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PLCs with Tk50cr paid up capital must go for IPOs

SEC acts to bring more quality shares to market

SARWAR A CHOWDHURY

Public limited companies (PLCs) with a paid up capital of Tk50 crore or more, and in commercial operations for three years will have to go for initial public offerings (IPOs) within one year.

However, if the public limited companies are not in commercial operations, they will have to float shares within three years after commercial operations.

The decisions were taken at a meeting of Securities and Exchange Commission (SEC) yesterday in a bid to increase the supply of quality shares to the

market.

A public limited company is entitled to have the number of shareholders from seven to unlimited, while a private limited company should have two to 50 shareholders.

After the meeting, SEC Executive Director Farhad Ahmed told journalists that through amending a previously served notification on IPO, the commission also withdrew the obligatory ratio of floating primary shares. Previously, a public limited company had to offer primary shares valued at least one third of the company's paid up capital.

Now a public limited company

can itself fix the amount of primary shares it wants to offer, he said.

The commission also decided if the private companies' paid up capital reaches or exceeds Tk 40 crore for increasing their paid up capital, they will have to become public limited company within next six months.

The private limited companies whose paid up capital is already Tk 40 crore or more will have to become public limited companies within one year, according to SEC decisions.

The SEC yesterday also decided to forfeit the primary shares of the upcoming listed companies if the shares could not be transferred to

the IPO winners' Beneficiary Owners (BO) account.

Recently it was found that many IPOs could not be transferred to the applicants' BO accounts, as the accounts were inactive. "During Islami Bank's Mudaraba Perpetual Bond IPO allotment, 275 BO accounts were found inactive. In such cases, the depository participants request us to activate the BO accounts to transfer the IPOs," Farhad said.

He said the commission also approved the application of Delta Brac Housing for private placement of the company's zero coupon bond worth Tk 150 crore.

Zero tolerance to non-compliant RMG factories

Commerce adviser warns

STAR BUSINESS REPORT

Spelling out a firm stand on resolving labour unrest in the ready made garments (RMG) sector, Commerce Adviser Hossain Zillur Rahman yesterday said the government will show zero tolerance towards the persistent non-compliant factory owners.

The rate of fully social compliant factories declined to 51 percent in January from 56 percent in December 2007. Zillur told reporters after a meeting with different stakeholders of the RMG sector at his Secretariat office.

Records suggest the rate of fully compliant factories was 56 percent in December, 47 percent in September and 42 percent in June last. There are as many as 5000 RMG industrial units across the country.

The commerce ministry reviews the progress of social compliance in RMG units in every three months in order to take measures for resolving disputes.

Presently, 28 percent RMG units belong to the persistent non-compliant category, an official of the ministry told The Daily Star.

