

DSE turnover surges to new high on Premier Bank debut

STAR BUSINESS REPORT

Huge levels of trading in Premier Bank, which made its debut on the DSE and CSE yesterday, pushed turnover on the Dhaka bourse to a new all time high with almost 1 million of the bank's shares changing hands.

In April Premier Bank made an initial public offering (IPO) with 84.5 lakh shares being sold to investors at Tk 100 each to raise Tk 84.5 crore from the capital market.

However yesterday the shares opened at Tk 370 on the Dhaka Stock Exchange (DSE), rising to a high of Tk 391 before closing at Tk 360.50. On the Chittagong Stock Exchange (CSE), the bank's share closed at Tk 361 after hitting a high of Tk 400.

Traders said the interest in the share reflected the large demand for the IPO which had led to it being many times oversubscribed. Banks, which make up more than

50 per cent of the DSE's capitalization, are also regarded as attractive investments.

Rated 'A-' in the long term and 'ST3' in the short term, earning per share of the bank stood at Tk 20.79 at the end of 2006 while the net asset value stood at Tk 201.54 per share. The bank started operations in October 1999 and is the 30th bank on the DSE and CSE.

The scale of interest in Premier Bank, turnover reached Tk36.04 crore, has only once been exceeded. That was on January 31 this year when Brac Bank came to the market and saw even higher levels of turnover. Brac Bank sold shares in an IPO for Tk170, with the shares trading at a high of Tk 540 on the first day.

Yesterday total turnover on the DSE reached Tk 178.98 crore. Earlier the highest turnover recorded was Tk 160.71 crore on May 20.

Prices also gained, with the DSE

General Index up by 32.6 points, or 1.7 percent, to close at 1949.45 points. The DSE All Share Price Index rose by 17.88 points, or 1.1 percent, ending the day at 1630.68 points.

Losers outnumbered gainers. Of the issues traded, 33 advanced and 143 declined with 18 unchanged. A total of 11,861,869 shares were traded on the DSE.

UNB ads: Trading at CSE closed higher yesterday though the losers dominated the gainers. CSE All Share Price Index rose by 0.25 percent to close at 4757.26 points. The CSE-30 Index also increased by 0.10 percent to close at 4224.06 points.

A total of 91 issues were traded. Of them, 25 gained, 62 declined and four remained unchanged. Some 2,941,544 shares worth Tk 32.87 crore changed hands.

BD WELDING TRADE RESUMES

Meanwhile, share trading of Bangladesh Welding Electrodes Limited (BD Welding) resumed yesterday with the shares opening at Tk19 and closing at Tk18.50.

Earlier the DSE authority halted the share trading of the company from April 1.

The DSE in its website yesterday said: "The earlier disseminated information on 11.02.07 by BD Welding regarding Saudi Investment was found incorrect and misleading through an investigation of Securities and Exchange Commission (SEC). Consequently the SEC has lodged a criminal case against the persons alleged to be the creator of those fabricated information. As the inquiry is completed, the trade halting decision of BD Welding is withdrawn at this point of time."

At the height of speculation over a Saudi investment shares in BD Welding hit highs of Tk 50.

ACHIEVING MDGs More budgetary allocation for farming, power, local govt Says finance adviser

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The finance and planning adviser has spelt out the plan to up budgetary allocation for the sectors that impact the achievement of Millennium Development Goals (MDGs).

The sectors under the planned increased allocation are agriculture, electricity and local government, he said.

"We want to increase the proportion in local government because it is nearer to people...agriculture creates huge employment opportunities... and the electricity sector is the poor performer for many years," Mirza Azizul Islam told a 3-day workshop in Dhaka yesterday.

World Bank Institute and Power and Participation Research Centre (PPRC) jointly organised the workshop on 'Towards Achieving MDGs: Role of Institutions in Bangladesh' at the LGED Auditorium.

Azizul said, "China is investing 50 per cent of its GDP for achieving MDGs, whereas Bangladesh invests 26 per cent for this purpose, that is why investment in this area should be increased."

World Bank (WB) Country Director in Bangladesh Xian Zhu said Bangladesh has been doing very well in economic field, however, economic growth is not the single indicator of development.

He said, "Bangladesh has the capacity to achieve MDGs, but it needs to ensure transparency of the sectors that are associated in achieving the targets."

He also emphasised accountability in service delivery, public-private initiatives as well as institutional capacity building for reaching the MDGs.

Lauding successes in a few sectors like health and education, the WB official said poverty rate has come down here to 40 per cent in 2007 from 49 per cent in 2000.

