

DSE seeks changes in listing rules to better stock market

Minimum Tk 2cr paid-up capital proposed for listing

NAZRATUN NAYEEM MONALISA

As a huge number of non-performing listed companies in the Z category stands in the way of revitalising the stock market, the Dhaka Stock Exchange (DSE) has decided to make some major changes in its listing regulations.

In a proposal to the capital market regulators, the Securities and Exchange Commission (SEC), the DSE sought permission to allow listing of companies with a minimum paid-up capital of Tk 2 crore instead of present Tk one crore.

The proposal also sought SEC nod to list companies having at least 400 applicants when it goes for

initial public offering.

The existing rule enables a company to qualify for listing if it gets 250 applicants.

In its meeting on July 20, the DSE Council, the policy making board of bourse, approved the proposals and sent those to the regulators for approval.

The regulation titled Listing Regulations of the Dhaka Stock Exchange Limited will come into force after clearance of the SEC.

Talking to The Daily Star, a high official of the DSE said the bourse took the decision to prevent entry of companies with small capital base.

"Such companies do not hold annual general meetings (AGMs)

regularly and are found to be non-transparent," he said.

An official of the regulatory body said an increase in the number of subscribers will ensure participation of more investors.

A market analyst, however, brushed aside the claim, saying increased subscribers' number will not ensure increased interest of investors.

"Since the amendment to the listing regulation in 1998 there is no restriction for individual investors to apply for shares," the analyst said.

"As a result the number of application has decreased as an individual can apply for as many as shares in one application," he added.

Citing the example of Agni Systems Limited, the analyst said the subscription amount was Tk 15.15 crore while the number of applications was only 942.

Citing another case of over-subscription, he said approximately 5,000 applicants applied for primary shares of the Mutual Trust Bank Limited offering Tk10 crore in IPO.

"The oversubscribed amount was Tk110 crore," he said.

The analyst said the authority should reduce the number of applicants.

He, however, appreciated the proposal for raising the minimum paid-up capital needed to get enlisted with the stock market.

Southeast Bank okays 20pc cash, 10pc stock dividends

Southeast Bank Limited has approved 20 per cent cash and 10 per cent stock dividends for shareholders for 2002.

The dividend declaration came at the 8th annual general meeting (AGM) of the bank in Dhaka on Saturday, says a press release.

Syed Abu Naser Bukhtear Ahmed, president and managing director of the bank, said in the half-yearly closing of accounts as on June 30, 2003 the bank earned an operating profit of Tk 30.82 crore.

The bank achieved a deposit of Tk 1659.85 crore and a pretax profit of Tk 49.25 crore as on December 31, 2002 registering a comfortable growth compared to last year, he told the AGM.

Siemens becomes co-sponsor of Medexpo-2003

Siemens Bangladesh Limited has become the co-sponsor of Medexpo-2003 International Medical Equipment and Services Exhibition.

A memorandum of understanding (MoU) to this effect was signed between Siemens Bangladesh Limited and Triune Event Management Services (TEEMS) in Dhaka on Thursday.

Peter E Albrich, managing director and chief executive officer of Siemens Bangladesh Limited, and Kazi Wahidul Alam, chief executive officer of TEEMS, signed the MoU on behalf of their sides, says a press release.

The exposition will be held in Dhaka from October 3 to 5 at the Winter Garden of Dhaka Sheraton Hotel.

The exposition, organised by TEEMS, is expected to be participated by various medical device manufacturers and suppliers, pharmaceutical companies, manufacturers and suppliers of surgical and laboratory equipment, hospitals and clinics, diagnostic and rehabilitation centres, medical and health insurance companies, medical NGOs, medical tourism companies, medical institutions and air ambulance companies.

DHL opens air express facility in Thailand

DHL Worldwide Express has opened the largest-ever air express facility in Thailand.

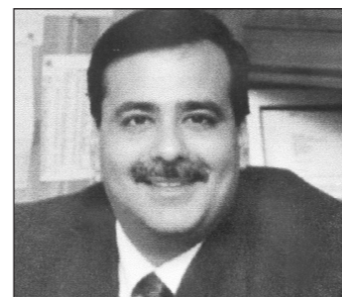
DHL Hub at Bangkok International Airport, Don Muang, will operate a 24-hour facility to consolidate inbound and outbound express shipments, and transshipments to the DHL network in South Asia and Indochina, says a press release.

