

Stocks

DGEN ▲ 0.01%
3,216.38

CSCX ▲ 0.28%
6,955.38

Asian Markets

MUMBAI ▼ 0.09%
16,806.66

TOKYO ▲ 1.11%
9,799.60

SINGAPORE ▲ 0.87%
2,634.63


SHANGHAI Closed


Currencies

	Buy Tk	Sell Tk
USD	68.42	69.42
EUR	98.66	103.92
GBP	106.86	112.26
JPY	0.75	0.85

SOURCE: STANDARD CHARTERED BANK

Commodities

 **Gold** ▲
\$1,048.43
(per ounce)

 **Oil** ▼
\$71.23
(per barrel)

SOURCE: AFP

(Midday Trade)

Rajshahi bank sets aside Tk 100cr for farmers

BSS, Rajshahi

Rajshahi Krishi Unnayan Bank has set a target of disbursing Tk 100 crore in crop loans among marginal farmers and landless sharecroppers in the region in fiscal 2009-10.

Rakub Managing Director Muhammad Fazul Haque said lending would continue through all its 364 branches in the region under a scheme titled "Group-based loan support for landless and sharecroppers without deposit".

Headquartered in Rajshahi, the bank has been functioning in all the 16 districts in Rajshahi region as the largest development partner in agriculture since 1987.

The programme plans to increase credit flow to the potential crop production sector.

The programme is also meant to reduce the number of loan recipients who are not involved in farming.

"This is the first step to provide credit support without deposit to the landless, poor and marginal farmers in the country's banking history," said Haque.

A maximum of 0.493 acres of land will be given to the landless farmers while the marginal farmers will get 0.494 acres to 1.5 acres and small croppers will get 1.51 acres to 2.47 acres.

Haque, however, said the sharecroppers would be given priority as they play a vital role in field-level crop production.

The loan disbursement starts in mid-October.

Contact Us

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

Big 20 scope out capital market

SARWAR A CHOWDHURY

Twenty big companies with paid-up capital of over Tk 100 crore are on track to raise funds from capital market, the Dhaka Stock Exchange president said yesterday.

"The companies are in the pipeline to go for initial public offering," said Rakibur Rahman. Hosaf Group, The Westin Dhaka and United Hospital are among the companies that have set sights on capital market.

The disclosure came after reporters queried why the DSE would not allow listing of any company with paid-up capital below Tk 50 crore.

The DSE decided against the low-cap companies at a meeting on Tuesday to curb price manipulation.

Rahman said the bourse in recent times has received proposals from many low-cap companies to raise capital.

"But it seems to us that most are now facing hurdles in business following the recent global financial crisis. They choose our market as an exit point through offloading their shares," he said.

If a company's IPO size is small -- meaning a small number of shares to trade -- it is easy to manipulate the prices.

It was seen in many times that some investors pack the shares into their portfolios, creating an artificial crisis in the market, Rahman said.

"We can't allow them to do so," he said.

Asked whether the DSE is discouraging companies with low paid-up capital to list on the bourses, he said: "No. It is being practiced in our neighbouring countries as well."

But, he said, in those countries there are alternative or over-the-counter (OTC) markets for low-cap companies.

"Our OTC market will remain open to low-cap companies," Rahman said.

"The latest IPO of Grameenphone indicates that our market is ready to absorb big IPOs," Rahman said.

"The Dhaka market can alone absorb an IPO worth Tk 500 crore every month," Rahman said. On Tuesday's meeting, the DSE also decided that a company would have to go for IPO with a minimum of shares equivalent to 25 percent of its paid-up capital to get approval for listing on the bourse.

Also, the DSE decided that if the IPO size is 25 percent of a company's paid up, there would not be any allocation for private placement.

A private placement, practised by new issuer companies currently, is a funding round of securities that are sold without an IPO, usually to chosen private investors.

DSE's decisions however will have to be approved by the market regulator, Securities and Exchange Commission.

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Prospective investors wait for subscription of Grameenphone under a quota for non-resident Bangladeshis at a booth at AGB Colony Community Centre in Dhaka yesterday. The subscription for NRBs will continue until October 18.

