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HYUNDAI
CARS THAT MAKE SENSE

IPO oversubscription implies acute crisis of share supply

By Rafiq Hasan

The Initial Public Offerings (IPO) made by different companies in the recent time were oversubscribed reflecting acute crisis of share supply in the stock markets. Large number of investors rushed to apply for obtaining primary shares of the companies which published prospectus offering IPOs. The Standard Ceramic Industries Limited (SCIL) is going to set a new record of oversubscription as applications were reportedly received worth more than Taka 200 crore against its public offerings for only Taka 2.93 crore. The company took Taka 50 as premium per share of Taka 100. Confident sources said that all applications were yet to be collected from different banks. The amount deposited seeking shares of this company might reach Taka 250 crore, sources estimated. The subscriptions for shares of the company closed on September 29 which opened on 23 of September. If the amount reaches its estimated target, the company's offer will be oversubscribed by about 57 times, unprecedented in the history of capital market, a close source of the com-

pany said. According to the share brokers and persons related with the capital markets, the heavy surge in the share market witnessed for the last three months was mainly due to short supply of good scripts in the secondary markets. The investors were rushing towards primary share as the supply of the shares did not increase at the secondary market at the rate of its demand, they noted. Earlier, the general investors who were not active in the secondary markets preferred the IPOs while the DSE brokers and major share traders did not show much interest in primary shares because it took at least three months time for getting allotments of the shares and refund of the money after finishing of final procedures. Besides, there was much uncertainty and risk of odd shares as it was not certain how much shares would be available after holding lottery. "Normally they did not want to involve their money for such a long time," said a DSE member. Now, they are also showing interest in the IPOs as it gives

more profit than the secondary markets give, he added. Each Taka 100 valued share of Kay and Que, was sold at more than Taka 2000 on the first day of trading at the secondary market, showing a 20 times margin in just two months time. The share of Bengal Fine Ceramics was also sold at more than Taka 600 at the beginning. Although, there was heavy demand for the shares in country's two stock markets new shares were offered by only 3 companies including SCIL and a mutual fund formulated by Investment Corporation of Bangladesh (ICB) during the month of August and September. Among those, applications were received offering more than Taka 114 crore from the general public against the 8th mutual funds primary shares of Taka 5 crores, making it 22 times oversubscribed. Wonderland Toys Ltd, which also offered Taka 5 crore worth of primary shares in the month of August, was subscribed by 15 times as it received applications offering more than Taka 75 crore from the general public.

According to the sources, the Key and Que and Bengal Fine Ceramics which offered primary shares in the previous month were oversubscribed by about 20 times. Capital market analysts say the oversubscription caused increase of issue expense by the company and waste of invisible money. The crisis took such turn that people are buying share even before getting allotment, which call forward selling. It means those who applied for the IPOs are committing that if they get the shares in the lottery they would sell to them. The capital market analysts said, to cool the stock market and mitigate the demands of the investors, the government should offer more shares it is now holding in different multinational companies and private high paid up nationalised companies in different sectors like power, gas and telecommunications. Offering more primary shares is not the solution of the problem because converting a private company into a public limited one and entering into the capital markets takes much time, said an official of the Security and Exchange Commission (SEC).

Tofael says Steps taken to infuse dynamism in economic lifeline

Commerce and Industries Minister Tofael Ahmed has said the new government has taken comprehensive approach for expanding trade and reorganising industrial sector to infuse dynamism in the economic lifeline of the country in the light of changed global political and economic conditions. In an interview BSS on Monday, he said the government, elected by popular votes, is determined to improve the living standard of the people. Tofael said the quantum of export for the fiscal year 1996-97 will be 4.380 billion US dollars which is more than 100 million dollars than the previous fiscal year. He said seven new items, namely electronic components, stuffed toys, leather goods, jewellery and diamond cuttings, fresh and artificial flowers, stationery and gift items, and software will be extended "through facilities" in order to further diversify the export list. He said the present government believes in transparency and accountability, so we do not waste a single minute to deliver the goods to the people. He mentioned power generation which is the backbone of modern economy and a major input for industrial production. He said the country is suffering from shortage of power due to negligence and failure of the immediate past government. The present government has, in the meantime, undertaken a massive programme to augment power generation capacity by additional 1,110 megawatt. Detailing, Tofael said the government has taken a decision to set up four power stations, at Meghna Ghat having capacity of 300 megawatt, at Mongla with 300 megawatt, at Boro Pukuria having 300 megawatt (coal burned) and at Bhola with 210 megawatt capacity. The government will also encourage setting up power generation unit on build, operate and transfer (BOT) or build, operate and own (BOO) basis to involve private and foreign investment in the sector, he said. Tofael Ahmed said we have received many proposals in this respect.

