

Stocks

DGEN	▲ 0.76%
	3,309.52
CSCX	▲ 0.88%
	7,197.81

Currencies

	Buy Tk	Sell Tk
USD	68.45	69.45
EUR	99.95	105.72
GBP	109.91	115.82
JPY	0.74	0.83

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold	▼
	\$1,047.50 (per ounce)
Oil	▲
	\$78.17 (per barrel)

SOURCE: AFP

(As of Friday)

News in Brief

Assistant US trade representative in town

STAR BUSINESS DESK

Assistant US Trade Representative for South Asia Michael J Delaney arrived yesterday for a five-day visit to Bangladesh.

This is his first visit to Bangladesh. Delaney will have discussions with government officials on trade issues.

Delaney, a graduate from Emory University and the University of Chicago, was appointed assistant US trade representative for South Asia in September 2008.

He is responsible for development of trade with South Asia as well as Iraq. Several trade initiatives fall under his purview, including the US proposal for creation of regional opportunity zones in Afghanistan and certain regions of Pakistan.

Prior to his appointment at USTR, he served as US political adviser to NATO Southern Regional Command in Kandahar in Afghanistan.

Kuwait expat population falls

AFP, Kuwait City

The expatriate population of Kuwait dropped 0.6 percent in the first half of 2009, bringing to an end 19 years of sharp increases in the oil-rich emirate, official figures revealed on Sunday.

The number of foreign residents dropped to 2.34 million from 2.355 million at the end of 2008, figures posted on the Public Authority for Civil Information's website.

Their number at the end of 2007 stood at 2.345 million.

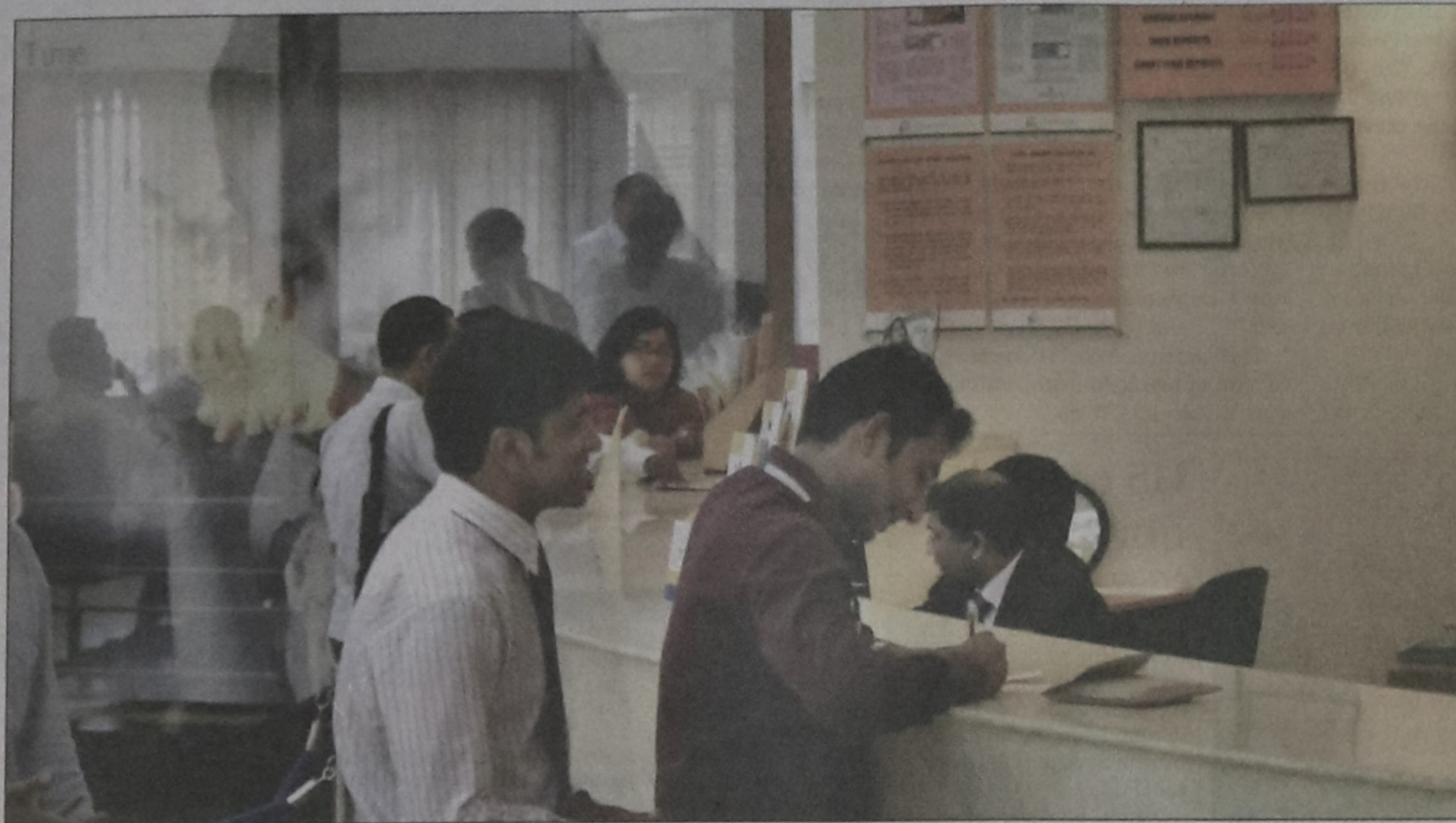
As a result of the fall, Kuwait's population in the first half remained almost flat at 3.443 million.