GP IPO subscription raises high hope

STAR BUSINESS REPORT

The subscription of Grameenphone's initial public offering, the largest in Bangladesh's capital market history, ends today amid signs of overwhelming responses from prospective investors.

For non-resident Bangladeshis, the subscription will continue until October 18.

"We are receiving very positive responses from IPO applicants," said Mesbah Ahamed, head of operations of Citigroup Global Markets Bangladesh Private Ltd, the issue manager of the IPO.

The IPO has already been oversubscribed, said Ahamed, who visited 20

branches of different banks in the city and witnessed long queues of applicants there.

A similar picture was seen at 503 branches of the 15 selected banks and Investment Corporation of Bangladesh where the prospective investors, comprising retired officials to students, lined up to deposit money against Grameenphone shares.

"The final report on IPO subscription will be available next week," he said.

Grameenphone, the country's largest mobile phone operator, looks to raise Tk 486.08 crore from the public by issuing 69,439,400 ordinary shares worth Tk 10 each, in addition to a Tk 60 premium per share.

Grameenphone, which received the final approval from the Securities and Exchange Commission on August 20, will use proceeds from the issue to expand its network and develop information technology and for corporate purposes.

Grameenphone is 62 percent owned by Telenor of Norway and the rest by Grameen Telecom, a subsidiary of micro-finance giant Grameen Bank, which was set up by Nobel peace prize winner Muhammad Yunus.

It has around 21.16 million of Bangladesh's fast growing 48 million cellular subscriber base. It is also the country's largest private company by revenue.

Govt moves to handle pending customs cases

STAR BUSINESS REPORT

The government has moved to introduce an alternative dispute resolution (ADR) system in the Supreme Court to reduce pressure of a huge number of pending cases including customs-related ones, the law minister told the House yesterday.

"We have already held discussion with the chief justice and high-ups of different departments to introduce the system," Shafique Ahmed said during a question-answer session.

He said two separate proposals were sent to the law commission for examining how the ADR system can be made mandatory.

"It needs a long time to dispose of cases following all the rules and regulations. So, we consider introducing the system, which exists in different countries," Ahmed added.

The law minister said as many as 3.09 lakh cases have been pending with the High Court till August 1, 2009. The government has appointed nine additional judges and given permanent appointments to 11 other judges to the High Court to dispose of the huge number of cases, he added.

He said a total of 89 judges are working in the Appellate Division and the High Court Division of the Supreme Court. Of them, 11 judges, including the chief justice, are working in the Appellate Division, while 78 in the High Court Division.

In response to a query, the law minister said the government is determined to complete the trial of war criminals as soon as possible.

He said the process is under way to set up investigation agencies, appoint chief prosecutors and prosecutors, and form tribunals.

Sheraton looks to flag new deal

SAYEDA AKTER

The government may renew the contract for management of Dhaka Sheraton Hotel for another five-year term by the month-end, according to Hedayetullah Al Mamun, the immediate past civil aviation and tourism secretary.

Meanwhile, Bangladesh Services Limited, a government organ that owns the five-star hotel, expects a report on its refurbishment plan today from a technical team of Starwood Hotel and Resorts. Starwood is the parent company of international Sheraton chain who sent this high-powered team here in mid-September to conduct a feasibility study on such a plan.

"We are waiting for the report, which will help us to decide on the contract renewal. After looking into the report, we can assess the exact condition of the hotel and areas that need prompt renovation," said Mamun, who was transferred to another ministry just three days back.

"Starwood's recommendation will also enable us to estimate the cost for renovation," he added. "However, we have our own assessments on the amount of investment in renovation. If both studies match, we are going to finalise the contract by the end of October."

On receipt of the Starwood report, BSL may appoint a quality surveyor (QS) to carry out a cost analysis and plan for the renovation.

"It is the oldest five-star hotel in the country and is strongly in need of renovation, including modernising rooms, bathrooms, kitchen, conference rooms, lounge, lobby and bar," a top official of the hotel said.

"Additionally, the hotel lacks fire-life safety aspects that need to be included in the renovation project," he said. "A world class five-star hotel brand like Sheraton cannot maintain its standard without this feature."

