

Shares slide on looming withdrawal of money whitening provision

JASIM UDDIN KHAN

Share prices on Dhaka bourse slid yesterday after the finance minister announced Wednesday that the money whitening provision would be discontinued from the next fiscal year.

The DSE General Index lost 25.28 points or 1.53 percent to close at 1623.75 and the benchmark index lost 16.38 points or 1.29 percent to close at 1252.10 as panic-stricken investors started selling at the beginning of trade.

Finance and Planning Minister M Saifur Rahman at a pre-budget consultative meeting of the National Board of Revenue (NBR) said the provision of whitening black money will be discontinued from the next fiscal year.

When asked, Shahiq Khan,

president of DSE, said the declaration should not have had adverse impact on the share market as the provision will continue until June 10 this year. The black money holders can take the time as the last minute of opportunity to invest money in the stock market, he added.

DSE Chief Executive Officer Salahuddin Ahmed Khan said capital market is a sensitive place where people get panicked by any kind of changes. "The announcement should have helped increase capital flow in the market. But it did not happen," he added.

In fiscal 2003-04, the opportunity to whiten black money was given for investment in share market and industry.

It was projected that black

money amounting to around Tk 25,000 crore will be channeled into tax-net but only Tk 1,075 crore was invested in the capital market in two years, source said.

DSE sources said following introduction of the provision the DSE was able to bolster its capital base as the General Index rose to nearly 700 points within one year and the average daily turnover increased to nearly four folds during the period.

The sources said in the month of July 2003 the DSE daily turnover was Tk 6 crore which increased to Tk 23 crore in July 2004.

The average market capitalisation was Tk 70 billion in July 2003 which rose to Tk 130 billion in July 2004.

BATB okays 100pc dividend

British American Tobacco Bangladesh (BATB) has approved a 100 percent dividend for its shareholders for the year 2004.

The dividend was okayed at the 32nd annual general meeting (AGM) of the company held at Pan Pacific Sonargaon hotel in Dhaka on Wednesday, says a press release.

The AGM approved the recommended Tk 7.50 dividend per share of Tk 10 each as final dividend, which, along with an interim dividend of Tk 2.50 per share already paid and distributed constituted a total dividend of Tk 10 per share.

M Mujibul Huq, chairman of the company, presided over the meeting. The chairman apprised the AGM that the company experienced a 23 percent profit decline than that of the previous year.

The decline in profit was due to a 2 percent increase in supplementary duty in a number of price segments along with duty rates increase in some items of imported raw materials in 2004 national budget.

The company deposited Tk 1850 crore to the government exchequer as supplementary duty and VAT which is Tk 72 crore more in comparison to 2003 figure of Tk 1778 crore.

Directors of BATB Md Nurul Amin, Kamrul Hasan, Md Ziaul Huq Khondker, Golam Mainuddin, Alan J King, MA Mokaddem, Paulus Julius Hilttermann, Managing Director Emil Moskofian and Company Secretary Md Mahbubur Rahman were present at the AGM.

GlaxoSmithKline declares 50pc dividend

STAFF CORRESPONDENT, Ctg

GlaxoSmithKline has declared a final dividend of 50 percent, Tk 5 per share of Tk 10 each, for the year 2004.

The shareholders of GlaxoSmithKline approved the dividend as per the recommendation made in the Directors' Report at the 32nd Annual General Meeting (AGM) of the company at a city hotel here yesterday.

GlaxoSmithKline Managing Director M Azizul Huq presided over the AGM where Technical Director AHM Zaker and Finance Director Sarwar A Khan also spoke among others.

The managing director said 2004 was a difficult year for GlaxoSmithKline when the company bore the brunt of losing existing sales, brought about by import bans.

The sales of other products recorded growth making up a significant portion of the lost sales, Azizul Huq informed the AGM.

However, the business environment would not improve dramatically, he added.

The AGM was further told that the company had net sales of Tk 1272 million in the year 2004 as against Tk 1299 million in 2003. During this time, GlaxoSmithKline contributed Tk 256 million to the national exchequer, the AGM was told.

Standard Bank declares 20pc stock dividend

Standard Bank Ltd has declared a 20 percent stock dividend for its shareholders for the year 2004.

The declaration came at the sixth annual general meeting (AGM) of the bank held on Monday in Dhaka, says a press release.

Chairman of the bank Kazi Akramuddin Ahmed presided over the meeting, which was also attended by other senior bank officials.

US jobless claims drop 20,000 to 321,000

AFP, Washington

US jobless claims dropped sharply in the latest week, the Labor Department said Thursday.

The number of workers filing for state unemployment benefits for the first time fell 20,000 to 321,000 in the week ended May 14.

The department could identify no special factors behind the decrease, which was larger than forecast. Economists were expecting only a drop in initial claims to about 331,000.

The four-week moving average of new claims rose by 5,500 to 329,750.

