



Beneficiary owner's account a must to apply for IPO

Consultative committee decides to cut IPO cost; plans to introduce index-based circuit breaker

NAZRATUN NAYEM MONALISA

An investor willing to participate in any future initial public offering (IPO) will need to have a beneficiary owner's (BO) account with the central depository system, introduced early this year, according to a decision by consultative committee comprising officials of bourses and regulators.

The meeting also decided to cut down IPO floatation cost to encourage more companies to enter the market for fund raising. Discussions were held on possibility of introducing index-based circuit breaker instead of conventional restriction on prices of individual stocks.

Earlier, in March this year, the Securities and Exchange Commission (SEC) allowed investors to apply in IPOs even if they did

not have a BO account which helped in generating new investors into the market which was witnessing a bearing trend for the past few years.

Opening of BO account became necessary following the introduction of central depository system in Bangladesh market as shares are being de-materialised and transformed into electronic entries facilitating scripless trading through the automated trading engines of the bourses.

With the market witnessing bull run for the past few weeks, the consultative committee at a meeting yesterday decided to make the BO account a pre-requisite for investors willing to subscribe to IPOs.

Insiders say, the move is aimed at trying to keep the market cool, as the indices had been hitting new highs with the influx of thousands of

investors. "We have seen a new set of 35,000 investors who participated in the IPO of EXIM Bank and did not have BO account," an insider said.

He said the stock market is riding on bank stocks and a new Premier Bank IPO is expected to hit the market soon. "So, if we witness similar responses like that of EXIM Bank then the market may continue to go higher which may grow out of proportion and result in formation of a bubble," one meeting member told The Daily Star.

Therefore, the meeting took decision in favour of imposing the new clause making BO account mandatory, he explained.

The consultative committee comprises an SEC executive director and both the chief executive officers of the bourses.

Senior SEC officials say the decision will not keep new investors shy from the market as investors will always queue in if they find stock businesses profitable and simply imposing mandatory BO account for IPOs will not keep them at bay.

Another SEC official said a total of 90,000 BO accounts have been opened. Initially a fee of Tk 300 used to be charged for opening such an account, which has been waived by the SEC from May, 2004.

The committee decided to refer the index-based circuit breaker issue to the bourses to suggest a policy guideline.

The committee also decided to set up a training institute to enhance the capacity of the brokers, dealers, merchandise bankers, issue managers, portfolio managers and also the investors.

'Textile industry can create 5m jobs'

UNB, Dhaka

The textile industry can generate some five million jobs in 7-10 years if it is developed in keeping with the demand of export-oriented readymade garment industry for fabric as well as for local consumption, according to the textiles minister.

Saying that the textile industry has huge potential, Textile and Jute Minister Shajahan Siraj estimated that the country will have to have 200 composite textile units to meet the current demand.

"Our government will offer assistance as much as possible to help private sector set up the textile units," he told a function in Dhaka Saturday night, marking the inauguration of FM Yarn Dyeing Limited, a private enterprise in the sector.

His cabinet colleagues—Law, Justice and Parliamentary Affairs Minister Moudud Ahmed and State Minister for Energy and Mineral Resources AKM Mosharraf Hossain—also attended the function.

Managing director of the company Khandakar Abdul Muktar also addressed the function to introduce the Tk 50 crore factory located at Bhaluka in Mymensingh. Its state-of-the-art yarn-dyeing facilities require around 400 employees.

He urged the government to reduce interest rates on bank credits and a reduced rate of gas bills to help entrepreneurs survive the post-MFA competition. He thought the textile industry would develop in the country if the concessions were given.

"The industry should be given competitive incentives, at least at the level of our neighbouring countries, to make the industry competitive," Moudud said, assuring his full cooperation being a member of the cabinet.

After having a strong footing of macroeconomic stability, he said, the current challenge is to take the benefit of the achievements to the root level.

Seven units operational in Mongla EPZ

STAFF CORRESPONDENT, Khulna

Since inception, seven industrial units in Mongla Export Processing Zone (EPZ) have exported goods worth US\$ 997 lakh.