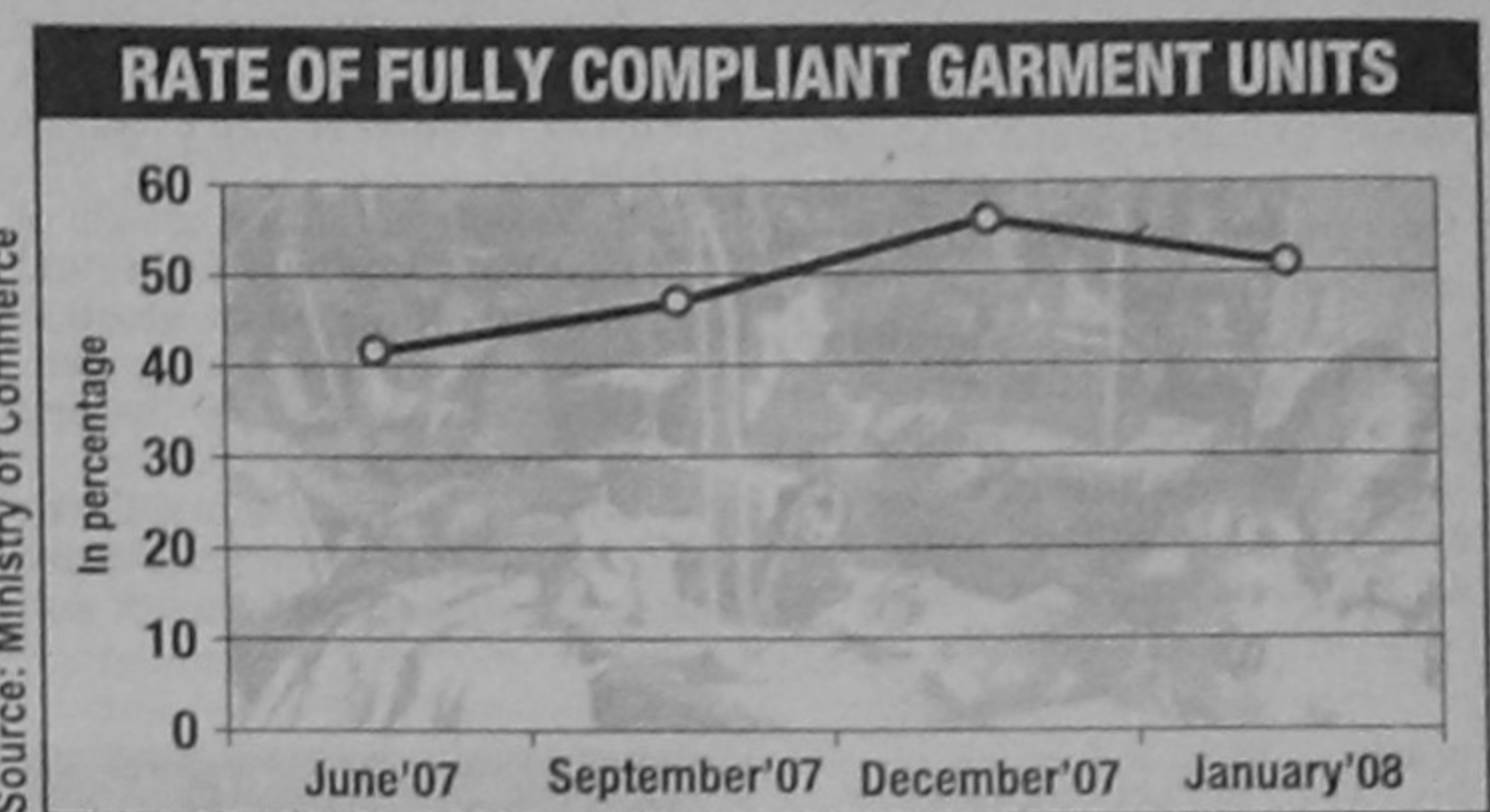
Responding to a query, the commerce adviser said on receipt of recommendations from the probe body on labour unrest headed by Commerce Secretary Feroz Ahmed, the government will move to take actions against the non-compliant factory owners.

This probe committee is supposed to submit its report within the next two weeks, Zillur said.

"I cannot exactly say right now what sort of actions would be taken against the non-compliant factory owners. But the government will show its zero tolerance in this regard," he said.

The adviser suggested that the RMG workers should be reviewed, as 'it is not enough to lead a life of minimum standard in the city'.

"The government is mulling some alternative measures for



RMG workers as they are the part of the urban poverty." The adviser said.

He said the training for mid-level management of the fourth batch finished recently and the training for the fifth batch will begin from today.

The Ministry of Labour and Employment has been conducting such training for the officers of mid-level management of the RMG

units to reduce labour unrest in the sector.

The commerce adviser urged the owners to make the participatory committee functional in their factories to minimise the labour unrest.

When asked, he said the withdrawal of the safeguard measures on Chinese products both from EU and US markets is under government's observation.

BASIS Softexpo begins tomorrow

BASIS Softexpo-2008, the largest ICT exposition of the country, begins at Bangladesh China Friendship Conference Centre in Dhaka tomorrow, says a press release.

Bangladesh Association of Software and Information Services (BASIS) will organise the exposition.

