

Star BUSINESS

E-mail: business@theladystar.net

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 Tk 36.04 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 Tk 170, while 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 143 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.

BDWELDINGTRADE RESUMES

Meanwhile, share trading of Bangladesh Welding Electrodes Limited (BD Welding) resumed yesterday with the shares opening at Tk 19 and closing at Tk 18.50.

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

STAR BUSINESS REPORT

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 percent 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 Meshbahuddin 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 port 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 MIqbal 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 world-heritage site of Sudarban.

Among others, Khulna Divisional Commissioner Yunusur Rahman, DIG of Khulna Range M Mezbahuddin, 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.

Govt should not offer hedge against business risks to foreign investment

Foreign adviser tells Ficci meet

STAR BUSINESS REPORT

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 determine 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.

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.

"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.

Hossain Zillur Rahman, executive chairman, PPRC, Quazi Meshbahuddin 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.

Says Mainul

STAR BUSINESS REPORT

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 Hosein, 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. Debadriya 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.

Europan 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.

Debadriya 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 percent intra-regional trade among Saarc nations and 2 percent 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 Bangladeshi 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 until 2014.

OIC \$10b poverty fund soon

The 57-nation Organisation of the Islamic Conference on Sunday announced it 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 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 through the predicted supply shortage. BDR should continue selling 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,