲ \$1,285.70
(per ounce)



Oil ▼ \$59.71
(per barrel)

MUMBAI ▼ 0.29% 33,911.81
TOKYO ▲ 0.08% 22,911.21
SINGAPORE ▲ 0.40% 3,391.67
SHANGHAI ▼ 0.93% 3,275.40

USD 82.20 96.36 108.86 0.71
EUR 83.20 99.96 112.46 0.74
GBP 83.20 99.96 112.46 0.74
JPY 83.20 99.96 112.46 0.74



BUSINESS

DHAKA THURSDAY DECEMBER 28, 2017, POUSH 14, 1424 BS

City

No cheer for cement industry in 2017

SAJJADUR RAHMAN

The price hike of raw materials, the depreciation of local currency and intense competition among too many makers have hit the cement industry hard in the outgoing year, market players said.

Even the ongoing mega infrastructure projects are failing to bring the cement manufacturers much cheer these days.

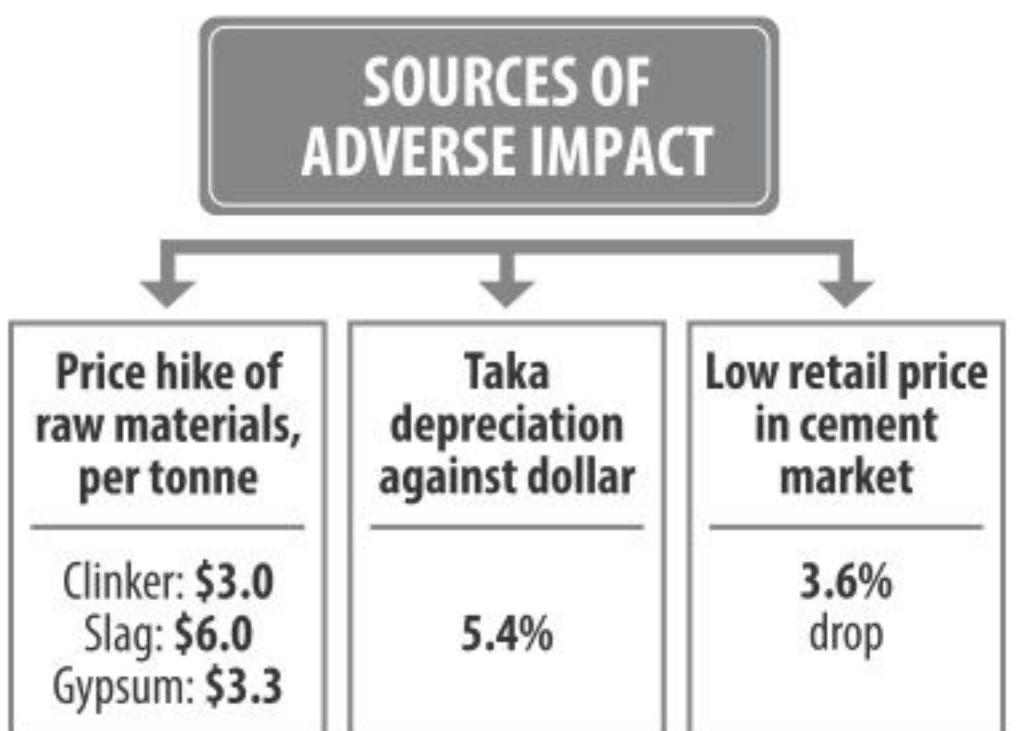
In 2017, the average price of cement went down by Tk 15 a bag to Tk 385 despite a significant increase in production costs, according to industry insiders.

The industry's sorry state of mind is also reflected in the stock market.

Seven cement companies are listed on the Dhaka Stock Exchange and their prices were on a decline -- though most shares and the overall index grew more than 20 percent in value in the outgoing year.

"Bangladesh is too dependent on imported raw materials, and the price hike of these items along with the adverse exchange rate has affected the cement sector in 2017," said PN Iyer, managing director of Siam City Cement (Bangladesh) that manufactures the Insee brand of cement.

CHALLENGES OF THE CEMENT INDUSTRY



Source: Market data from January to October 2017

The Bangkok-based cement manufacturer started operations in Bangladesh last year by acquiring Cemex.

The import prices of clinker and other raw materials have gone up due to the surge in global fuel price, according to Iyer, also the chief executive officer of Siam City Cement (Bangladesh).

For example, the price of clinker rose to \$43.2 a tonne in October from \$40.2 in January.

Similarly, during the period, the prices of

FLASHBACK 2017

gypsum shot up to \$26.4 from \$20.4 and slag to \$25.9 from \$22.6.