Bangladesh Export Processing Zones Authority officials said they have approved some 20 units of which seven are in operational.

The officials said another seven units, with an investment size of US\$ 140 lakh, are in the process of implementation expected to generate at least 2000 new jobs.

They said the Mongla EPZ has all the necessary facilities with a total 124 industrial plots.

Of the seven industrial units in operation, four are run by foreign investors, one is under joint venture, while two others are run by locals.

CSE president re-elected



Habibullah Khan has been re-elected president of Chittagong Stock Exchange Ltd (CSE) for the year 2005.

The CSE board in its meeting on Friday unanimously re-elected Khan chief of the bourse, says a press release.

Khan is also the managing director of Meenhar Group of Companies. He was also the vice-president of CSE from 1995 to 2003.

Bangladesh fair in Italy in May

BSS, Dhaka

Export Promotion Bureau (EPB) is going to hold a five-day single country trade fair in Milan, Italy from May 23 next year.

EPB sources said during the fair an investment delegation of Bangladesh will visit Italy to encourage foreign investment in the country.

A meeting was held for taking preparations for the trade fair Saturday at the EPB boardroom with the Bureau Vice Chairman Mir Shahabuddin Mohammad in the chair.

A seminar on 'Investment Prospect in Bangladesh' will also be held during the fair.

July-Nov remittance clocks 10pc growth

REZAUL KARIM BYRON

Remittance flow grew by more than 10 percent in the first five months of the current financial year amounting to US\$ 1421.18 million, also pushing foreign exchange reserves up.

Remittance saw positive inflow in all five months of the current fiscal year. Non-resident Bangladeshis (NRBs) sent \$1288.37 million in the first five months last fiscal year and during the same period the growth was only one percent, according to Bangladesh Bank statistics.

NRBs sent \$316.8 million in October and \$267.9 million in November this year. Remittance flow in the first quarter was \$836.48 million.

With increase in remittance flow, foreign exchange reserves rose to US\$ 3123.5 million as of Saturday and the current account balance

improved substantially.

The current account balance was \$200 million in last July, which was \$158 million in the 2003-04 financial year. "The balance is on the rise further after July as a result of increased remittance inflow," a central bank official said.

Bangladesh Bank officials attributed remittance growth mainly to strict money laundering act. However, manpower export did not increase substantially during the period.

Security issues are getting priority in different countries after the 11 September and money-laundering act is being implemented there to prevent illegal transactions. Some people who were involved in hundi, an illegal way to transfer money, have been arrested recently in the Saudi Arabia, sources said.

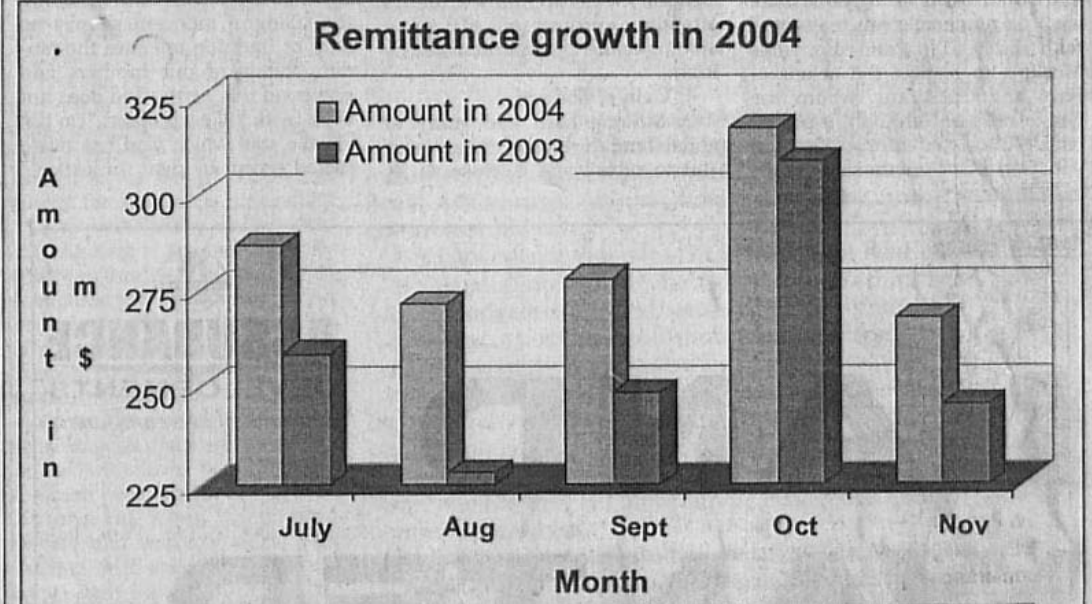
"Implementation of money laundering act has made hundi