To achieve MDGs by 2015, resolving urban problems is urgent, Xian Zhu said, lamenting that although the country witnessed a massive urban growth in the last 10 years, the slum people in the urban areas are still out of basic services, such as education and water supply.

The institutional constraints should be removed, especially for development of the urban areas, he suggested.

Hossain Zillur Rahman, executive chairman, PPRC, Quazi Mesbahuddin Ahmed, a former member of the planning commission, also spoke at the inaugural function.

Resource persons from different sectors are attending the workshop, divided into ten sessions.

New cargo handling system soon at Mongla Port

Adviser rules out any privatisation plan

UNB, Bagerhat

The Dock Workers Board of Directors at Mongla Port will be abolished and a new cargo handling system introduced soon to smooth operation of the country's second largest seaport, which has been underused due to alleged mismanagement.

In a further step, the government has decided that part of government-level imports and exports would be shifted to this port to enhance ship arrivals here.

The new cargo handling system, known as berth operation, has recently been introduced at Chittagong port as part of the scheme to improve performance at the country's premier port.

Shipping Adviser Major General (rtd) MA Matin, also chief coordinator for the national taskforce on serious crime and corruption, announced the long-overdue overhauling plan Sunday, unveiling the caretaker government's aim to make the port "vibrant" with export-import operations.

"Berth operation system will be introduced here by canceling the Dock Workers Board, the way it was done at Chittagong Port," he said while briefing journalists after a meeting with the officials of the port and local administration at the seaport on Sunday morning.

In the meeting, the adviser said that the government has no plans to privatise the port.

He hoped that activities at the port would get a boost after implementation of the Padma Bridge project, work on which has already started.

He noted that the port has been facing image crisis internationally following harassment as cases were filed against 96 ships at different times.

The adviser also called upon the authorities concerned to ensure safety of the ships and to be careful so that no such case could be filed against any ships in the future.

He assured of buying dredging machine for the port and implementing Capital Dredging Project at a cost of Tk 550 crore.

Mongla Port Chairman Ashraf M Iqbal presented annual report at the meeting, stating the state of affairs at the port, situated at the southern coast of the Bay of Bengal and just in the vicinities of the port and local administration at the world-heritage site of Sudarbans.

Among others, Khulna Divisional Commissioner Yunusur Rahman, DIG of Khulna Range M Mezbahuddinabi, Shipping Joint Secretary Abdul Matin, Bagerhat Deputy Commissioner M Shahidul Islam and Police Superintendent AKM Shahidur Rahman were present.

Later, the adviser visited channels and jetties of the port by port authority's river vessel.

A total of 178 ships anchored at and departed from the port in the month of April and 8.19 lakh tonnes of goods were loaded and unloaded at the seaport. A total of 21,979 'cargoes' were handled here during the period.

The port authority started three shifts instead of two and merchant system from April 16 to make the port more active.

WORKERS' MINIMUM WAGES Govt to get tough against defaulter RMG owners

Warns adviser

UNB, Dhaka

The government would get tough with garment-factory owners to make them pay the recommended minimum wages to their workers if they want to run their business, the finance and commerce adviser warned Sunday.

"We won't allow any excuse in implementation of the minimum wage; if they fail, they have to go out of business," Dr Mirza Azizul Islam told reporters after his 'Social Compliance Forum for RMG' meeting in the Commerce Ministry conference room.

Responding to a question, he said that the government would take actions as per the law of the land against the defaulter garment owners.

"If the garment owners say that they will not be able to pay the minimum wage as they don't have adequate order, we will not tolerate those lame excuses. You have to pay the minimum wage, otherwise, like the other sorts of business, this business also has exit point as well as entry point," he said.

Dr Aziz said that in a sample study on 1023 garment factories the government figured out that 600 of them are compliant and 130 non-compliant. "The other factories are medium- category factories as they don't apply compliance issues properly."

Govt should not offer hedge against business risks to foreign investment

Foreign adviser tells Ficci meet

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The government should provide a stable exchange rate to encourage foreign investment to the country, but it should not provide a hedge against business or industry risks, said Foreign Affairs Adviser Iftekhar Ahmed Chowdhury yesterday.

He said foreign investment is not a charity. An investor will come to a foreign country only if he expects a rate of return higher than that he or she could get in his own country. The calculation of a foreign investor includes a variety of risks, systemic, industry-specific, and political and exchange rate risks.

"We should aim at providing a stable exchange rate," the adviser said, adding that "macroeconomic stability, especially low interest rates and inflation make investment more attractive."

"However, as policy, the government should not provide a hedge against business or industry specific risks".