Tk 50m EPF formed to raise exports of new products

By Govinda Shil

The government has recently formed a Taka 50 million Export Promotion Fund (EPF) to enhance the export of new and non-traditional products in the world market, officials at the Export Promotion Bureau (EPB) said. The purpose of the Fund would include credit extending facilities (Venture Capital) on easy terms, allowing foreign technical assistances and transfer of technology to develop and diversify export products and establishing display and sales center in different countries. "The fund will be used to encourage exports of products under EPB's crush Programme," said an EPB official adding the products include toys, luggage and fashion items, electronics, leather products, diamond cutting and polishing, jewellery, silk fabrics, stationery products, artificial flowers, orchids, vegetables etc. EPB will soon include flowers, fruits, bamboo and cane products, wooden furnitures in its crush programme. Meanwhile, the country fetched 736.73 million dollar (3094.26 crore Taka) during the first two months (July-August) of the current 1996-97 fiscal year, according to EPB statistics. The earning was over 6 million dollar than what EPB projected in this period and showed more than 5 per cent growth. EPB target was determined at 730 million US dollar. The country earned 710 million US dollar during the corresponding period of the last fiscal year. During the period of this year, readymade garments earned 403 million dollar against its estimated target at 383 million dollar. Leather worth 30.36 million was exported against the projected target of 45.83 million dollar. Exporting nine items of various industrial goods, the country earned 672.02 million dollar against the projected target of 631.45 million dollar.

EBP statistics revealed. In this period 14.85 million pounds of frozen food, mainly to USA, was exported that earned 68.91 million dollar. Despite its price hike in the international market, from 576 dollar per ton to 606 dollar per ton within one year, jute goods failed to achieve its 66.67 million dollar target. Earnings of this sector calculated at 50.76 million dollar showing 23.86 per cent less than that of target. During the two month period, tea exporters earned 17.18 million dollar by selling 4.63 million kg of tea. Tea's international price increased by 10.71 per cent within one year. One kg tea is now being sold at 1.55 dollar in the international market. Growth of knits exports showed an "excellent" performance, 127.90 million dollar against its target of 85 million dollar, indicating a 50.47 per cent growth. USA topped the import list of Bangladeshi goods which imported 257.91 million dollar worth of goods. About 33.64 per cent of our export earning came from the USA during the period under consideration. The runner-up country in terms of Bangladeshi goods imports was U.K (84.79 million dollar) followed by the Germany (60.14 million dollar) and Italy (35.72 million dollar).

IDB grants \$12.54m loan to Albania
RIYADH, Oct 8: The Jeddah-based Islamic Development Bank has granted two soft loans to Albania totalling 12.54 million dollars, the Saudi news agency SPA quoted the bank as saying Tuesday, reports AFP. The bank, an arm of the Organisation Islamic Conference said the loans for rural development brought the total of its loans to Albania to 30 million dollars since Tirana joined the OIC in 1992.