operations risky in some Middle Eastern countries. Besides, banks are now offering better services encouraging people to send money through legal channels," said Khondokar Ibrahim Khaled, managing director of Pubali Bank Ltd.

Finance ministry has strengthened its monitoring for remittance flow. "If there is any allegation, banks concerned are being asked to take immediate action. The ministry is also following up what actions the banks are taking about specific allegation," said a finance ministry official.

The nationalised commercial banks (NCBs) are also opening exchange houses in important foreign cities to encourage non-resident Bangladeshis to send money through banking channels.

NRBs sent \$3371.97 million in last fiscal, which was 10.12 percent higher than the previous fiscal.



Low output pushes Aman prices up

MONJUR MAHMUD back from Jhenidah

As Aman harvest begins, farmers in Jessore and Jhenidah districts are getting around 30 percent higher prices for paddy this season than that of last year, although crop production has dwindled.

"Paddy is now selling at Tk 360 to Tk 370 per maund (37.5kg), which ranged between Tk 270 and Tk 290 last year," said Idris Ali, a farmer at Galimpur of Kotchadpur upazila in Jhenidah.

"Price this year is very good but I have very little quantity of paddy to sell due to poor yield. I need almost all the paddy for my own consumption."

Farmers have attributed the upward prices to lower production of paddy. The growers said they are getting some 6 to 7 maunds of paddy a bigha (a local unit to measure land) against usual output of 15 maunds, thanks to heavy rains and floods during farming.

Idris got only 20 maunds of paddy this season from his three bigha of land. But he got 45 maunds of paddy last year from the same

land. Sagir Mia, another farmer from a nearby village, said although he got 30 maunds of paddy from his four bighas of land, he hardly got any paddy from another two bighas.

Most of the farmers will go through financial hardship until April next year when they will get Irri-Boro crops, Sagir said. "Some farmers would barely recoup the cost this season."

Farmers could hardly buy anything for Eid-ul-Fitr this year as they were depressed with poor yield of Aman crop.

When farmers start to harvest and sell, prices remain comparatively low and after selling major portion of farmers' stock, prices start picking up.

As paddy price ranges between Tk 360 and Tk 370 during the harvest period, it may go up further when stocks at the growers' level will run out, farmers said.

Farmers who borrowed money at high interest rates for cultivating Aman crop are really in trouble.

"As I can't sell paddy and get money this season I have no other

option but to sell some livestock to repay my loans to mahajan (traditional moneylenders)," said Kismat Mollah, a farmer at Jungle Badhal village in Jessore.

Meanwhile, the Department of Agriculture Extension (DAE) recently downsized its Aman production target from 1.28 crore tonnes to 1.23 crore tonnes and then to 1.17 crore tonnes. The ministries of food and agriculture now foresee an Aman output of 1.08 crore to 1.13 crore tonnes.

Official sources confirmed loss of Aman crop due to flood at around 10 percent. Unofficial reports from business organisations and The Daily Star district correspondents however said the loss would be around 15 percent.

The country experienced heavy rain and flood from end-July to mid-August, and again in mid-September, which hampered timely planting of rain-fed Aman crop (harvested in late autumn). Farmers tried to offset the crop losses by planting late season low-yielding varieties but only with limited success.

India back on world investor radar as shares surge

AFP, Bombay

Indian stocks are back on a roll with foreign investors pouring in funds lured by strong economic growth and new confidence that the Marxist-backed government will not derail financial reforms, analysts say.