Claims in the previous week were revised slightly higher, to a gain of 5,000 to 341,000, compared with the initial estimate of a gain of 4,000 to 340,000.

Cargo ship business booms on high charges for foreign vessels

RAFIQ HASAN

The high charge for chartering foreign vessels has created a new opportunity for Bangladeshi-owned cargo ships and forced the foreign shipping agents to gradually retreat from the country's shipping sector.

Sources said in addition to MV FT Jahan, the biggest cargo ship in the country, a local businessman, Mohammad Shahjahan, bought another big vessel, Brave Royal, just one and a half years ago at a cost of around Tk 30 crore.

Several years back, a leading Bangladeshi shipping company, HRC, bought four cargo vessels. Each ship cost around Tk 20 crore. The prominent PHP industrial group also procured two ships, Salammat-2 and Salammat-3, within a couple of years.

"We observed that Bangladeshi businessmen are gradually coming to this lucrative cargo carrying sector, which was earlier dominated by foreign companies," said

Captain Habibur Rahman, principle officer of government's Mercantile Marine Department.

The local businessmen are getting strong ground in the shipping sector bringing huge financial benefit for the country, he observed. The procurement of MV FT Jahan contributed over Tk 6 crore to the government exchequer as customs, license and registration fees, he added.

Besides, this vessel would carry huge amount of country's export-import goods at a much cheaper charge than that of the foreign vessels, Habibur said.

"The sector is very potential but a lot of government support is required to help it flourish," observed Shah Alam, vice-chairman of Bangladesh Ocean Going Ship Owners Association (BOGSOA).

Many businesspeople would have come forward in the shipping business if the government had lowered different fees regarding purchase of ships. While buying a

ship, an owner needs to pay on an average Tk 2-3 crore as different fees. As a result, many businesspersons do not feel encouraged to buy ship, he pointed out.

According to sources in the ministry of shipping, a proposal is under consideration for lowering the fees in case of converting flag from foreign to local one.

The sources said Bangladeshi flag carrier container ships have doubled their business share over the last couple of years. "The business share of local carriers in three main feeder lines connecting Chittagong, Sri Lanka, Singapore and Malaysia doubled over a couple of years," said Ataul Karim, executive director of HRC Shipping.

The local ships are now carrying on an average 30 percent containers on those routes, he told the Daily Star.

According to sources, earlier the share was 10 to 15 percent. On the other hand, the share of local

carriers increased to 20 percent from 10 percent in the break bulk sector.

The sources said just few years back, local businessmen begged for space in foreign ships and the foreign ship owners increased the freight imposing various surcharges.

But now the scenario has changed and foreign steamer agents often look for space in a local ship for transporting goods, the source said.

The freight charge in a local ship is also much lower than that of a foreign one. A local container ship charges only \$200 to 230 for a 20 TUs container while the charge in foreign ship is over \$300.

The scarcity of ocean going vessels pushed the price of ships in the international market. The price of a large ship, which was bought recently at a cost of Tk 100 crore, was not more than Tk 50 crore earlier. In the current market rate, the ship can earn \$25,000 per day if it is given on charter.

Cluster development concept can better RMG competitiveness

Seminar told

STAR BUSINESS REPORT

Speakers at a seminar yesterday stressed the need for applying cluster development concept of knitwear industry to improve competitiveness of apparel sector in the post-MFA era.

They said main competitors of Bangladesh in the global ready made garment market -- India, China and Sri Lanka -- have already applied cluster development programmes in their industries.

By using cluster development concept entrepreneurs can share their strategy and developments, they said.

In cluster development programme, factories are located in one particular area.

In the post-MFA period, the knitwear sector of Bangladesh is in a good position, significantly contributing to RMG sector.

SouthAsia Enterprise Development Facility (SEDF) in collaboration with Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) organised the seminar on cluster development concept in Dhaka.

Speaking as chief guest Commerce Secretary Siddiqur Rahman Chowdhury said, "To

compete globally we have to follow our competitors' strategy."

Narayanganj knitwear industrial area can be a suitable site for introducing cluster development programme, he added.

Habibur Rahman, first vice-president of BKMEA, said, "We can survive in the global market if we help one another."

The cluster development programme will help the knitwear sector to face competitiveness in the global market, he hoped.

SEDF General Manager Anil Sinha Bangladesh has a lot of potentiality in the knitwear sector.



AKM Mosharrar Hossain (3-L), state minister for Energy and Mineral Resources, poses for photographs at the launch of Shell lubricant in local market in Dhaka yesterday. Quentin Freddie D'Silva, general manager, Shell Middle East and Central Asia, and A Rouf Chowdhury, chairman of Ranks Group and managing director of Ranks Petroleum Ltd, are also seen.

Ranks Petroleum starts marketing Shell lubricant in local market

STAR BUSINESS REPORT

Ranks Petroleum Ltd, a concern of Ranks Group, has started marketing Shell lubricant in Bangladesh.

