STOCKS	Week-on-week
DSEX	CSCX
▲ 1.93%	▲ 2.39%
4,794.07	8,265.90

COMMODITIES	As of Friday
Gold ▲	Oil ▲
$1,934.30	$44.35
(per ounce)	(per barrel)

ASIAN MARKETS			Friday Closings
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.56%	▲ 0.17%	▲ 0.02%	▲ 0.50%
38,434.72	22,920.30	2,528.54	3,380.68

CURRENCIES (As on Thursday, STANDARD CHARTERED BANK)	USD	EUR	GBP	CNY
BUY TK	83.95	98.42	109.10	11.92
SELL TK	84.95	102.22	112.90	12.53

Star BUSINESS

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Private sector players promising shuttered BJMC mills a new lease on life

SOHEL PARVEZ

The government is considering giving priority to leasing out state-owned jute mills to the private sector so that production could resume within a short time, according to officials of the textiles and jute ministry and industry stakeholders.

The development comes after the ministry found a greater response from private millers in taking on the 25 mills shuttered last month instead of the other options it had floated, including public-private partnerships (PPP).

Some millers said the PPP process was time-consuming and complex and they lacked the knowledge and experience to operate under the system.

The views came in the first two meetings of the 13-member committee headed by Textiles and Jute Minister Golam Dastagir Gazi held on 23 July and 5 August.

Some participants suggested declaring the machinery to be scrap while some recommended dividing the mills into three categories to be leased out, modernised and brought under the PPP.

Proposals were also placed for handing over some mills to the Bangladesh Investment Development Authority (BIDA) and the Bangladesh Economic Zones Authority, according to minutes of the meetings.

The government formed the panel on 16 July to recommend measures to modernise the production system of jute goods in light of the present and future market prospects and to restart the plants under the Bangladesh Jute Mills Corporation (BJMC).

ANISUR RAHMAN

Platinum Jute Mills in Khulna, one of the plants run by state-run BJMC, lies empty. The photo was taken recently.

The panel comprises the executive chairman of BIDA; secretaries to finance, commerce, industries and textiles ministries; a director-general at the Prime Minister's Office; and presidents of the Federation of Bangladesh Chambers of Commerce and Industry, the Bangladesh Jute Mills Association (BJMA) and the Bangladesh Jute Spinners Association.

The government closed down all 25 jute mills that employed 24,886 permanent workers and a large number of casual workers from 1 July to bring an end to continuing losses resulting from the use of decades-old machinery, corruption, mismanagement and operational costs higher than those in the private sector.

Since the closure, the government has been maintaining that it would give the factories, which were nationalised in 1972, a new lease on life either under the PPP, government-to-government initiatives, joint venture or on lease.

Initially, the committee decided not to sell the lands of the closed jute mills for any other purpose, according to minutes of the first meeting.

In its second meeting, the committee decided to "consider leasing out mills as an effective and useful method to restart mills within a short time" by keeping the government's ownership on land and other properties.

It also decided to consider other options based on circumstances.

As per the decision, BJMC also offered scope for interested investors to visit the shuttered plants such that they could see the condition of the factories and other properties.

Some 24 interested investors visited the mills located in Chattogram, Khulna and Dhaka divisions. The deadline for visiting the mills ended on 20 July.

BJMC Chairman Md Abdur Rouf, however, said interested investors would be able to visit factories if they want. On the method of the handover, he declined to comment.

Mohammad Abul Kalam, member secretary of the committee, said leasing those out was an option.

"All the options are on the table. We have not decided on anything yet," he added.

The investors would not be interested in taking rent of the mills for short periods, said Mohammed Mahbubur Rahman Patwari, chairman of BJMA.

As the government says it will not sell the land, no other option will be feasible other than a long-term lease, he said, adding that the government understands that the lease format would be easier to jumpstart production at the mills at the earliest.

He favoured giving out leases for 99 to 100 years as banks will not provide finance to those not on a long-term lease.

As the mills had been established a long time ago, many pieces of machinery had become old and their capacities had eroded, said Patwari, who has visited some of the mills adjacent to Dhaka.

"As the machinery is old, new owners will have to start anew,"

The panel also decided to determine the recovery value of the machinery and divide mills into three categories depending on the condition of the machinery, said Patwari, also a member of the committee.

Aameir Alihussain, managing director of steelmaker BSRM, said they wanted to explore the potential for investment in the state jute mills.

"We are interested subject to due diligence," he said, while urging the authorities for making all the information available, give time and ensure clarity.