Herbert Vongpusanachai, managing director of DHL International (Thailand) Ltd, in-charge of DHL Express, said, "The opening of DHL's new hub is an important milestone for Thailand."

Two top executives of Grey Global due in Dhaka tomorrow



Eric Rosenkranz



Nirvik Singh

Two top executives of Grey Global Group arrive in Dhaka tomorrow. Eric Rosenkranz, president of Asia-Pacific of Grey Global Group, and Nirvik Singh, chairman of South Asia of Grey Global Group, will arrive on a two-day visit, says a press release.

During the visit, the officials will review activities of Grey Advertising Bangladesh Ltd, the concern of Grey Worldwide, the advertising arm of Grey Global Group.

Rosenkranz and Singh will also explore the new business opportunities in Bangladesh.

Credit Agricole staff decry compensation package

REJAUUL KARIM BYRON

The management of the Credit Agricole Indosuez Bank and its staff are at loggerhead over compensation packages offered to the staff ahead of takeover of the bank by a Sri Lankan bank.

Sources inside the bank said its activities are being severely disrupted due to such differences over the offer and rejection of compensation packages.

The CAI staff are holding rallies and bringing out processions in the premises of the bank's Dhaka and Chittagong branches as well as at two booths in Dhaka since Saturday after receiving the offer on Thursday.

Sri Lankan-based Commercial Bank of Ceylon Ltd last month signed a Memorandum of Understanding (MoU) with CAI to acquire its South Asian operations.

The CAI staff rejected the compensation package and gave an ultimatum to their country manager to consult the employees for a 'more acceptable package' but until yesterday they could not talk with the

country manager on the issue.

The agitated CAI staff have also submitted a letter to the Bangladesh Bank governor seeking an appointment to explain their position. They also sought the governor's help to protect them from the 'discriminatory' compensation package.

The staff told The Daily Star that CAI Bangladesh has offered their employees only 20-25 months gross salary before the takeover, whereas in a similar case in Pakistan the CAI employees there were offered 80-100 months gross salary.

"This is a blatant discrimination. The performance of CAI Bangladesh is much better than that of Pakistan. We made Tk 60 crore profit in 2002 against only Rs 6 crore made by CAI Pakistan during the same year," said a staff.

He said the Bangladeshi operations have performed 10 times better than their Pakistani counterparts while their employees were offered 10 times worse than in Pakistan.

In the letter to the BB governor,

they said that CAI Bangladesh has been at the top of the league in terms of profitability, performance and contribution to the CAI group.

The said due to absence of strict policies and surveillance from the central bank, the international bank staff in Bangladesh are falling victims of such discrimination.

The CAI Bangladesh employees have also alleged that their employer has been making direct and indirect threats to force them to accept the compensation package.

They requested the central bank governor to take a tough stance in developing strict policies and surveillance against international banks to check such discrimination.

CAI Bangladesh has been operating in Bangladesh for the last 23 years. It has a total of 130 employees in its two branches and two booths.

In 2002, the bank's deposit stood at Tk 600 crore and advance at 400 crore. Starting its operations in Bangladesh with an initial capital of \$2.36 lakh in 1981 the bank has been able to raise it to \$17 million.

US, Canada to jointly invest US\$2.5 in CEPZ UNB, Dhaka

The United States and Canada will jointly invest US\$2.563 million to set up a towel industry in the Chittagong Export Processing Zone.

The proposed joint venture company will be known as M/s Premier Towels (BD) Ltd and will produce annually 1.78 million kgs of Textile made-ups, grey/dyed/printed/bleached towels, cloths, wash, cloths, kitchen towels, aprons and bath robes.

About 137 persons including six foreign nationals will get employment opportunity in the Premier Towels factory.

An agreement to this effect was signed between the Bangladesh Export Processing Zones Authority and the M/s Premier Towels (BD) Ltd in Dhaka on Sunday, said a BEPZA press release.

Repo auction UNB, Dhaka

The reverse Repo auction of Bangladesh Bank for commercial banks and financial institutions was held here yesterday.

Three bids of one-day tenor amounting to Tk 220 crore were received and accepted.