Danish Federation of Small and Medium Size Enterprise (DFSME), Paris Chamber of Commerce and Industries, UK Trade and Investment, and Japan External Trade Organization (JETRO) will be the strategic partners of the exposition, while ITB, the IT Association of Denmark, will be the partner association of the fair.

Oil prices ease

AFP, Singapore

World oil prices fell in Asian trade Tuesday with market attention turning back to a slowing US economy, analysts said.

In afternoon trade, New York's main contract, light sweet crude for delivery in March, fell 31 cents to 93.28 dollars per barrel.

The contract closed up 1.82 dollars at 93.59 dollars during floor trading on Monday at the New York Mercantile Exchange, partly on threats by Venezuelan President Hugo Chavez to cut oil sales to the US, dealers said.

Proposals to lease two jute mills to private operators turned down

JASIM UDDIN KHAN

The government yesterday sent back the proposals for handing over management of two state-owned jute mills to private operators on lease basis.

These two mills are Peoples Jute Mills and Qaumi Jute Mills.

The advisory committee on economic affairs headed by the finance adviser turned down the proposals because of some procedural bottlenecks in the initiative.

"We need a review of the lease programme as it has some procedural bottlenecks before bringing the two jute mills under private management," Mirza Azizul Islam told reporters after the committee meeting.

Earlier, the Bangladesh Jute Mills Corporation (BJMC) invited tenders to lease out seven jute mills out of its 18 mills. But it found only two tenders eligible for awarding them the operational responsibilities.

"We received the proposal of Tk 6.13 crore annual fee for Peoples

Jute Mills and Tk 4.81 crore for Qaumi Jute Mills from two local firms," said Md. Atharul Islam, the BJMC chairman.

He said the corporation also invited re-tender for handing over the other five jute mills to private operators.

Explaining about the lease programme, the chairman said the private operators will pay the amount on a monthly instalment basis by which the government will pay its liabilities.

"The private operators will not take any liabilities of the industries," the chairman said.

Atharul Islam said primarily the tenure of the lease agreements will be five years, which might be renewed subject to successful performance of the leasees.

The leased out mills will be owned by the government and the BJMC will set a small office to all the mills under lease programme to regularly monitor their performance.

As per terms of the lease contract, the private operators will not be allowed to retrench any workers

and officers of the mills in operation, but the operators will have the option to appoint workers or officers of their choice in the mills that have already been closed.

The present caretaker government decided in October last to continue operation of the seven state-owned jute mills, four of which are in operation, by leasing out those.

The mills under the project are Qaumi Jute Mills Ltd, Karnaphuli Jute Mills Ltd, MM Jute Mills Ltd, RR Jute Mills Ltd, Furat Karnaphuli Carpet Factory, Peoples Jute Mills Ltd, Aleem Jute Mills Ltd and Baghdad-Dhaka Carpet Factory Ltd.

Among those MM Jute Mills Ltd, RR Jute Mills Ltd, Aleem Jute Mills Ltd and Baghdad-Dhaka Carpet Factory Ltd are now in operation.

The BJMC, which has 18 jute mills, plans to privatise its loss-making jute mills and retrench its 14,000 workers.

The retrenchment process has already been completed, according to the corporation.

Northern chambers want elimination of business barriers

OUR CORRESPONDENT, Rangpur

Business leaders of eight northern districts at a meeting yesterday recommended thirteen-point proposals to eliminate problems of trade and business in the region.

Former FBCCI president Yusuf Abdullah Harun was present at the meeting.

The major points include gas supply to Uttara EPZ and boosting industrialisation in greater Rangpur and Dinajpur districts, launching of a separate industrial and bank loan policy, establishment of a fertilizer plant in the region, reduction of interest on bank loan, reopening of Sayedpur airport, and setting up a land port at Sonahat in Kurigram district.

President of Gaibandha Chamber of Commerce and Industry Shahjada Abdul Kadir, Bogra Chamber president Fazul Hoque, Lalmonirhat Chamber president Fazul Hoque Fazal and Nilphamari Chamber vice-president Shafiqul Alam Dablu spoke at the meeting.