Indian shares nosedived in May after the surprise electoral defeat of the market-friendly Hindu nationalist Bharatiya Janata Party, with the Bombay Stock Exchange's benchmark Sensex index on one day posting a record intraday plunge of 793 points, wiping out over 25 billion dollars of shareholder wealth.

Now the Sensex is surging ahead, up by around 34 percent from an eight-month trough hit May 17 of 4,227. It's all a far cry from when the Sensex was Asia's second-worst performing market after the SET in Thailand.

The index closed Friday at 6,322.76, after hitting a new intraday peak of 6,335.14 and also a lifetime closing high of 6,328.43 Thursday, surpassing a record set in January.

Prime Minister Manmohan Singh, seen as the architect of India's economic reform drive as finance minister in the early 1990s, said Saturday the economy would grow by 7.5 percent annually over the next decade and could be one of the world's biggest in the next generation.

Dhaka, Delhi can lead in footwear thru' partnership

Businesses observe in buyer-seller meet

STAR BUSINESS REPORT

Bangladesh and India can jointly become a global leader in footwear by applying competitive advantage formulas as the former has strong finished leather base while the latter holds edge in footwear component, businesses of the two countries observed yesterday.

Gathering at a buyer-seller meet in Dhaka, they said if the two countries forge a partnership in the sector, it can create a win-win situation for the two economies.

With global footwear consumption rising, the two countries can emerge as major suppliers of footwear products in world market, they said. Global average of footwear consumption is now two pairs per person a year, which is likely to rise further.

Bangladesh can import cost-effective Indian sole, shank, thread, adhesive and other footwear components and make finished footwear by using its own good quality leather to export to international market, they said.

Vipin Seth, senior representative of the Council for Leather Export of

India, said if Bangladesh introduces zero duty for footwear accessory import from India, it will help Bangladesh exporters to become competitive and increase export volume of footwear.

"The two countries also need to upgrade infrastructure like port, road, transport and simplify customs procedure and recognise each other's standards to make the competitive advantage partnership a reality," he said.

Shakil Ahmed Khan, a Bangladesh footwear entrepreneur, said, "Local manufacturers are willing to import Indian footwear accessories but delay in delivery and freight charges make India less competitive." There exist L/C related problems and also lack of direct air link, he said.

Ziaur Rahman, managing director of Bay Footwear of Bangladesh, said Bangladesh businesspeople face visa problem to go to India which discourages trade with the neighbour.

"There is long queue in Indian High Commission. It takes a week or more to get an Indian visa. India also does not issue multiple visa to

businesspeople who need to go to India frequently. There is only two weekly direct flights between two capitals," he said.

RR Das, minister (economic and commercial) of Indian High Commission in Dhaka, assured Bangladesh businesspeople who have special business interest with India of offering multiple visa.

"If businesspeople provide documents showing business interest with India, we issue multiple visa." He also disclosed that Air India will soon introduce a Kolkata-London flight also connecting Dhaka. Indian Airlines may also introduce New Delhi-Dhaka flight. This can improve air link situation.

RK Pandey, regional director of the Council for Leather Export of India, said import of Indian footwear accessories can make Bangladesh footwear export cost-effective.

Some 18 Indian companies are taking part in the two-day exhibition cum buyer-seller meet being held at Hotel Purbani International in Dhaka organised by Indian High Commission and the Council for Leather Export of India.

Global cellphone set sale grows 26pc

Koreans overpower Euro-American rivals

ABU SAEED KHAN

Korean mobile handset makers have overpowered Euro-American rivals while Nokia remains far ahead of everyone in the third quarter of 2004, according to the latest research result of US-based consulting company Gartner Inc.

The worldwide mobile phone sales have also posted an impressive 26 percent growth, surpassing 167 million units in the third quarter of 2004, Gartner says.

Nokia's market share has eroded from 34.20 percent in 2003 third quarter to 30.90 percent in the third quarter of 2004. The Finnish vendor has, however, sold 51.70 million handsets, adding more than five million units than what it had sold (45.40 million) in the third quarter of 2003.