The rate of interest against the accepted bids was 3.95 per cent per annum, said a Bangladesh Bank press release.

New DMD of Pubali Bank



Helal Ahmed Chowdhury has been promoted to the post of deputy managing director of Pubali Bank Limited.

Prior to his promotion, he was the general manager of Credit and Monitoring Division of the bank, says a press release.

He joined Pubali Bank as senior officer in March 1977 and held many important positions.

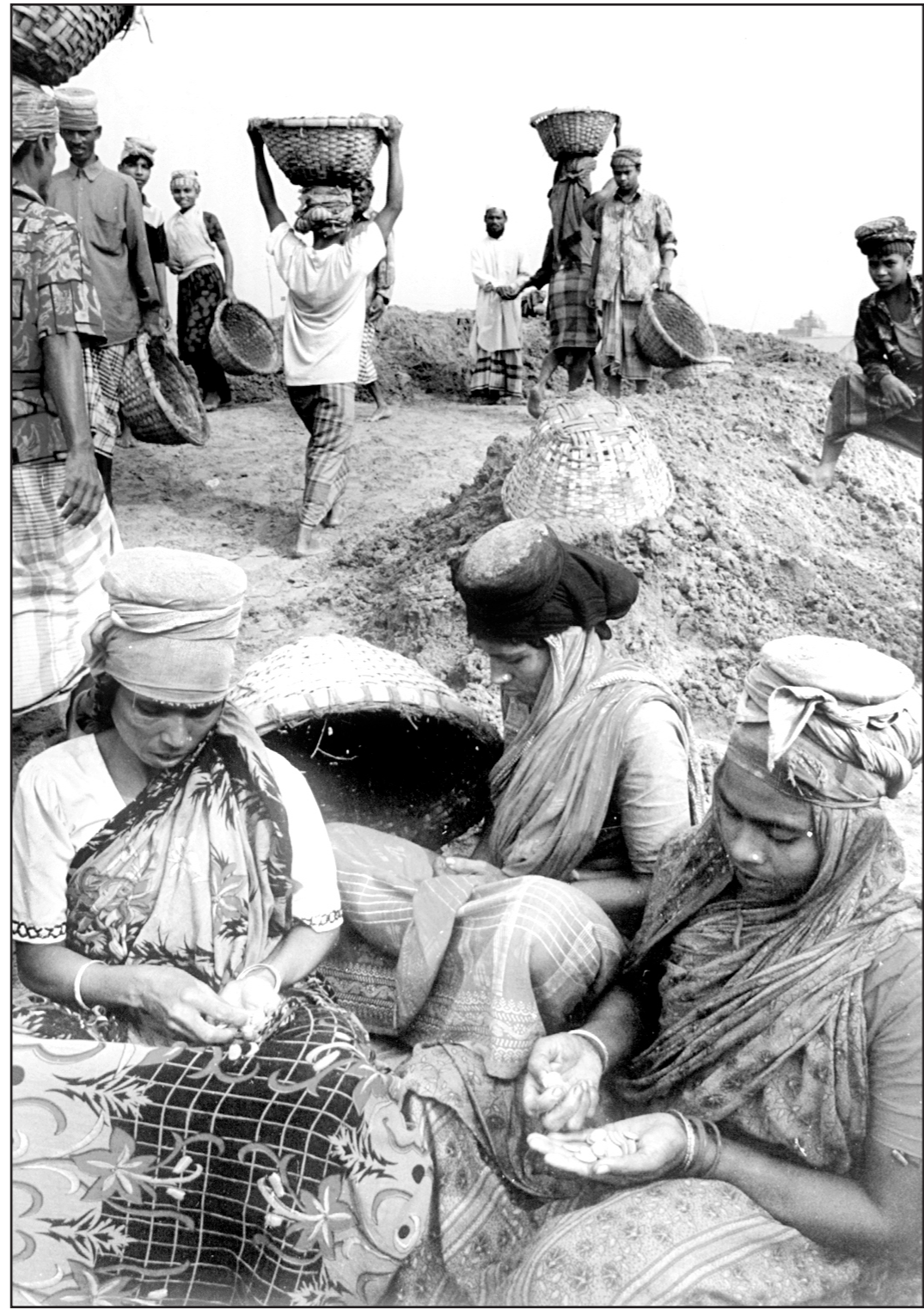


PHOTO: STAR

Women day-labourers count tokens as they take a break from work at Shyampur near Buriganga bridge in Dhaka. They carry sand from boat to the riverbank. For easy billing, traders give them tokens against number of baskets they carry. The labourers get Tk 0.25 for carrying each basket of sand.