Citing an example he explained, "If an oil and gas company invests

in Bangladesh, it should not seek coverage against the fluctuating world price of oil, nor should it seek a guaranteed sale..... these are inherent business risks that an investor must take to see profits."

The adviser made the comments at a luncheon meeting of the Foreign Investors Chamber of Commerce and Industry (Ficci) held at a hotel in Dhaka. Masih Ul Karim, president of Ficci, diplomats of different embassies in Dhaka and members of Ficci were present at the function.

It is not necessary the level of political or legal risks that determined the level of foreign investment, Iftekhar Chowdhury said. If this was the case, "the conventional wisdom would presuppose China would receive a small amount of Foreign Direct Investment (FDI), given the political and especially the legal risks in the country."

However this was not the case and the higher level of labour productivity part of explanation. China's fixed and predictable exchange rate is perhaps gives us another explanation, he continued.

"But as businessmen and foreign investors there is no such thing as risk-free investment. Foreign investors must receive a return equal or higher than his investment at home, after taking into account all possible risks," the adviser said.

While asked about Tata's potential billion-dollar investment in Bangladesh, he said the government is examining whether the project is in the public interest and this was why it was taking time. "But we are working on it. We are trying," he said.

The adviser said foreign investment can help a country by reducing the knowledge and technology gap.

The Ficci president said the power shortage still remains a critical impediment to the country's development.

Continuity of policies, speedier decision making without manipulation, consistent energy supply, reduction of corruption and hidden costs are the main challenges in encouraging foreign investment to Bangladesh.



PHOTO: STAR

Law Adviser Mainul Hossain (2-L) speaks at a seminar on Saarc economic connectivity in Dhaka yesterday as (from left) Sultana Kamal, former adviser to the caretaker government, Debapriya Bhattacharya, executive director of CPD, CM Shafi Sami, former adviser to the caretaker government, and Nasreen Awal Mintoo, president of Women Entrepreneurs Association of Bangladesh, look on.

Leaders must break with past to reinvigorate Saarc

Says Mainul

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The region's leadership must break with the past in order to reinvigorate Saarc, an organisation whose real progress has been slow and unimpressive, Mainul Hossain, adviser to Ministry of Law, Justice and Parliamentary Affairs, told a seminar in Dhaka yesterday.

"We must now make a break with the past and join hands to realise our common shared destiny," Mainul said.

"Economic cooperation among South Asian nations is not a new phenomenon. The quest for economic integration however has remained inhibited by the lack of political courage and will."

The adviser made his comments at a seminar titled, "Saarc Economic Connectivity: Post Delhi Declaration Perspective" that was held at the Brac Centre in the city.

Women Entrepreneurs Association of Bangladesh (WEAB) and the Saarc Chamber Women Entrepreneur Council (SCWEC) jointly organised the seminar.

The adviser stressed the importance of improving connectivity between the countries in Saarc. "Road, rail and other physical links will no doubt be helpful but the real human connectivity should mean caring and sharing for common good of the peoples of the Saarc," he said.

Mainul was chief guest at the seminar which was also addressed by CM Shafi Sami and Sultana Kamal, former caretaker government advisers. Debapriya Bhattacharya, executive director of

the Centre for Policy Dialogue, chaired the session and WEAB President Nasreen Awal Mintoo also addressed the function with VL Indira Dutta presenting a key-note paper at the seminar.

Shafi Sami said the last Saarc Summit was more successful because it went into the implementation stage from the declaration stage. He said the involvement of Afghanistan as a full member and Iran as an observer in Saarc will strengthen regional cooperation and efforts.

Sultana Kamal said women have the skills to do business and become entrepreneurs, but they are not given enough freedom to move forward. "They are somehow controlled in their families," she said.

European Union Representative Charles Whitley said economic connectivity of women is very important for any country's development. He said the degree to which Saarc has embraced the need for economic connectivity is heartening.

He said the EU would support any kind of initiative that would enhance women's empowerment and entrepreneurship.

Debapriya said the Saarc region has to enhance three types of connectivity--economic, physical and psychological--in order to achieve economic progress and cooperation.

He said the five per cent intra regional trade among Saarc nations and 2 per cent of investment underlines the need for more connectivity.

Unilever gives support to Asian University in Ctg

Unilever Bangladesh Limited signed an agreement with the Asian University for Women Support Foundation (AUWSF) yesterday to create a fund for two scholarships titled the "Unilever Bangladesh Scholarships", says a press release.

Rakesh Mohan, chairman and managing director of Unilever Bangladesh Ltd, and Kamal Ahmad, president and CEO of AUWSF, signed the agreement on behalf of their respective organisations.