BGMEA team leaves for US

A delegation of the Bangladesh Garments Manufacturers and Exporters Association (BGMEA) left for USA Monday to participate in a 3-day apparel show in Los Angeles, reports UNB. BGMEA President Redwan Ahmed is leading the 47-member delegation to the Bangladesh Apparel Fair '96. The biggest ever single-country apparel fair of Bangladesh will begin today at Cooper Building close to the California Mart in the American city. The BGMEA has organised the BAF in cooperation with the Consulate General of Bangladesh to USA. Organisers said the objective is to project exquisite variety of the products of the garments industry and their discerning quality and thus to explore export market for Bangladeshi readymade garments in the South-West of USA. The fair also aims at friendship as well as understanding through direct business contact of the BGMEA participants with the American buyers, importers and retailers. Before departure, Redwan Ahmed expressed optimism that BAF '96 would bring forth an impact, positive publicity among the American buyers about the Bangladesh apparel. It will instill confidence in their minds about Bangladesh having returned to congenial situation for investment and thus will be reflective as well that child labour from the garments factories will be totally eliminated by October 31 through the joint programmes of BGMEA, UNICEF and ILO. Redwan informed that the BGMEA had already made necessary arrangements for extensive publicity about the BAF



Singapore Airlines' top agents seen with SIA General Manager Bangladesh Colin Neubronner at the Zia International Airport recently.

Pak economy seen in trouble as IMF gets tough

KARACHI, Pakistan, Oct 8: The IMF's apparent reluctance to reactivate a stalled 600 million dollars standby loan may send stock prices reeling and prompt foreign lenders to reduce their exposure to Pakistan, dealers and bankers said yesterday, reports Reuter. The government said on Friday that three days of talks with the International Monetary Fund in Washington had produced an "understanding" on the main elements of economic stabilisation and structural reforms, but did not mention the standby loan. Newspapers said the IMF had proposed a package of tough measures it wants Pakistan to implement before agreeing to talks on resuming disbursements of the standby loan. They said the package would be submitted to Prime Minister Benazir Bhutto's cabinet on October 14. The IMF held up tranches due in June and September because of doubts about Pakistan's implementation of agreed policies and confusion surrounding the budget for fiscal 1996-97 (July-June). "Our worst fears have come true," fortune securities dealer Ali Asghar said an IMF refusal to reinstate the standby loan could lead to a downgrade of Pakistan's credit rating, he said. On September 23, the US based Moody's Investors Service Inc put Pakistan's ratings under review for possible downgrade. Asghar said political tensions had been heightened after the September 20 shooting of

Murtaza Bhutto, estranged brother of the Prime Minister, in an alleged clash with Karachi police. He said the worsening economic scenario could deal a harsh blow to Bhutto's three-year-old government, already beset by opposition charges of corruption and economic mismanagement. A foreign banker, who asked not to be named, said the IMF's stance was a negative signal to international markets, which Pakistan has been tapping for much-needed foreign loans. "Lenders in the international markets will become sensitive and may lower their exposure to Pakistan," the banker said. He said Pakistan had raised about 600 million dollars from foreign markets in the past few months to replenish depleted foreign reserves now estimated at 1.129 billion dollars, excluding gold. The market was strongly expecting a positive outcome to the talks, but the IMF response has shattered all hopes," analyst Muddasar Malik of GMA Capital Management said. He said he hoped the IMF pressure would prompt the government to push through badly needed measures to cut defence spending and impose income taxes on the wealthy agricultural sector. Analyst Munir Latha of AKD Securities said the country's three stock markets, already depressed by a stream of bad political and economic news, were likely to drop further. "In my opinion the Karachi index can slide to 1,200 points in the near future," Latha said. The Karachi Stock Exchange was closed on Monday because of the death of a member. The 100-share index closed 13.28 points, or 0.94 per cent, down at 1,397.49 on Friday.

Call to use modern tech on house bldg materials
State Minister for Housing and Public Works Afsaruddin Ahmad Khan urged the scholars, engineers and researchers to utilise modern technology on house building materials which would help the rural people for making their houses at low-cost materials, reports UNB. The minister was speaking as chief guest at a national seminar on "urbanisation, citizenship and human solidarity" on the occasion of the World Habitat Day held at the Auditorium of BRAC here yesterday. Presided over by Chairman of Rajuk Humayun Khadem, the seminar was addressed, among others, by chief Planner of Rajuk Zaker Hossain, Secretary of the Ministry of Housing and Public Works Muklesur Rahman and Member (Finance) of Rajuk MA Matin. Dr Sayed Anwar Hossain Professor of Dhaka University presented the key-note paper, said an official handout.