Economist, industrialist differ on rate cut decision from savings instruments

UNB, Dhaka

Slashing interest rate would not help boost investment rather it would have an adverse impact on local industries, said a top-ranking economist.

A leading industrialist, defending the interest rate cut measures, said that it would be one step forward in industrialisation.

But the small savers feel that they would be the victims of the government decision. "It will, of course, be a painful decision for us," said a mid-level officer at a commercial bank in Motijheel, expressing concern over the government move to reduce interest rates on savings certificates.

The mid-level officers are more concerned about the pension holders, who earn their livelihood from the interests.

As per the move, the interest rates on the savings certificates would be reduced by one-third from a level of 12 per cent, aiming to help banks lower their lending rates to

boost industrial investment.

The economist, Prof Muzaffer Ahmed of Dhaka University, said the small savers invest their money in the government savings schemes for higher interest.

"They would have no option for investment," he said, expressing concern that the decision would downgrade the standard of living of those group of people and would have an adverse impact on the demand for industrial products.

He added that the local producers would be the losers, as the demand from the small savers would decline. "It will not yield any positive results for industrialisation unless other causes of high cost of doing business in the country are addressed," said Prof Muzaffer, listing some "undesirable expenses" that reduce the business profitability here.

He said such undesirable expenses are much higher than that of the lending rates.

The economist conducted a survey on "cost of doing business in Bangladesh" for the Federation of

Bangladesh Chambers of Commerce and Industry (FBCCI). The survey suggests that the undesirable expenses reduce the business profitability by 1-10 per cent.

Businesspeople have identified such expenses as an emerging phenomenon with annual increment that adds to their costs of doing business.

Most of the businesspeople, questioned during the survey, pointed out that in recent years their business expenditures have increased not only due to an increase in input costs and other usual factors, but also because of additional payments, classified as 'undesirable costs' in some of the ledgers of commercial houses.

The study listed five other causes that reduce business profitability in Bangladesh. Those are reduction in sales/demand, cheap import, cost increase, smuggling and increase in tax rate.

Additional payments made to keep utility connections in place, extra payments for renewing or procuring licenses, forced dona-

tions to terrorists' clubs and political parties, payments to law enforcers and banks are among the heads of expenditures classified as 'undesirable costs.'

Bangladesh Textile Mills Association (BTMA) Chairman MA Awal, one of the top industrial investors in the country, appreciated the move to lower the interest rate on savings certificates and other ongoing reform initiatives by the government, but stressed the need for implementation of the reforms.

He said the industries now competing with their produces in a free market environment, but they have to establish production bases with the money at interest rates of local competition.

He said the lending rate should be on the basis of some parameters to be determined through exchange of opinion among the stakeholders and the government.

"The measure is one step forward in reducing lending rate," said the textile entrepreneur, adding that it would help grow industries in the country if implemented.

Misleading valuation retards sale of SOEs WB study says

NAZMUL AHSAN

Misleading valuation of state-owned enterprises (SOEs) by Privatisation Commission discourages potential buyers of the SOEs.

This was stated in a recent World Bank (WB) study that expressed concern over the value the Commission estimates in its bid to sell an enterprise.

The WB termed such valuation a major impediment hurting the privatisation process.

"The asset valuation, done to help potential investors to get an idea of the SOEs worth, ironically serves to be an impeding factor in the sale as it gives a misleading impression," the WB in its recent report on 'proposed SOE and NCB reform project' mentioned.

Generally, the Privatisation

Commission evaluates the asset and liability position of the SOEs up for sale through government appointed auditors.

Verifying the balance sheet the auditors assess the price of an enterprise on the basis of information supplied by the SOE concerned.

But the World Bank report said some of the information furnished in the tender schedule do not reflect true market values.

The report was also critical of the issue of not writing off or taking over the long-term liabilities although there is a provision for relieving the SOEs from such huge burden to encourage buyers in quoting higher bids.

