

Stocks

DGEN	0.66%
3,091.44	
CSCX	0.37%
5,606.86	

Currencies

	Buy TK.	Sell TK.
USD	68.10	69.10
EUR	106.15	110.88
GBP	134.35	139.51
JPY	0.65	0.66

SOURCE: STANDARD CHARTERED

Commodities

Oil	\$116.69 (per barrel)
SOURCE: AFP (As of Friday)	

More News

Sonali Bank: A sleeping giant?



With an unrivalled network of branches and huge assets and deposits, Sonali Bank is the country's largest commercial bank. It is also the one that has suffered the biggest losses.

As of September last year, the state owned bank incurred an accumulated loss of Tk3976 crore and each year it is witnessing its leadership being eroded by the rapid growth of the private commercial banks. B-4

Dhaka to assess India's export subsidy

The government is going to study Indian export subsidy as part of groundwork before it starts bilateral free trade agreement (FTA) talks with Delhi.

The commerce ministry yesterday sent a letter to the Bangladesh High Commission in New Delhi to make the assessment as soon as possible, ministry sources said. B-3

International

Thai PM says high rice prices help farmers

Thailand's prime minister Samak Sundaravej on Sunday told Thais to put up with soaring rice prices because poor farmers in the kingdom were benefiting from the record highs.

India invites Saudi investment

India has invited investment from Saudi Arabia, particularly in infrastructure and power generation sectors, to raise the longstanding economic cooperation to greater levels.

"India and Saudi Arabia have a long tradition of economic cooperation which is being enhanced today with the pursuit of ties," External Affairs Minister Pranab Mukherjee said at an Indian community reception here Saturday evening. B-4

Contact Us

If you have views on Star Business or news about business in Bangladesh, please email us at business@thedailystar.net

Top steelmaker to list on bourse

KAWSAR KHAN

BSRM Steels Ltd, the only manufacturer of 500 grade steel rod, plans to list on the country's stock exchanges in July in order to raise around Tk 20 crore to fund further expansion of its business.

The company, which started production in March at its new Tk370 crore Chittagong plant, is part of the BSRM Group, the largest quality rod manufacturer in the country.

The plant currently has an annual production capacity of 3.75 lakh tonnes and is one of the largest mills of its kind in South Asia, according to the company.

"We want to invest the amount in our factory to inject more capital in it and to build a better reputation of our group," said Aameer Alihussain, director of BSRM.

"This venture will also help us reduce operational costs as we will get a corporate tax benefit," he added.

With the increasing demand of quality MS (mild steel) rod used in high rise construction, BSRM is hoping to increase capacity at its 500-grade rod plant. This grade of rod is useful in structures needing strength



Aameer Alihussain, director of BSRM, says the listing will help the company reduce operational costs as it will offer tax benefits.

with less weight such as bridges.

The amount of current paid up capital of the BSRM Steel Ltd is Tk 145 crore while the amount of authorized capital of the company is Tk 200 crore,

said Tapan Podder, financial consultant of the company.

BSRM Steel will float a total of two million shares with face value of Tk 100 per share, the official said.

Share of the company will be floated on both Dhaka and Chittagong bourses of the country.

Recently, Bangladesh Steel Re-Rolling Mills (BSRM) put forward a huge expansion plan to double its market share for quality rod that also includes setting up a billet manufacturing factory at a cost of Tk 600 crore.

"Now we have to import billet but if established we will be able to produce it by our self," said an official of the company.

Now, BSRM holds around 12 percent of the market for quality rod, a key material in the construction industry. The total turnover of the group is around Tk815 crore.

BSRM is also the biggest power consumer in the country and paying around Tk 1.8 crore per month in electricity bills.

Currently there are nearly 100 steel mills and 250 re-rolling mills in the country while the total output capacity is 2.4 million tonnes per year. Consumption of quality steel products in Bangladesh is at 1.5 million-1.6 million tonnes, sector insiders said.

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No alternative to petroleum price adjustment

Says finance adviser

STAR BUSINESS REPORT

The finance and planning adviser sees no way for the government other than adjusting prices of petroleum products to resolve acute liquidity crisis of the Bangladesh Petroleum Corporation (BPC).