Rupali's secondary offering plan back on track

REJAUL KARIM BYRON *and* AHSAN HABIB

The plan to offload an additional 15.2 per cent shares of state-run Rupali Bank has been revived after a delay caused by the coronavirus pandemic and the lender's preoccupation in disbursing stimulus packages.

Last month, Md Obayed Ullah Al Masud, managing director of the state lender, requested the Financial Institutions Division of the finance ministry to take the necessary steps for the secondary offering.

A secondary offering is the sale of new or closely held shares by a company that has already made an initial public offering (IPO).

RUPALI BANK'S STOCK MARKET JOURNEY AT A GLANCE

- Listed on DSE in 1986
- Paid-up capital: Tk **414**cr
- Shares already offloaded: **9.8**%
- Institutional investors hold **4.8**%,
- Individual investors **5**%
- Shares to be offloaded: **15.2**%
- Net profit ≈ Tk **57**cr in 2019, Tk **40.9**cr in 2018
- Stock dividend: **5**% in 2019, **10**% in 2018
- Last trading price: Tk **30.6**
- ICB & Rupali Bank Securities to offload the shares
- BDBL to offload **25**%; Janata and Agrani to offload **10**% to **25**% shares

SOURCE: **RUPALI BANK, ICB, DSE**

Rupali was listed with the stock exchanges in 1986, with 9.8 per cent of its shares now up for trade.

The decision to offload another 15.2 per cent shares of the bank came at a meeting on 9 February, where it was decided to list five state-run lenders in the stock market by September as part of the government move to prop up the ailing bourse.

As per plans, a quarter of the shares of Sonali, Agrani, Janata, Rupali and Bangladesh Development Bank (BDBL) would be offloaded.

BDBL is supposed to offload 25 per cent share, Janata and Agrani to offload 10 per cent to a maximum 25 per cent shares.

As Sonali acts as a treasury bank for the government, a decision on the country's largest bank would be taken later.

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Brokers can soon buy more stocks without keeping security

AHSAN HABIB

The Dhaka Stock Exchange is coming to the rescue of stockbrokers as the premier bourse is set to increase their share buying capacity without the need to keep security deposits.

The move comes following demand from brokers who can now buy stocks of Tk 10 crore a day without keeping security deposits or providing bank guarantees.

"As the turnover of the market has gone up, we need to have some advantages such as the capacity to buy more shares without security deposits," said a top official of a stockbroker asking not to be named.

Turnover, an important indicator of the market, was Tk 1,155 crore a day on an average in the last two weeks, according to data from DSE.

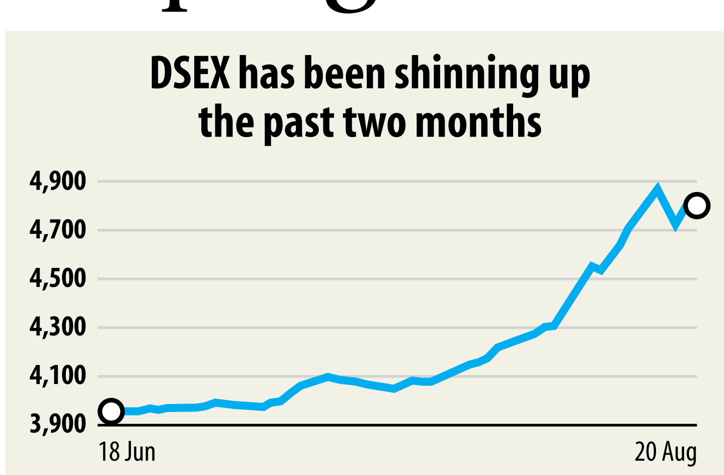
"The turnover of the market will go up further once the bond market becomes vibrant. So, such a measure from DSE was necessary," the official added.

The premier bourse has already sought approval from the stock market regulator to raise the limit based on the performance and net assets of the stockbrokers.

The limit would be two times the daily average turnover or 50 per cent of the TREC-holder (trading right entitlement certificate-holder) company's net worth, whichever is lower, according to DSE's proposal.

The bourse proposed to divide the brokers into five categories from A to E based on their performance.

The A category brokerage houses with an average daily turnover of more than Tk 10 crore might be allowed to buy shares worth Tk 30 crore without any security deposits, according to the proposal.



The limit could be Tk 20 crore for the second category brokerage houses whose average daily turnover is Tk 5 crore to Tk 10 crore.

DSE suggested the C category brokerage houses whose average daily turnover is Tk 2 crore to Tk 5 crore should be allowed to buy shares of Tk 15 crore.