Businesses not equipped to analyse trade laws

Regulatory Reforms Commission chief says

UNB, Dhaka

The business community is unaware that existing business laws require amendments to benefit them.

This was viewed by Regulatory Reforms Commission (RRC) Chairman Dr Akbar Ali Khan yesterday as he explained the reasons for poor response from the private sector to make reforms in the existing business laws and regulations.

"Those who are involved in business don't know business laws and regulations properly, and there is lack of research among the chambers in this regard," Dr Khan told reporters after a meeting of RRC at his office in Dhaka.

He said the meeting passed certain recommendations for the government to improve the business laws and regulations.

business laws and regulations.

The government should reduce the timeframe for giving clearance certificates from the environment offices. Specified time for venue clearance for setting up industries under 'red' category should be 30 days in place of 60 days.

The 'red' category industries include tannery, chemical colour, power generation, cement, sugar and costic soda.

Clearance certificate for industries under 'Orange Ka' category should be issued within 15 days instead of 30 days, and those under 'Orange Kha' in 15 days instead of 60 days.

'Orange Ka' includes dairy and poultry firms, while PVC pipe industry falls under 'Orange Kha'.

For environmental clearance certificate, the RRC recommended

a reduction from 90 days down to 45 days for the 'red' category, from 15 days down to 7 days for the 'Orange Ka' category, from 30 days down to 15 days for 'Orange Kha' category, and from 15 days down to 3 days for 'Green' category industries.

Radio, TV and toys manufacturing industries are included in the 'Green' category.

There are 69 types of industries, under 'red' 'Orange Kha' category, 26 industries under 'Orange Ka' and 22 industries under 'Green' category.

The RRC also made a recommendation to look into the justification of two types of clearance certificates.

"We suggest to reduce the number of 'red' category industries to improve investment number," Dr Akbar Ali Khan said.

Raising output only way to ensure food security

Says agriculture adviser

STAR BUSINESS REPORT

To ensure strategic food security for Bangladesh, the only way is to increase local production and fair distribution of food grain, said the food and agriculture adviser at a symposium in Dhaka yesterday.

Due to lack of proper infrastructure it's tough to reserve a food stock in Bangladesh, which remains a big problem for food security," CS Karim remarked.

The symposium on Budget and PRSP Measures to Ensure Strategic Food Security for Bangladesh was jointly organised by Bangladesh Institute of Law and International Affairs (BILLA) and Bangladesh Development Partnership Center (BDPC) at the

BILLA auditorium.

The adviser said the government has already taken initiatives to strengthen 'safety net' in rural areas by increasing the number of VGF (vulnerable group feeding) cards and Food for Work project among the poorest and Sird affected people.

In his keynote paper, BDPC Director Sharif A Kafi observed that continued price hike of essentials caused a worse livelihood, healthcare and education among poor and low-income people.

He suggested the government ensure a national security by addressing food shortage and develop a food stock and start a rationing among those people.

Laying emphasis on immediate

census of khas lands, Kafi urged the government to take initiatives to allot those lands among the poorest and landless under a collective farming system.

FAO Representative in Bangladesh Ad. Spijker suggested generation of more employments and proper utilisation of natural resources to ensure a food security.

"More importantly, because of climate change Bangladesh is losing its land every year in flood and other natural calamities, which needs to take the environment issue very seriously," Spijker added.

Waliur Rahman, director of BILLA and a former foreign secretary, chaired the symposium.

India to invest \$2b in Lanka

ANN, The Island

India's private sector is looking at investing US\$2 billion in various projects in Sri Lanka particularly in the IT and textile industrial sectors.

Indian companies have already invested \$220 million in Sri Lanka and further investments amounting to \$360 million is in the pipeline, said Minister of State for Commerce, Shri Jairam Ramesh after talks with officials from the Ministry of Enterprise Development and Investment Promotion, Ministry of Investment Promotion, BOI and representatives of the private sector.

Ramesh, who led a delegation from India's private sector, said the purpose of the talks was to promote private sector investment flows between the two countries.