"We did not adjust prices of petroleum products as there were shocks on the economy due to a number of natural calamities last year. But, we will have to adjust the fuel prices at some point," Dr AB Mirza Azizul Islam told journalists yesterday at the Planning Ministry after a joint meeting of the Ministry of Energy, Bangladesh Bank (BB) and BPC.

The main objective of the meeting was to find ways to resolve the BPC financial crisis on the hike in petroleum product prices in international market in the last few months. The corporation's average monthly loss is Tk700-800 crore.

"Subsidising the petroleum sector for an indefinite period is undesirable," the adviser said.

However, it was decided in the meeting that the Ministry of Finance would provide further budgetary support to the BPC for the time being. The corporation last week sought Tk1000 crore from the ministry for petroleum import payment.

To get further support for such payment, BPC's borrowing from the Islamic Development Bank (IDB) at one percentage point more interest than the current rate is very much likely, according to official sources.

The BPC has been paying LIBOR (London Inter Bank Offer Rate) plus 1.75 percent on the IDB loans, but this bank set the interest rate not below 5.5 percent as the LIBOR rate is on the decline.

The meeting asked the BPC to negotiate on the IDB's new interest rate for borrowing \$200 million at the enhanced

interest rate.

"We have asked the BPC to start negotiation within a couple of days so that we can take advantage of the current rate," the finance adviser said.

Sources in the energy ministry said LIBOR rate has been showing a decreasing trend for the last one year. The April 16 data of LIBOR rate showed that rate was 2.64 percent for 12 months, while it was 5.33 percent a year ago. "So the IDB set a new rate saying total interest rate would not go below 5.5 percent," an official said, adding that as per April 16 LIBOR rate, the interest rate on IDB loans stands at 4.39 percent.

Meanwhile, the central bank will give the BPC more time for repaying the \$300 million loans.

On the Standard Chartered Bank's \$300 million loans to the BPC, the meeting was apprised that it would take another one and half months to get the money.

Officials visit Myanmar next month to see contract farming prospects

JASIM UDDIN KHAN

A high profile government delegation will be sent to Myanmar next month to examine the prospect of up to 10,000 Bangladeshi farmers leasing land in the neighbouring country.

During the formal talks between the two countries in Yangon in May, 2007, Dhaka got a formal proposal from Myanmar in which it expressed its intention to lease out at least 50,000 acres of land in its Rakhine state for cultivation on contract.

Dhaka now wants to carry out an assessment on the Chinese and Thai contract farming who are already operating in Myanmar before reaching a final decision on the proposal.

A high official of the foreign ministry said the government eyes to ink a deal in this connection this year.

"We are hopeful that around 10,000 Bangladeshi farmers mostly from Chittagong region could be employed in such contract farming in Myanmar, if the government gives a go-ahead," the official said.

He said Bangladeshi farmers have innovative knowledge on

farming and they will be benefited by this concept of contract farming.

Chairman of Bangladesh-Myanmar Business Promotion Council Syed Mahmudul Huq said Bangladeshi farmers may primarily concentrate on producing three types of agricultural products: paddy, pulse and maize under contract farming in Myanmar.

Meanwhile, Dhaka is also considering update the existing border trade rules with Myanmar to expand such trade with the neighbouring country.

The government decided to increase border trade from current US\$ 10,000 to \$20,000. The decision was taken at a meeting of the inter-ministerial sub-committee on Bangladesh-Myanmar trade. Commerce Secretary Feroz Ahmed presided over the meeting held at the commerce ministry conference room recently.

Bangladesh Bank has already given its consent to enhance such border trade to facilitate more imports of essential commodities like rice and pulses.

The commerce ministry meeting also decided to take initiative so that the border trade station could be shifted



File photo shows Bangladeshi farmers busy in harvesting from their paddy field in a village. A high profile government delegation will go to Myanmar next month to examine the prospect of up to 10,000 Bangladeshi farmers leasing land in the neighbouring country.

from Teknaf to Chittagong.

Myanmar's low level of economic development, poor human rights record isolated it internationally.

It, with 41 million population, has the highest adult

literacy rate in Southeast Asia at 81 percent.