"In addition, the depreciating local currency against the US dollar has been eroding our competitiveness further," Iyer added.

A US dollar is now being sold at more than Tk 83. A year ago, it was less than Tk 80.

The inception of cement industry in Bangladesh dates back to the 1950s but its growth in the real sense took off only about a decade ago.

Until 1990, about 95 percent of the country's demand for cement was met through imports. Now, Bangladesh exports cement, albeit on a limited scale.

Since 1994, more than 120 companies were registered with the Board of Investment as cement manufacturers, but eventually about 75 went into production.

READ MORE ON B6

Industrial default loans soar 30pc

AKM ZAMIR UDDIN

Defaults in the industrial sector soared 30.31 percent at the end of September as large borrowers who enjoyed restructuring facilities under a special Bangladesh Bank scheme in 2015 failed to repay their loans.

As of September, industrial default loans stood at Tk 31,270 crore, up from Tk 23,997 crore a year earlier, according to data from the BB.

"Some business groups misused the central bank's restructuring facility," said MA Halim Chowdhury, managing director of Pubali Bank.

Owing to the economic damages caused by the political unrest, the central bank in a special move offered borrowers who had loans amounting to more than Tk 500 crore rescheduling facility on relaxed terms.

For rescheduling, the borrowers had to make down payment of just 1-2 percent of the loan amount instead of the usual 10-15 percent.

Some 11 large borrowers took up on the offer and loans amounting to Tk 15,000 crore were restructured.

"Those groups have slid into the default zone again," Chowdhury said, adding that

some other business groups have recently joined them, all of which have puffed up the non-performing loans in the industrial sector.

Syed Mahbubur Rahman, managing director of Dhaka Bank, echoed the same.

Of the industrial default loans, the state-owned commercial banks accounted for Tk 13,064 crore, up 23.49 percent year-on-year.

The private banks had Tk 14,162 crore as industrial defaults at the end of September, up from Tk 9,830 crore a year earlier.

Non-bank financial institutions' industrial defaults soared to Tk 2,544 crore from Tk 2,380 crore in September last year.

The government claimed that the industrial outlook was good but the actual fact and figures did not reflect that, said AB Mirza Azizul Islam, a former finance adviser of a caretaker government, told The Daily Star yesterday.

"The export earnings have failed to register a satisfactory growth in the recent period, indicating that the industrial sector has not been run properly."

Besides, the habitual defaulters are up to their same tricks again: not paying back their loans despite enjoying frequent rescheduling facilities, Islam added.

Bacchu's company account under ACC scanner

STAR BUSINESS REPORT

The Anti-Corruption Commission has started investigations into the financial transaction of an account named Eden Fisharies that is owned by the disgraced former BASIC Bank Chairman Sheikh Abdul Hye Bacchu.

Bacchu, who joined BASIC in September 2009, registered Eden Fisharies with the Registrar of Joint Stock Companies and Firms as a business entity in December 2010.

Despite no business activity, the company account saw a total of Tk 13 crore deposited in it between 2012 and 2013, according to a bank statement. The Daily Star has obtained a copy of the statement.

"ACC will investigate the source of money that went into the account," said Pranab Kumar Bhattacharjee, deputy director of ACC.

Bacchu opened the company listing his family members -- wife Sheikh Shirin Akhter, daughter Sheikh Rafa Hye and son Sheikh Abdul Hye Anik -- as directors, according to the RJSC.

The office address provided to the RJSC was: 42/1-Ka, Jahan Plaza, 3rd floor, Shegunbagicha, Dhaka. But, no office was found at the address.

Then another address was used to open the bank account with the Motijheel branch of a foreign bank: House-2/2A, Road-4, Flat-2-5A, DOHS (OLD), Banani, Dhaka.

It turned out to be the residential address of Bacchu, who was forced to step down from his role at BASIC in July 2014.

The account is now under the scanner of the ACC. The bank statement shows a large number of transactions in the account between September 2012 and August 2013.

In February 2013, more than Tk 3 crore entered the account by way of cheques and cash deposits.

On May 16, 2013, a total Tk 5 crore was deposited through two cheques. Two days later, Tk 1 crore was withdrawn.

READ MORE ON B6

Bangladesh again denied GSP

REFAYET ULLAH MIRDHA

Bangladesh's trade privilege in US markets has been again denied as President Donald Trump's administration goes on to enforce the trade preference programme's eligibility this week.

The Generalised System of Preferences (GSP) facility for Bangladesh was suspended in June 2013 after the Rana Plaza building collapse in April, the reasons cited being poor labour rights and unsafe working conditions in factories.

The then Obama administration also gave 16 conditions to be fulfilled for regaining the trade privilege. Bangladesh fulfilled the conditions and twice submitted reports to United States Trade Representative (USTR).