Number of outbound workers on the rise

Over 65,000 left in Jan

UNB, Dhaka

The number of Bangladeshi workers going abroad for employment is continuing to rise as over 65,000 left the country in January this year with government clearance.

A source in the Ministry of Expatriates' Welfare and Overseas Employment said the total number cleared for immigration that month was 92,000.

"In December 2007, the number was 78,000, which means there has been an increase of over 14,000," the source said.

Remittances received in January amounted to US\$715 million compared to US\$635 million in December 2007.

Foreign Ministry Adviser Dr Iftekhar Ahmed Chowdhury, who is also in charge of this ministry, said to the media yesterday: "These figures are most encouraging and the efforts of the government in this respect appear to be bearing fruit."

However, he likes to give priority to their welfare, and also to the matter that the workers heed the advice of the ministry in all respects, as some problems arose in recent times.

"The missions are under instructions to pay attention to this aspect and are already reporting to Dhaka as per pro forma sent to them by the Foreign Office," he said.

Performance-based pay key to sound corporate culture

Says management expert

SARWAR A CHOWDHURY

Performance-based pay structure should be introduced for employees in order to develop a sound corporate culture in the country's public and private sectors, says a management expert, AKM Shamsuddin.

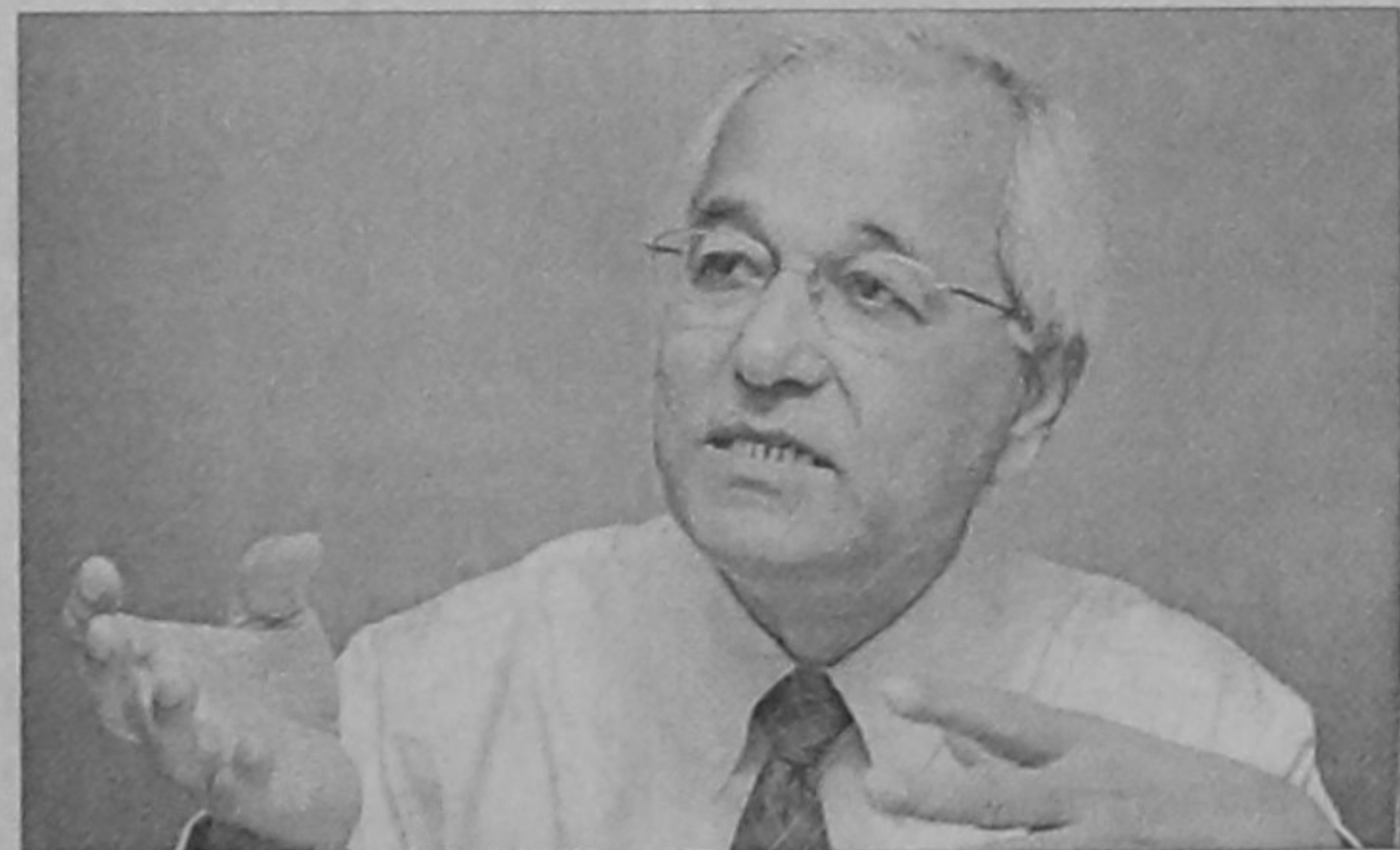
An organisation should evaluate an employee on the basis of performance and the performance review should be a 2-way communication process between the employee and the superior, he said.