"Myanmar has the potential because of its climate, topography, soil conditions, rainfall, waterways, agricultural land resources, fishery resources

and human resources to produce an extensive variety of competitively priced agricultural, livestock and fishery products," Abdul Wahab, joint secretary at the commerce ministry, said.

STAR BUSINESS REPORT

Citibank NA, Bangladesh has joined hands with Bangladesh Post Office to offer quick money transfer through thousands of post offices across the country.

Citibank, the banking arm of global financial giant Citi, will use over 10,000 post offices as payment delivery centres. In future, Citibank will use the post offices as collection centres too.

The Citibank yesterday signed a correspondent network arrangement with the Bangladesh Post Office to this effect.

AKM Rafiqul Islam, director (Mails) of Bangladesh Post Office, and Parvez Murshed, vice-president and acting head of Transaction Services of Citibank NA, Bangladesh, signed the agreement on behalf of their organisations in Dhaka.

Speaking at the signing ceremony, Mamun Rashid, managing director and Citi country officer-Bangladesh, said transfer of money should not be costly, time consuming and hazardous

and the Citi is working together with post offices across Asia-Pacific countries such as Indonesia, Taiwan, Thailand and Philippines for delivering the payments faster.

"Our postal department has the capacity of providing such services," he said, adding that the Citibank NA, Bangladesh will offer special training to staff of Bangladesh Post Office for their skill development in payment delivery.

"With this agreement we are going to open a new horizon in delivering payments including remittances from abroad," he said, adding, "In every six months we will review the payment activities."

Mobasherur Rahman, director general of Bangladesh Post Office, said with 10,000 outlets and 40,000 staff Bangladesh Post Office is ready to serve the people.

He said other companies especially financial institutions are also expressing interest to use the vast postal network for transferring money from both home and abroad.

India battles inflation

PALLAB BHATTACHARYA, New Delhi

India's central bank stepped up its battle against inflation, cutting money available for commercial lending but left short-term borrowing rates unchanged.

With inflation at more than three-year high, the Reserve Bank of India hiked the Cash Reserve Ratio (CRR), percentage of deposits commercial banks have to park with the central bank, by 50 basis points on Thursday to tame the inflationary pressure.

This means commercial banks will have less money for commercial loans and is expected to suck up some excess liquidity from the financial system.

Increasing the CRR was the latest in a series of monetary and fiscal measures the government and RBI have taken in recent weeks to wrestle with mounting inflation with fresh parliamentary polls due early next year. The CRR was last hiked in November last year. This was the fifth time CRR was pushed up since 2006.

UN chief calls for int'l action on rising food prices

AFP, Accra

UN Secretary General Ban Ki-moon called for concerted international action on rising food prices ahead of the opening Sunday of five days of talks on globalisation.

More than 3,000 delegates from 193 nations are expected to attend the 12th session of the United Nations Conference on Trade and Development, which is being held against a backdrop of rising food prices and an economic slowdown.

"The United Nations

Conference on Trade and Development could not have come at a more crucial time," Ban said upon his arrival at Accra airport late on Saturday.

The soaring price of basic foodstuffs in some of the world's poorest nations has already caused riots in Haiti and demonstrations across Africa.

"This is a worrisome situation as it poses a threat to the stability of many developing countries," he said, adding that solving this crisis immediately is of particular importance as

those hardest hit by it are those who have been left behind by globalisation.

"Concerted international action is urgently needed to tackle this issue," he said, adding: "UNTAC's mandate is more important than ever in this context of deepening interdependence."

The Accra meeting was set to begin with a speech by Brazilian President Luiz Inacio Lula da Silva -- head of one of the so-called BRIC nations (Brazil, Russia, India and China) of rapidly-expanding

economies, and a key player in the stalled Doha round of world trade talks.

In his address to conference Ban was expected to warn that not everyone benefits from globalisation.

"We are going to study the economic impacts of globalisation, including poverty reduction, wealth, employment, and we will draw the lesson that some countries benefit from globalisation, and others do not," he was expected to say.

The conference is to explore

the options to improve the international monetary and financial system, how to ensure the current boom in commodity prices translates into higher employment, and how countries can acquire the trade and productive capacities needed to compete on the world stage.

The rise in trade in services, and the related expansion in international labour migration, will be considered as well, along with the impact of Asia's mounting energy needs on energy security and climate change.