The D category brokerage houses with Tk 1-2 crore average daily turnover would get the Tk 5 crore-limit and the E category brokerage houses with less than Tk 1 crore average daily turnover might be allowed to buy shares of Tk 1 crore.

As the stock market has been bearish for long, stockbrokers are struggling to run their business, said another stockbroker and a leader of DSE Brokers' Association.

So, it is very difficult to set aside a higher amount of security deposits.

If the rules are relaxed, the costs will come down, which may ultimately benefit the market, he added.

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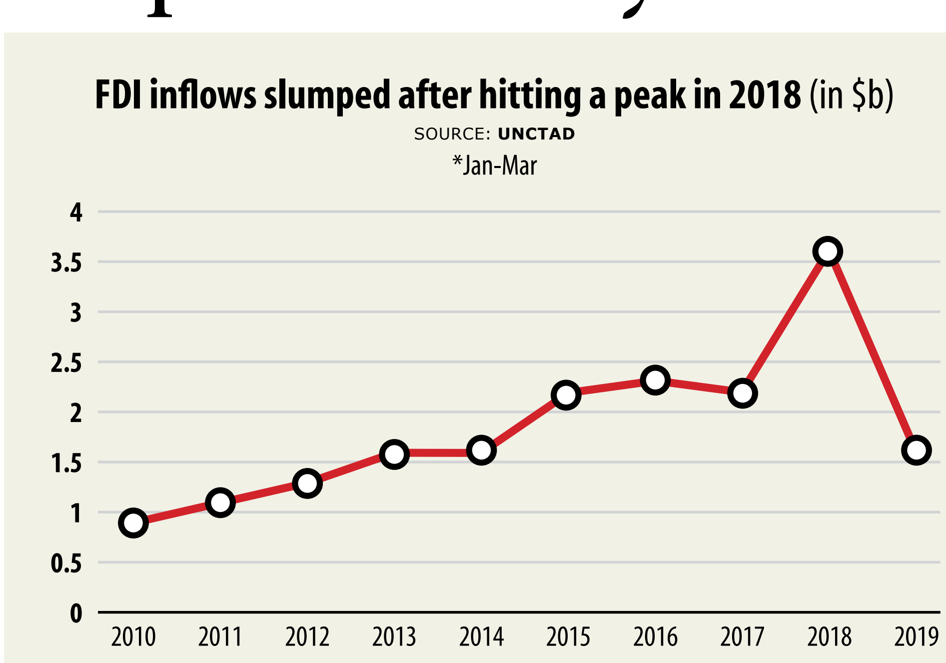
Japanese companies very keen on Bangladesh: envoy

STAR BUSINESS REPORT

The Bangladesh government needs to take good care of Japanese companies operating here to attract more foreign direct investment (FDI) from the island country as many business entities are waiting to bring in investment, said Japanese Ambassador to Bangladesh ITO Naoki yesterday.

Currently, 310 Japanese companies are operating in different sectors in Bangladesh. Very often they complain about not getting the same facilities provided to local companies by the government.



For instance, when the government disburses any loan facility or cash incentives on export, foreign companies do not enjoy the same benefits enjoyed by the local companies.

"We have a long list of Japanese companies that have already invested in Bangladesh and many are waiting to invest here," Naoki said.

He was addressing a virtual meeting on "Implications of COVID-19 on FDI inflow to Bangladesh: Challenges and Way Forward" organised by the Dhaka Chamber of Commerce and Industry (DCCI).

"The level of interests by Japanese companies to invest in Bangladesh has not been changed. They are ready to come to Bangladesh for investment."

The ambassador also said some 55 per cent of Japanese FDI was received by 10 members of the Association of South-East Asian Nations (ASEAN) while of the total FDI, Bangladesh received only 0.09 per cent last year.

Easing the business terms and conditions for Japanese companies, bringing about regulatory reforms and taking good care of the existing Japanese companies are needed for attracting more Japanese investment here.

The Japanese envoy also said it is important to turn the special economic zone (SEZ) for Japanese investors in Araihazar in Narayanganj into the number one zone in Asia and an important zone from among those in ASEAN countries.

Outward investment by Japanese investors declined 33 per cent year-on-year to $113 billion between January and June this year because of the coronavirus pandemic, said Yuji Ando, country chief of Japan External Trade Organisation.

TAX RATES IN PEER COUNTRIES

VIETNAM 20%	MALAYSIA 24%	INDONESIA 25-22-30%
PHILIPPINES 30%	INDIA 25-30%	CHINA 25%
THAILAND 20%	MYANMAR 25%	CAMBODIA 20%

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