But the US has not been reinstating the trade privilege, now citing poor labour

rights.

Moreover, in this year's review, Bangladesh could not come out from the list of countries suspended from GSP benefits although some active decisions were taken in the trade preference enforcement programme in 2017.

For example, Argentina was being reinstated to the GSP programme, effective from January 1, 2018, following resolution of certain arbitral disputes with US companies.

The US also restored the trade benefits to The Gambia and Swaziland under the African Growth and Opportunity Act.

"President Trump has sent a clear message that the United States will vigorously enforce eligibility criteria for preferential access to the US market," said Ambassador Robert E Lighthizer, the USTR and chief trade negotiator for the

EXPORTS TO US

in billions of \$



Trump administration, in a statement on December 22.

"Beneficiary countries choose to either work with USTR to meet trade preference eligibility criteria or face enforcement actions. The administration is committed to ensuring that other countries keep their

end of the bargain in our trade relationships," according to the statement.

"We do not expect reinstatement of GSP to the US market anymore as the American government has been giving newer conditions to be fulfilled by Bangladesh," said a senior official of the commerce ministry asking not to be named.

Even though the 16 conditions had been fulfilled, the US is now demanding changing the labour law for the factories, housed in the export processing zones (EPZ), which is contradictory to the main guidelines of the EPZ law, the official said.

Moreover, Bangladesh has already submitted the draft copy of the proposed amendment of the labour law to International Labour Organization for its expert committee's opinion.

READ MORE ON B6

Companies grow cold on IPOs

JEBUN NESA ALO

Fund raising by way of initial public offering plummeted this year as low interest rates made borrowing from banks a more attractive alternative.

A total of seven companies raised Tk 219 crore through IPO this year, in contrast to Tk 849 crore by 11 companies last year, according to data from the Dhaka Stock Exchange.

As of October, the average lending rate stood at 9.39, down from 10.03 percent a year earlier, according to data from the Bangladesh Bank.

The seven companies that raised capital in 2017 are: Shepherd Industries, Nurani Dyeing and Sweater, BBS Cables, Aamra Networks, Oimex Electrode, Nahee Aluminium Composit Panel and ICB AMCL First Agrani Bank Mutual Fund.

Of the companies, only Aamra Networks raised funds through the book-building method, while the rest opted for the fixed price method.

Under the fixed price, the company going public determines a fixed price at which its shares are offered to investors.

In contrast, under the book-building method, the company going public offers a certain price band on shares to investors, who then bid on the shares. The final price is settled once the bidding has closed.

The overhaul of the book-building methodology slowed down the IPO process in 2017, said M Khairul Hossain, chairman of the Bangladesh Securities and Exchange Commission.

Many did not agree with the price bidding process under the new methodology, he added.

READ MORE ON B6

an American brand

LINNEX
Electronics

Making life IMPRESSIVE

LED TV

Inspiring life

www.linnex.com

এবার যাত্রা
রফতানিকারক বাণিজ্যিক অঞ্চল ও
পাট প্রক্রিয়াকরণের জন্য খ্যাত
শিমরাইল ও স্টাফ কোয়ার্টারে

শুভ উদ্বোধন

২৮ ডিসেম্বর ২০১৭
বৃহস্পতিবার

জিমুনা ব্যাংক শাখা

জিমুনা ব্যাংক শাখা
হাজী আহসান উল্লাহ সুপার মার্কেট
চাকা-চট্টগ্রাম রোড
সিদ্ধিরগঞ্জ, নারায়ণগঞ্জ
ডেমো, চট্টগ্রাম

JAMUNA BANK

BBS CABLES
more than safety

OXGEN INDEX
FIRST TIME IN BANGLADESH
29% AND ABOVE

SKIN COATED CABLES

Environment-Friendly Cables

+8801755597727 www.bbscables.com.bd

DPDC BILL
through
MTBinternet banking

মিডচাল ট্রাস্ট ব্যাংক লিমিটেড
Mutual Trust Bank Ltd.
you can bank on us

16219



রোগ নির্ণয়ে সর্বাধুমিক যন্ত্রপাতি
ও সর্বোচ্চ মান।
প্রতিটি ডায়াগনস্টিক টেস্ট,
আইসিসিটি, সার্জেরি ও ডায়ালিসিস
ন্যূনতম ৩০% সশ্রয়।

SIBL Foundation Hospital & Diagnostic Center
(SIBL Foundation Hospital, Diagnostic & Dialysis Center)

ফারাহ প্লাজা, ৭০ মিলনোড, পান্তপথ মোড়
ফোন: +৮৮০-২-৯৬৪২৯৪৯
Hotline: 01991150900