IBM Bangladesh announces Lotus Notes

IBM Bangladesh is happy to announce Lotus Notes, the Groupware Standard in today's corporate business world, here in Bangladesh, says a press release. Lotus Notes is the world's leading messaging and groupware product, offered by the Lotus Corporation, a 100 subsidiary of IBM Corporation. It is a software, and much more than any software, and that is why it is termed as groupware. Lotus Notes breaks the barriers in your workplace, and makes it easier than ever to Communicate with colleagues, Collaborate on projects, and Coordinate with business process — the 3Cs that we know as imperatives for the success of any business today. Lotus Notes is your central access point to find, organize, mobilize, and share the information you need — be it in a relational database, an e-mail message a desktop application, or something on the Internet. All you need, to use Lotus Notes, is a client, a server, and a network, in your organization. Already, on the verge of the 21st century, here in Bangladesh, we have seen a quiet revolution of Information Technology, at least in terms of familiarity with personal computers, in the last 3-4 years. People are no longer surprised with the tools of it. The media has played a big role in getting our expectations up, by talking continuously about software export and data entry industry. The consultants talked and talked about client/server computing even after the death of the 1st phase of client/server computing. And, now the Internet too is here for our use. The flip side of media hype is — it raises people's expectation to a high level, and it does not take the responsibility of fulfilling the expectations.

Libya, Turkey sign economic accords
TRIPOLI, Oct 8: Libya and Turkey signed a series of accords to boost commercial links and settle the north African country's debt, official said yesterday, reports AFP. The accords were signed shortly before Turkish Prime Minister Necmettin Erbakan wound up a three-day visit. There were no details on the accords signed by Erbakan and his Libyan counterpart Abdel Majid Al-Kawad but they covered a settlement of Tripoli's debt, which Ankara has said amounts to more than 300 million dollars. The accords were signed to boost bilateral trade from 700 million to two billion dollars a year.

Thailand eager to boost trade ties with Bangladesh

A-23 member high-powered business and investment mission from Thailand led by Photpong Lamsam, Chairman of the Board of Trade of Thailand and Thai Chamber of Commerce, held a meeting with the members of the Board of Directors of the Dhaka Chamber of Commerce & Industry (DCCI), at the DCCI Auditorium on Monday, says a press release. Welcoming the delegation Ali Hossain, President of the Dhaka Chamber of Commerce & Industry, said the visit of this Mission will pave the way in further development of the existing business relation between Bangladesh and Thailand. In this regard he suggested frequent visit of delegations from both sides for Trade and Investment Promotion. Ali Hossain also highlighted the DCCI's role in the economic development of the country specially in the Private sector development. He said the present Government is also committed to act as a facilitator for augmenting the growth of private sector in the country. While explaining the congenial investment climate, liberal policies, and all sorts of supports to the investors by the present Government the DCCI President urged the members of the Thai mission to come forward to invest in different ventures either in collaboration with local entrepreneurs or on hundred per cent ownership basis. Ali Hossain said the trade between Bangladesh and Thailand is limited to only a few items. So efforts should be made to find out new times for bilateral trade promotion. He pointed out that there is a bright prospect for investments in several sectors like agrobased industries including fruits & vegetables preservation/processing, horticulture, shrimps processing, crocodile farming, poultry farming, textiles, leather shoes, ceramic tiles, printed packaging, capital market/merchant bank etc. Thai investors may invest in those sectors and can avail the innumerable incentives provided to the foreign investors by

the government of Bangladesh. Photpong Lamsam said that their mission was very much eager to develop trade relationship with Bangladesh and the main objective of their visit is to find out the opportunity of joint-venture investment in various fields. While appreciating the present trade and investment policy of Bangladesh Photpong Lamsam said the areas of interest of the members of his mission are life and non-life insurance, export and import of agricultural products, chemicals, seed, fertilizer, frozen sea foods, frozen fruits and vegetables, bags, bathtubs, gem and jewellery, raw materials, iron, non-ferrous metal, industrial and consumer products, services of information technology and infrastructure, civil and construction engineering industry, petrochemical and hydro-power plant project etc. Thailand is very much eager to have closer economic relations with the South Asian Countries.