This scholarship fund will enable two Bangladeshis nationals to study on full scholarship for five years at the Asian University for Women (AUW), scheduled to be inaugurated in Chittagong.

AUW is a residential university designed to offer women from across Asia high international level higher education.

Unilever's scholarship programme starts with AUW's first incoming class of fresh students in September 2009 and runs up till 2014.

OIC \$10b poverty fund soon

AFP, Jeddah

The 57-nation Organisation of the Islamic Conference on Sunday announced it will launch a 10-billion-dollar fund to fight poverty in the Islamic world.

"The Organisation of the Islamic Conference will launch in the coming days a private fund that aims to help solve problems of poverty in the Islamic world," the OIC said on its website.

CPD's diagnostic study on price of daily essentials: Recommendations

The recommendations to control the prices of essentials are extracted from the study titled 'Price of Daily Essentials: A Diagnostic Study of Recent Trends', which was conducted by the CPD (Centre for Policy Dialogue) for the Ministry of Commerce, Government of Bangladesh.

Part III B. Product-specific issues

(i) *Rice*. Concerned government agencies (BBS, DAE and SPARSO) should jointly come up with an approximately correct estimate about Boro production in FY07.

Based on the estimated production level, government has to decide how much to procure through the on-going rice procurement program, and whether the government should make any commercial import and, if so, to what extent.

If the estimates show that Boro production in FY07 was higher than last year then the government has to procure more rice so that there was no sudden dip in the price and farmers are not negatively affected. On the other hand, if Boro production was less than last year and there was no significant reduction in the rice price at the farm level then government should put emphasis on public commercial import.

To make sure that lower income people are less affected by high price of rice, the government need to continue Open Market Sales (OMS) by BDR, Directorate of Food, and the TCB. Government should also make sure that targeted distribution of food grains under VGD, VGF, food for works programme are implemented properly.

(ii) *Wheat flour*. Considering the production possibilities and import situation, the government may go for commercial import of wheat and also explore the possibility of increased food aid (wheat) by the donor countries. If the government is able to get more food aid (wheat) it will have more ability to ensure food security of marginalized people through food for works programme, VGD, VGF and other safety net programmes.

The government must need to encourage importers to import more wheat by reducing the tariff rate (which has already been done) and reduction of L/C margin for wheat import. Considering high reserve of foreign currency lowering of L/C margin may not have any negative impact on foreign exchange availability.

(iii) *Lentil*. Due to global production loss and increase in international price, an acute supply shortage of lentil has been predicted in the first quarter of FY2007-08. Government should consider providing zero tariff facilities for import of lentil. TCB should also import lentil and initiate OMS to stabilize the market during the predicted supply shortage. BDR should continue selling of lentil through its Fair Price Shops.

From medium-term perspective, the government should promote pulse production in the

country (chick pea in the Barind region, lentils through out the country) by delivering high quality seed at a subsidized rate.

(iv) *Potato*. The government may take initiatives to increase potato production by encouraging the availability and use of potato seeds which will reduce the demand for potato as seed (which is substantial).

The governments need to encourage establishment of more cold storages in the major production zones (e.g. Bikrampur, Munshiganj, Bogra, Comilla), both by the public and private sector, by providing incentives such as tax-holiday, tax exemption for investments in large scale cold storage facilities that are suitable for potato and vegetable storage.

(v) *Edible Oil*. The government needs to encourage production of oilseeds and reduce import duty (tariffs and para-tariffs) for oilseeds and crude oil.

(vi) *Onion*. The harvesting season of domestically produced onion is already on; price of onion was expected to come down with increase in the supply of local onion. Appropriate measures should be taken to preserve the excess supply for future, particularly for the month of Ramadan, after ensuring sufficient supply to meet the current demand. Import of onion needs to be encouraged.

(vii) *Full cream milk powder*. In the absence of concrete information, "no action" would possibly be the best action. It is because availability may not be a serious problem here; domestic producers of milk may be protected through continuation of current import policy which was likely to have positive impact in the coming years. However, this may not be considered as an essential item in Bangladesh.

(viii) *Vegetables*. Open Markets managed by BDR has reduced retail price of vegetables in these markets without any negative impact on farmers, BDR should continue operating these open markets.

Both public and private sector entrepreneurs need to increase processing and storage facilities, especially during the harvesting season.

More arats or distribution centres, may be established in the urban areas, both through public and private initiatives. For example, for the Dhaka city, new arats for vegetables could be established in Tongi or Mirpur areas to reduce the current dependence on existing arats. Participation of more new players at this stage will also enhance competition among agents which was likely to positively impact on prices.

Following the Indian example, terminal markets for perishable

(Concluded)