

## Pursue Tata to go for initial public offerings

### SEC writes to Bol

#### STAR BUSINESS REPORT

The Securities and Exchange Commission (SEC) has urged the Board of Investment (BoI) to encourage Tata Group to go public while considering its US\$2 billion investment proposal in Bangladesh.

In a recent letter to the BoI, the SEC urged the board to pursue the group for raising part of its fund from the Bangladesh capital market.

Tata Group signed an expression of interest last week with the BoI for its \$2.00 billion investment proposal, the largest ever investment by a foreign company in the history of Bangladesh.

"The commission thinks there can be a mandatory provision for listing the Tata Group in the country's stock exchanges to give local investors wider scope for investment," the SEC letter said.

Talking to The Daily Star, SEC

Chairman Mirza Azizul Islam said globally renowned Tata Group will get good response from the market. "If Tata Group raises a portion of its investment from Bangladesh capital market, it would benefit the group as well as contribute to the development of the capital market here by boosting investors' confidence."

He said the proposal is still in embryonic stage and it is up to the group to decide raising fund through initial public offerings (IPO).

SEC chairman said the letter to BoI is part of the commission's pursuit of bringing in good scrips and infusing dynamism in the capital market.

He said the capital market of Bangladesh is growing steadily but it lacks scrips with good fundamentals.

The government assured supply of uninterrupted gas for 20 years for proposed Tata investment in power, fertilizer and steel.

The group expressed plans to set up a US\$700 million basic steel industry in Ishwardi to produce 2.4 million tonnes of hot rolled coil and other basic steel products. Its plans also include a \$700 million project for two 500-megawatt gas-fired power plants in Ishwardi and a \$600 million fertiliser plant in Chittagong with an annual production capacity of 1.0 million ton.

Tata Group has good reputation for raising fund from capital market. Most of its 91 subsidiary companies are listed in capital markets in India with two million shareholders. Tata Consultancy Services recently raised over \$1 billion from public, the largest IPO by a private company in India.

Tata Motors in last August got listed on New York Stock Exchange. With the same view, SEC is also upbeat about Tata's IPO and listing in Bangladesh.

## SEDF-IFC workshop on sustainable finance begins

### STAR BUSINESS REPORT

An international workshop on sustainable finance for professionals of banks and financial institutions began in Dhaka yesterday.

SouthAsia Enterprise Development Facility (SEDF) and International Finance Corporation (IFC) are jointly organising the three-day workshop.

Speaking at the inaugural session, Anil Sinha, general manager of SEDF, said sustainable finance system can be helpful for the financial institutions to reduce risks, realise investment opportunities, build reputation and improve access to international capital market.

Chargé d'Affaires of Delegation of the European Commission to Bangladesh Anne Marchal said sustainable finance management should be needed for diversifying exports and spreading regional business in the upcoming competitive situation.

Clive Mason of IFC and a team of international consultants including Richard English and Robin Sandenberg will conduct the workshop.

## Bank of Ceylon to collect GP bills thru' internet banking

Commercial Bank of Ceylon Limited (CBCL) will collect GrameenPhone bills, advances and security deposits from its account holders through internet banking by end of this month.

An agreement to this effect was signed between CBCL and GrameenPhone (GP) Limited, says a press release.

NKA Mobin, director (Finance) of GP, and BAHNS Preena, chief operating officer of CBCL, signed the agreement on behalf of their organisations in Dhaka.

Among others, S Renganathan, country manager of CBCL, D Das Gupta, general manager, ARM Saduzzaman, senior relationship manager of the bank, and Arif Al Islam, deputy finance director of GP, Md Mahabubur Rahman, AGM of the cellphone company, were present.

## Farm exports to UK hinge on supply chain streamlining

### Head of South Asian Section of UK Trade and Investment says

#### STAR BUSINESS REPORT

Bangladesh can reap the benefits of the largely untapped British agricultural market by streamlining its supply chain and increase investment in the farm sector, Mike Connor, head of the South Asian Section of UK Trade and Investment (UKTI), said yesterday. Agricultural export from Bangladesh to UK is only matter of time as the potential is there, said Connor at a press briefing after concluding his three-day Bangladesh visit.

During the visit, the head of the South Asian Section of UK Trade

and Investment met senior government officials, business leaders and British investors.

Expressing concerns over criminal elements that hold up a steady supply chain to the British market, Connor said authorities need to ensure that no such delays continue as it will significantly discourage British importers and only increase economic costs.

Connor also said the reputation of Bangladeshi information and communications technology sector and the textiles and ready-made clothing industry will work in attracting greater investment from the UK, already the biggest invest-

ment here.

Asked regarding the apprehension of a major decline in ready-made garment exports to the UK in the post-multi-fibre arrangement (MFA) era next year, Connor said: "Universally, it is seen as an opportunity for Bangladesh because of the competitiveness and quality of the textiles and clothing from Bangladesh."

With competitive prices and maintenance of good quality clothing, Connor said, "If economic forces apply, Bangladesh should attract buyers."

Citing impressions he received during the meetings with major

local business leaders and RMG entrepreneurs, Connor said, "The private sector in Bangladesh told me that Bangladesh can gain market share after the quota phaseout."

On the ICT sector, Connor expressed optimism, saying qualifications and dealings with global consumers and major international clients are expected to help people make a business decision.