Analysts said investor confidence had been severely hit in the wake of political uncertainty at New Delhi after the recent national elections saw two governments take charge in a span of a few weeks. The present centrist-leftist minority coalition government is propped up in parliament by the previous ruling Congress Party, but its survival is shrouded in uncertainty as former Congress Prime Minister P V Narasimha Rao faces arrest on corruption charges. "It is the present political uncertainty that is driving down the markets," added Damani. Hyderabad Stock Exchange President P C Shrinani said: "the situation is very grim."

Indian stock exchange chiefs urge govt to help recover markets

BOMBAY, Oct 8: The heads of India's major stock exchanges have called on the government to help the markets recover from falling share prices and dwindling turnover, reports AFP. Presidents of 14 of the country's 23 stock exchanges met in Bombay at the weekend to draw up an action plan to inject new life into the markets, bring back investors and prevent the collapse of smaller bourses. "An unprecedented crisis has hit the exchanges. Immediate action is needed as most of them are close to extinction," stock broker Madangopal Damani, President of the Bombay Stock Exchange, told AFP Monday. Damani said the crisis has been set off by a "phenomenal drop in business volumes and share values." The meeting called for government-run firms to start bulk buying of equities to help ease the situation. Leading business newspaper the Economic Times said total market capitalisation in India had dropped 1,440 billion ru-

pees (41 billion dollars) in the three months from July 22 to October 4 this year. "The barometer BSE sensitive index has lost 700 points (about 15 per cent) in this period," it said. Analysts said investor confidence had been severely hit in the wake of political uncertainty at New Delhi after the recent national elections saw two governments take charge in a span of a few weeks. The present centrist-leftist minority coalition government is propped up in parliament by the previous ruling Congress Party, but its survival is shrouded in uncertainty as former Congress Prime Minister P V Narasimha Rao faces arrest on corruption charges. "It is the present political uncertainty that is driving down the markets," added Damani. Hyderabad Stock Exchange President P C Shrinani said: "the situation is very grim."

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Youngone to set up first private EPZ
Youngone Corporation, a leading South Korean firm, is expected to finish setting up of a private export-processing zone in Chittagong by 1998 under the recently approved private EPZ law, reports UNB. This was informed by President of Youngone Corporation Kihak Sung, when he called on Commerce and Industries Minister Tofael Ahmed at his office Monday. Youngone is the first company which is setting up the maiden private EPZ in an area of 2760 acres of land. It will house 30 large-scale and 100 small and medium-scale industries. The developer will spend 200 million US dollar for the infrastructure development in the exclusive zone. Some one billion US dollar will be invested in the EPZ in phases. He appreciated the new government for enacting private EPZ law in a very short period which would encourage investors generously. He also mentioned the changed scenario in the service-oriented organisations which reflects positively towards expanding investment. Reciprocating, Tofael said the country has much to learn from Korean experience as he then Korean president in early 60s took plan to meet every month at a fixed date for monitoring export. "Our Prime Minister Sheikh Hasina is also very serious about the progress of investment and export," he said, adding only one meeting of the Board of Investment (BOI) has taken place in the last five years although, according to charter of the BOI, the board should meet at least once in three months.



The 11th Annual General Meeting (AGM) of National Life Insurance Company Ltd was held at a city hotel yesterday with M Haider Chowdhury, Chairman of the Company, presiding. The Vice Chairman, Directors and Managing Director of the company were also present along with large number of shareholders. Picture shows (from left) S F Rawshan Akhter, Director, ATM Shafiqul Islam, Company Secretary, M Haider Chowdhury, Chairman, Abdul Momen, Vice Chairman and Rezaul Hakim, Managing Director.