Samsung has sold 23 million handsets and acquired second position by dragging Motorola to third position, which has sold 22.40 million units. LG has taken fifth position by shipping over 11 million handsets and pushing Sony Ericsson (10.70 million) down to number six.

Nokia leads with double the amount of sales than its nearest rival. During July to September quarter it has managed to recapture 0.8 percent market share it had lost in first two consecutive quarters of 2004. Nokia had to show respect to the "clam-shell" models of handsets, which its top management had earlier decided to never adopt because "they did not accord with the company's image of itself".

Commenting on Nokia, Carolina Milanesi, a Gartner analyst, says, "New handset models and decreasing prices fuelled replacement sales in mature markets such as Western Europe and North America."

Gartner says Samsung's success is due to the popularity of its new clam-shell and fold-away camera phones with built-in data features

to become the world's number one. Gartner believes that Motorola may narrow its gap with Samsung over the Christmas period as it launches a new range of handsets.

Siemens of Germany has moved higher and achieved a 7.60 percent market share despite recalling its 65 series handsets while LG Electronics shoved Sony Ericsson out of the way

opposed to the same period a year earlier was Japan.

In Japan, sales dropped 12.80 percent compared to the same quarter last year, when sales peaked driven by new demand for camera phones. Vendors are struggling to maintain profitability due to lower margins on third generation handsets compared with the second generation devices.

Regional Analysis Asia Pacific saw healthy growth driven by countries such as India, the Philippines and China. Operator promotions to encourage both new and replacement subscribers, such as free SIM-cards swaps in countries not having Mobile Number Portability (MNP) and price cuts by handset vendors, contributed to the results. In Hong Kong and Australia, operators offered heavy subsidies on wideband code division multiple access (WCDMA) handsets to encourage service adoption.

In Western Europe, replacement sales were fuelled by availability of new models and decreasing price. North America experienced another record quarter, growing 22.6 percent over the same quarter in 2003. Operators continued to add subscribers aggressively through handset and service promotions, and several vendors launched new products during the quarter.

Brazil and Mexico continued to be the driving forces in Latin America. Mobile phones are becoming more affordable and the total sales of mobile phones reached an all time high with 17.2 million units, a 66 percent growth year on year.

Company	3Q 2004 Sales (x000)	3Q 2004 Market Share	3Q 2003 Sales (x000)	3Q 2003 Market Share
Nokia	51,694.9	30.90 %	45,380.8	34.20 %
Samsung	22,981.2	13.80 %	14,837.4	11.20 %
Motorola	22,393.0	13.40 %	19,484.3	14.70 %
Siemens	12,758.2	7.60 %	12,110.4	9.10 %
LG	11,141.8	6.70 %	7,081.9	5.30 %
Sony Ericsson	10,683.2	6.40 %	7,065.1	5.30 %
Others	35,417.4	21.20 %	26,883.8	20.20 %
Total	167,069.7	100 %	132,843.7	100 %

SOURCE: GARTNER DATAQUEST (NOVEMBER 2004)

and capability and also on massive sales of cheaper and more basic models in fast-growing markets like China and India.

Samsung has just unveiled the world's first camera phone fitted to a 1.5 gigabits hard drive capable of storing up to 1,000 images. The mega pixel device can also save up to three and a half hours of video, and features an MP3 player, radio tuner and an e-book reader and will retail in the US market for \$767 only.

Motorola's surprise relegation to third place came just after a month the company's CEO, Ed Zander, claimed

to claim the fifth place. Ben Wood of Gartner commented, "Both these companies are growing their market. The Sony Ericsson brand is growing in stature and LG was able to take over in fifth place as a result of big deals with CDMA (Code Division Multiple Access) operators in North America."

Overall emerging markets gave the market an extra boost as new subscribers signed up for service in Asia, central Europe and the Middle East. The only market where the sales have dropped in Q3 of 2004 as

MALAYSIA My Second Home

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(About Tk. 24 lac) for a period of 5 years
(দুটি শর্ত পালন সাপেক্ষে)

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