"The annual performance report should not be kept confidential to the employee," said Shamsuddin, adding that, "The fundamental purpose of performance review should be motivational."

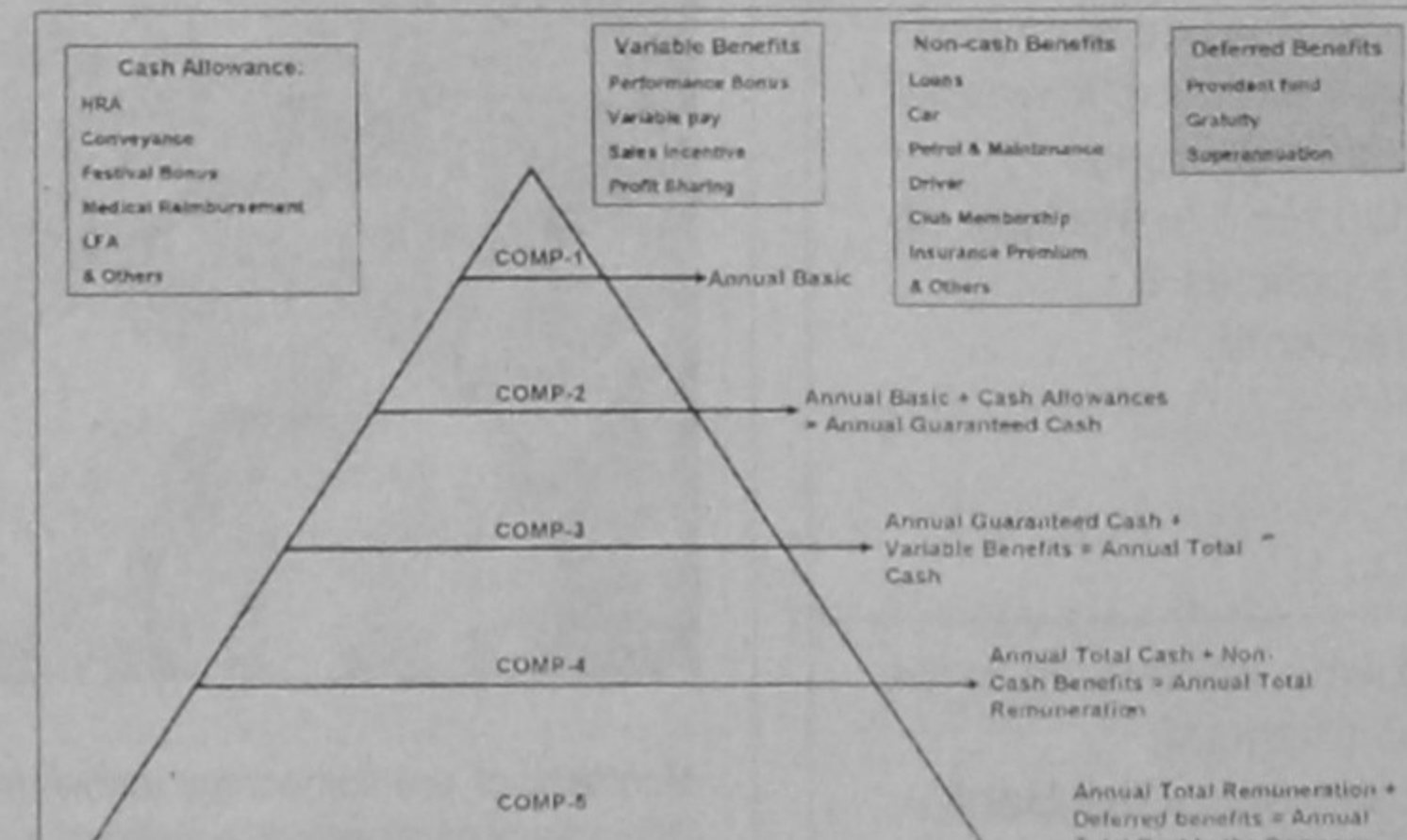
Every organisation sets its annual objectives at the beginning of a year and the organisation fixes its staff performance criteria on the basis of the objectives in agreement with employees, Shamsuddin, chairman of E-Zone, an IT firm focusing on for education, human resources management and social development, told The Daily Star in an interview.