Sources in the Privatisation Commission said it has finalised a list of about 100 SOEs, employing over 90,000 workers, for

privatisation between 2003 and 2005.

On the issue of the inflated price of SOEs, local private sector people are also unhappy with the government for such mismatch quotations.

"How can they fix Tk 1.78 crore for each acre of land in the closed Adamjee jute mill? Annisul Huq, director of Bangladesh Garment Manufacturers and Exporters Association posed the question while talking to The Daily Star.

The officials at the Privatisation Commission however shrugged off the allegations of quoting inflated prices passing the blame to the auditing system.

They said the system would be streamlined soon to do away with the problem.

Bangladesh to participate in 14 int'l trade fairs this fiscal

Five single country shows to be arranged

STAR BUSINESS REPORT

In a bid to promote Bangladeshi products abroad, exporters will participate in 14 international trade fairs and five single country trade shows this fiscal year.

The Export Promotion Bureau (EPB) has made the arrangements for the exporters under its Market Development Programme for FY 2003-04.

"Prospective exporters will have to submit required documents and pay Tk 20,000 as participation fee. But women entrepreneurs will get 50 per cent discount for their participation in the shows," said an official of the EPB.

Exporters will participate in the Frankfurt International Trade Fair in Germany from August 22 to 26 and Third International Trade and

Industrial Fair in Kazakhstan from September 2 to 5 this year.

Other trade shows to be participated this year are Expo OIC 2003 in Malaysia from October 14 to 19, ComdexFall 2003 in Las Vegas in the USA from November 17 to 20, Saudi Arabia International Trade and Fashion Fair in Jeddah from December 7 to 11 and Industrial India Trade Fair in Kolkata in India from December 19 to 31 this year.

In the first half of 2004, Bangladeshi exporters will participate in the International Autumn Trade Fair in Dubai from January 10 to 14, Guahati International Trade Fair in Assam during February-March, Frankfurt International Trade Fair (Ambient) from February 20 to 24 and CeBIT Hannover in Germany from March 18 to 24.

Besides, they will take part in the

Asia Pacific Leather Fair in Hong Kong from March 29 to 31, Food and Hotel Asia in Singapore from April 20 to 23, European Seafood Exposition in Brussels in Belgium from May 4 to 6 and Gitex Dubai.

"These fairs would help the exporters gather more experiences about the international market and find new buyers," the EPB official said.

A single country trade show of Bangladesh will be organised in Pakistan in the third week of October and another one at Marseilles in France from November 17 to 18.

The other single country shows will be held at Yangon in Myanmar from March 1 to 4, in Sydney, Australia from April 4 to 7 and in Toronto, Canada from April 21 to 24 next year.

Silicon Valley mired in recession as economy shows green shoots

AFP, San Francisco

US technology stocks may be soaring, but high unemployment and the empty "see-through" office buildings overlooking San Francisco Bay hint Silicon Valley is far from recovery.

Despite the 2.4 per cent surge in US economic growth in the second quarter of 2003, joblessness in the premier US high-tech center still topped eight per cent.

After losing nearly 200,000 jobs in the economic crash of 2001, unemployment in the area is much higher than the national average of 6.2 per cent.

"This region will tend to recover later than the country because we flew so high and crashed so far," explained David Shiver, vice presi-

dent of consultant Bay Area Economics.

The arc between San Jose and San Francisco was home to roughly ten per cent of the US high tech industries when anything seemed possible in the 1990s.

Silicon Valley led US growth driven by venerable electronics companies such as Intel, Hewlett-Packard and Sun Microsystems, as well as thousands of new startups that developed Internet, telecommunications, medical and pharmaceutical technologies.

But two years after the meltdown of hundreds of cutting-edge businesses, there are few signs of a recovery.

In San Jose 8.5 per cent of workers are unemployed. In San Francisco to the north the rate is six

per cent even as the city shrinks amid an exodus of laid-off workers.

However, layoffs have slowed, consumer confidence is up slightly and more companies are reporting rising profits.

Computer chip maker Intel, an area bellwether, reported in July that it had doubled its profit in the first half of 2003 over the same period last year.

Correction

In a news item headlined 'Lever Brothers bags Unilever award' published on the Business Page on Friday, it was inadvertently printed that the company was awarded for 12 years of sustained innovation process management instead of 12 quarters.