Sheraton is also expecting to maintain operating profit growth at 10 percent by year-end. The hotel's 2008 profit growth was the same, earning revenues of around \$13 million.

The official also linked a revenue growth to refurbishment. Meanwhile, Starwood extended its management contract with the government up to November 30, for the fourth time this year, following a request from BSL.

Starwood's 25-year deal with BSL expired on December 31, 2008, but it was extended for nine months in four terms till November 30, 2009.

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Women work at a garments factory in Rangpur, a region that exports RMG to India.

Rangpur garments cross border

RAFIQUE SARKER, Rangpur

Entrepreneurs in Rangpur are now exporting readymade garments to India, taking advantage of the South Asia Free Trade Area (Safta) agreement.

Tariqul Islam, proprietor of R&R Garments and Mouvasa Garments Industry, along with two friends -- Mominur Rahman and Barkatullah -- set up two small garment factories in Rangpur about a year back.

At first, they produced garments for the local market but as profits started rolling in, they were encouraged to expand equipment and machinery. They jumped at the opportunity of exporting readymade garments to India when they visited Siliguri of West Bengal.

"Siliguri importers were interested in purchasing three-quarter pants and trousers from us, under a preferential Safta agreement," Islam said.

Over the last three months, they have sent two consignments with

about 2 lakh pieces of pants and trousers to Siliguri, said Islam.

Barkatullah said most Siliguri buyers import readymade garments to sell to the low-income groups in Siliguri, Malda, Assam and Kolkata.

"In addition, some buyers import dresses from us and then export to South Africa," he added.

Rahman said they export their goods through the Burimari Land Port, 60 kilometres from Rangpur and Siliguri is only 100 kilometres from there. Siliguri buyers prefer Rangpur to other Indian states as it is cost-effective for them, he added.

"Our factory is the first export-oriented readymade garments factory in the north," Rahman said.

They began with 30 sewing machines. As work orders increased, they contracted out the orders to seven other small factories in Rangpur and Ulipur in Kurigram to complete work in time.

About 400 workers, who previously worked in factories in Dhaka, found jobs in these factories.

Rasheda Begum, 30, used to work at a garments factory in Dhaka, but now that work is available in Rangpur, she did not return. She joined R&R Garments as a supervisor.

"Even though I could have earned more in Dhaka, I prefer to work here as I can live with my family."

Despite prospects, garment factory owners said they have to face difficulties and spend a hefty amount of money to get BGMEA and EPB certification. Load shedding is another major problem they face.

"We have an order for 50,000 pairs of trousers and we have to send the consignment by October 30. With continuous power outages, it will be difficult to complete the work on time," Islam said.

Rahman said it is difficult for them to manage bank credit. "We are now operating without the support of bank funds. It would have been easier to expand operations with an easy access to funds."

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Govt helping reopen 42 closed units in EPZs: PM

STAR BUSINESS DESK

Prime Minister Sheikh Hasina has said the government now stretches its hand of assistance to reopen 42 closed industrial units and the ones that are on the verge of closure in the export processing zones (EPZs).

"We are giving assistance including loan rescheduling in easy instalment so that the closed industrial units are reopened and the weak ones survive," she said during a question-answer hour in parliament yesterday.

Hasina pointed out that the industries were closed because of weakness in their management, labour unrest and decrease in exports on global economic recession.

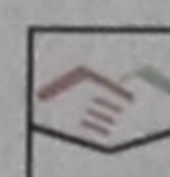
Describing the EPZs' present rules and regulations as conducive to investment, the prime minister informed the parliament that the number of industrial units now in operation under the jurisdiction of the Bangladesh Export Processing Zones Authority (Bepza) is 304.

"There is no need to relax the rules and regulations further," she affirmed.

The premier, however, made an assurance that any specific proposal to raise investment and production will be considered.

Replying to queries, Hasina, also the leader of the House, said the government will take measures to ensure fair price of different farm products.

"Monitoring will be strengthened in future so that farmers get fair prices of rice and paddy," the premier said, adding that agri-inputs for farmers at a cheaper rate will be ensured.



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