State Minister for Energy and Mineral Resources AKM Mosharrar Hossain yesterday attended the launching ceremony as chief guest while Quentin Freddie D'Silva, general manager, Shell Middle East and Central Asia, was present as special guest.

Speaking at the launching ceremony, the state minister said lubricant business apart Shell is one of the major players in gas exploration. Shell is the first company that started gas exploration in Bangladesh.

D'Silva termed Bangladesh an important market for Shell. "We are number one lubricant company in the world and we are extremely fortunate that we got Ranks Group as our partner here."

"Shell is now operating in 145 countries and it has around 1.20 lakh employees across the globe," A Rouf Chowdhury, chairman of Ranks Group and managing director of Ranks Petroleum Ltd, told the launching ceremony.

Rumme Hossain, director and executive vice-president of Ranks Petroleum Ltd, also spoke at the function. Other Shell officials from Middle East, Pakistan, Sri Lanka and South Africa and local dealers were also present at the launching ceremony held at Dhaka Sheraton Hotel.

Citibank organises workshop on NGO governance, financial administration

Citibank, NA, the banking arm of Citigroup, yesterday organised a daylong workshop on NGO Governance and Financial Administration in a bid to have an educative session with all the key stakeholders in this segment.

Dr Wahiduddin Mahmud, eminent economist and former advisor to a caretaker government, was the chief guest at the inaugural session along with Mamun Rashid, chief executive officer of Citibank, NA, Bangladesh.

Professor Mahmud in his speech mentioned that the financial practices remain a complex exercise for all the NGOs due to various funding sources like PKSF, government and other international organisations as well as their usual focus on micro-credit or capacity building rather than financial management.

"This workshop should help the NGOs better understand the regulatory framework and operational management aspects of their funds to a great extent. The NGO activities have seen tremendous progress in recent times and the administrative and regulatory framework should make best effort to cope with this progress," Mahmud added.

Senior officials from the NGO Affairs Bureau and Bangladesh Bank focused on different aspects of the NGO governance and banking regulations at the workshop, which was attended by almost 45 participants from various non-governmental organisations (NGOs), donor agencies and Ministry of Social Welfare.

Khd Rashed Maqsood, head of Global Transaction Services, and Mahbubur Rahman, head of Financial Institutions, were present among other senior officials from Citibank.

US firm eager to expand business in Bangladesh

UNB, Dhaka

A US business firm, calling Bangladesh as one of its business partners, has said it is eager to expand business in Bangladesh.

The eagerness was expressed when a visiting three-member US business delegation led by Thomas Nelson, vice-president, Asia Sourcing (Jeanswear/Imagewear) of VF Asia Ltd, met AK Azad, president of Bangladesh Chamber of Industries (BCI) and managing director of Ha-Meem Group, at the latter's Tejgaon office in Dhaka yesterday.

Matters relating to mutual business between the two countries, Bangladesh's activities in the quota free global world, business expansion of VF Asia Ltd in Bangladesh and duty free access of Bangladesh products to the US market came up for discussion in the meeting.

Talking to the delegation, Azad said Bangladesh is developing its products for survival in international trade. He stressed the need for bilateral trade assuring that BCI would extend all sorts of cooperation if the US businessmen came forward to invest and expand trade and commerce.

Thomas said Bangladesh's position relating to trade is next to

China in this region. This is due to the fact that prices of Bangladesh goods are lower than that of India and Pakistan.

He said efforts would be made to improve business between the two countries despite lead-time and other problems.

The existing volume of business worth US\$ 160 million would be enhanced to US\$ 200 million, the US delegation chief said.

Syed Ahmed Chowdhury, Bangladesh country manager of VF Asia Ltd, and senior officials of Ha-Meem Group were present in the meeting, said a BCI press release.

Lanka to end monopoly on int'l air routes

AFP, Colombo

Sri Lanka is set to allow local private airlines to operate international flights using air service agreements the government enjoys with other countries, the aviation minister said Thursday.

Nine local companies have applied for rights to make use of bilateral air agreements which

currently remain under utilised, Mangala Samaraweera told reporters.

At least four private companies operate domestic flights while national carrier SriLankan, which is partly owned and fully managed by Emirates of Dubai, has a monopoly on international routes.

"Although nine have applied, we think there is room for only about

two," Samaraweera said, adding that the government would soon decide which companies would be awarded the rights to operate international flights.

Officials said all privileges enjoyed by a designated "national carrier" would be extended to the private airlines the government allows to undertake international operations.



Dr Wahiduddin Mahmud (2-R), eminent economist and former advisor to a caretaker government, speaks as chief guest at the inaugural session of a daylong workshop on NGO Governance and Financial Administration organised by Citibank NA, the banking arm of Citigroup, yesterday in Dhaka. Mamun Rashid, chief executive officer of Citibank NA, Bangladesh, Khd Rashed Maqsood, head of Global Transaction Services, and Mahbubur Rahman, head of Financial Institutions, are also seen in the picture.