He said UKTI will promote future IT events in Bangladesh, but fell short of making promises on investment, saying companies themselves have to make the decisions.

## PLAN TO RATION GAS SUPPLY TO FERTILIZER FACTORIES Farm output to suffer blow

#### UNB, Dhaka

A government plan for rationing gas supply to fertilizer factories can deal a further blow to the already-affected agricultural production.

"The plan, if implemented, could be suicidal for the agriculture sector," a senior official in the Ministry of Agriculture told the news agency yesterday, reminding of the recent havoc wrought on agriculture by recurrent flooding across the country.

The concern emerged after the Ministry of Energy and Mineral Resources on Sunday requested the Industries Ministry to stop operation of the Polash Urea Fertilizer Factory and scale down production for a month in other BCIC-run factories.

However, Industries Minister Matiur Rahman Nizami yesterday said the state-run fertilizer factories will not halt even in a low gas-flow condition.

"In no way production can be stopped," he told reporters at his office, replying to a question

whether Bangladesh Chemical Industries Corporation (BCIC) would limit production amid low gas pressure.

But production in the factories cannot run even with less than 80 percent of required gas supply, bar Jamuna Fertilizer factory that can run with 70 percent gas supply.

And gas-supply shortfall means the same percentage of fertilizer production shortfalls. The energy ministry estimated that the rationing of gas would cause a production shortfall of 30,000 tons.

Agriculture ministry estimated a demand for 25 lakh tons of urea fertilizer for this year—some 2 lakh tons more than previous year's demand for 23 lakh tons.

Aggregate production target of the BCIC factories for the year is 19.30 lakh tons while the rest has been planned to import.

The rationing plan has been devised just before a crucial moment for agriculture when the factories are running full-scale to meet this year's enhanced demand.

Agriculture ministry officials said

the farmers were intending to go for massive cropping to make up for their flood losses, creating the enhanced demand for the fertilizer.

The rationing of gas will also force the factories to operate at a lower pace than required to keep with the buffer-stock (2.60 lakh tons) schedule starting from the first week of December—thus increasing tension about availability of fertilizer in due time, officials feared.

The energy ministry, however, requested the industries ministry to limit production for 15-20 days, after which the gas-supply problem is expected to be over with the start of gas production in Srikail and Feni fields.

Energy ministry officials said the demand for gas increased due to enhanced domestic use for the month of Ramadan and Puja festival.

The Ministry of Energy and Mineral Resources preferred not to interrupt power generation, industrial production as well as "sensitive" domestic use.

## WB terms infrastructure of BSCIC estates poor

#### STAR BUSINESS REPORT

The World Bank (WB) has termed the infrastructure of industrial estates in Bangladesh very poor.

Poor utility services in BSCIC (Bangladesh Small and Cottage Industries Corporation) industrial estates need to be improved to facilitate growth of small and medium enterprises, a WB delegation observed while meeting Industries Minister Motiur Rahman Nizami in Dhaka yesterday.

The World Bank's South Asia Finance and Private Sector Director Joseph Del Mar Pernia led the four-member delegation.

The delegation also urged the government to address the issue of heavy industrial concentration in big cities such as Dhaka and Chittagong.

After the meeting the minister told journalists that the delegation talked a number of issues including reforming banking sector, accelerating privatisation process, strengthening small and medium enterprises, reducing high rate of interest and creating environment for receiving more investment.

Nizami said the suggestions made by the World Bank delegation have already been reflected in the latest industrial policy of the government.

The delegation also appreciated Indian heavy industrial giant's \$2 billion investment proposal in Bangladesh. "It shows that a congenial atmosphere for investment exists in Bangladesh," a source privy to the meeting quoted a delegation member as saying.

## Trade bodies urged to help develop market

#### BSS, Chittagong

The Securities Exchange Commission (SEC) Chairman Mirza Azizul Islam here on Monday said that trade bodies in the country could play a vital role in expanding the capital market as the SEC has no effective mechanism to reach the new sponsors.

"Trade bodies can act as bridge between the bourses and potential sponsors and will help motivate them tremendously to involve with the capital market," Dr Islam said while speaking as chief guest at a seminar on 'Over-The-Counter (OTC)' trade system.

The SEC chairman informed that capital raising consent would be given in less than one month if any entrepreneur is interested to raise fund through the OTC system. After getting due approval from

the country's capital market watchdog-SEC, Chittagong Stock Exchange (CSE) introduced the OTC facility for the first time in the country in July last which market experts termed as "user friendly, inexpensive and simple in nature" in trade.

Chittagong Chamber of Commerce and Industry (CCCI) arranged the seminar held at its conference room with CCCI President Amir Humayun Mahmud Chowdhury in the chair.

CSE President Habibullah Khan, SEC's Executive Director Mansur Alam, CCCI Vice-President Manzur-Ul-Amin Chowdhury, former CCCI President Eng. Ali Ahmed, businessmen Lutfy M Ayub and Emdadul Haq took part in the discussion.



Clive Mason of International Finance Corporation (IFC) speaks at the inaugural day of a three-day workshop on sustainable finance in Dhaka yesterday. SouthAsia Enterprise Development Facility (SEDF) and IFC are jointly organising the workshop.

PHOTO: STAR