Referring to a recent study conducted by his firm on compensation pattern in Bangladesh, he said now a days many private companies are doing such performance evaluation in discussion with executives. "The government can take a lead from the examples," he said.

Shamsuddin, founding managing director of Social Marketing Company, said the compensation



Management expert AKM Shamsuddin says an organisation should evaluate its employees on the basis of their performance and performance reports should be made public to develop a sound corporate culture.



Five components of compensation packages offered by multinational and big local companies.

benefits such as medical and insurance benefits are very important to workers, said Shamsuddin, also the founding chairman of Central Depository of Bangladesh Limited.

"Young executives, holding mid-level managerial positions, are interested in short-term benefits instead of long-term ones," he said, adding that they want to get the benefits today and do not wait for tomorrow.

"They also do not want long-term benefits such as profit sharing, provident fund and gratuity," he said.

"Mid-level executives want to get rich quickly or get some funds so that they can compete with their more affluent friends and this may be a reason for seeking short-term benefits. Otherwise, we do not know the actual reason of this trend," he said.

The study also identified a developing corporate culture within the local private sector, in general, and in the large private organizations, in particular, as the large local companies are now interested in managing their organizations as a corporate entity rather than a family enterprise.

The tradition of 'boss orders' and the subordinate follows' is now changing, Shamsuddin observed.

"Some local companies such as Rahimafrooz and Square are rapidly developing a corporate culture, which is a very good sign," he said.

These companies are allocating around 10 percent of their personnel cost for 'need based training and development' of their employees, which is also a very good sign, he added. "This practice has long been done by the multinational companies," Shamsuddin said.

package offered by multinational companies operating in Bangladesh and local big business houses generally is composed of 5 components—basic salary, cash allowances, variable benefits, non-cash benefits and deferred benefits.

According to the study, cash allowances include house rent allowance, conveyance, festival bonus and medical reimbursement, while variable benefits are performance bonus, variable pay, sales incentive and profit sharing.

The non-cash benefits are interest free or low interest rate loans, company car, fuel and maintenance expenses for car, driver, club membership and insurance premium, while the deferred benefits are provident fund, gratuity and superannuation.

tion, Shamsuddin said.

"We found each company in our study has the five different kinds of benefits for their employees," he said, who also worked as chief executive officer of two multinational medicine companies.

"The higher is the position of an employee, the more scopes for variable benefits. Thus senior executives within the organisation are encouraged to actively contribute to the achievement of the organizational objectives."

E-Zone also studied compensation status at workers' level and found the workers are not concerned too much about variable pays. The workers want to get rewards for their contribution to the company's business.

Basic salary and cash allowances with some kind of non-cash