The largest drop in population was recorded in 1990 when a majority of expatriates fled the emirate after Iraqi troops invaded under Saddam Hussein.

Foreigners, a majority of whom are Asians, still form 68 percent of Kuwait's population, the figures showed. At 1.102 million Kuwaiti citizens accounted for 32 percent.

Contact Us

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



Clients line up at Eastern Bank Ltd (Motijheel branch) just before it closed at 4pm yesterday. The first day of the new banking timing passed off amid confusion among some customers and officials as they were unaware of the changed schedule.

Banks get green light to raise capital in debt instruments

SAJJADUR RAHMAN

The central bank yesterday permitted banks to raise capital through debt instruments instead of issuing only rights and bonus shares, following bankers' demand.

The new product, called subordinated debt, is designed to help banks boost their paid-up capital, in line with a Basel II requirement, said Bangladesh Bank officials.

In finance, this instrument is also known as subordinated loan, bond or debenture.

"Banks' cost of capital will come down significantly thanks to the new product," said KM Abdul Wadud, deputy general manager for BB's Banking Regulation and Policy Department.

The issuance of rights and

bonus shares costs banks heavily because of 40 percent tax, besides a reduction in a bank's earnings per share, he said.

BB officials said the move would boost the capital market as well.

The interest rate on the debt instrument is expected to be more than 12 percent -- the current rate for savings certificate.

The debt of its kind is referred to as subordinate because debt providers (lenders) have a subordinate status in relationship to the normal debt. A typical example for this will be when a promoter of a company invests money in the form of debt, rather than in the form of stock.

The banks will have to seek approval from BB to issue and repay the debt. The central bank also issued a set of guidelines on subordinated debt.

The scheduled banks should have a capital plan approved by their boards of directors. To attain the capital plan, the banks may issue a subordinated debt instrument to qualify as regulatory capital (Tier 2 and Tier 3).

Subordinated debt eligible to be considered Tier-2 capital must have a maturity period of more than five years. It must be clear that investment in the instrument is not a deposit, nor insured by the Deposit Insurance Scheme.

The debt also may be convertible into equity subject to approval from the central bank and the Securities and Exchange Commission. The instrument should be rated and could not be eligible as collateral for a loan made by the issuing bank.

Subordinated debt will be limited

to a maximum of 30 percent of the amount of Tier 1 capital, the guidelines mentioned.

The total amount of subordinated debt will be disclosed in the balance sheet under the head "subordinated debt" in the nature of long-term borrowings.

Foreign banks operating in Bangladesh may also raise capital with approval from the central bank in the form of subordinated debt in foreign currency and in the form of foreign currency borrowings from the head office for inclusion in Tier 2 capital.

Of the other eligibility criteria, the BB said a bank would be eligible to issue subordinated debt, which has composite CAMELS rating 2 and BB Rating Grade 2.

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GP IPO 3.5 times oversubscribed

STAR BUSINESS REPORT

Grameenphone's initial public offering (IPO) has been oversubscribed more than 3.5 times -- evidence of huge enthusiasm from prospective investors for the largest mobile phone operator's shares.

The telecom company offered 69,439,400 ordinary shares at Tk 10 each, in addition to a Tk 60 premium, totalling Tk 486.08 crore.

But the investors including non-resident Bangladeshis (NRBs) applied for shares worth Tk 1,725.07 crore, according to a web posting on Chittagong Stock Exchange, provided by Grameenphone.

The public subscription of the largest ever IPO had remained open from October 4-8 for resident Bangladeshis. The subscription closed for NRBs yesterday.

Resident Bangladeshis, or local investors, submitted 10,83,502 applications totalling Tk 1,657.97 crore, registering 3.79 times oversubscription. The NRBs submitted 39,638 applications worth Tk 67.10 crore.

Grameenphone has received 11,23,140 applications worth Tk 1,725.07 crore, which shows 3.55 times oversubscription.

Earlier, Grameenphone allocated Tk 486.07 crore worth shares to 50 institutions in pre-IPO or private placement in December last year.

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

Grameenphone's 62 percent is owned by Telenor of Norway and the rest by Grameen Telecom of Bangladesh.

It controls 44 percent of Bangladesh's 50.4 million cellular subscriber market and is also the largest private company by revenue.



Paddy green-shoots are seen in a northern district. Earlier in mid-January, the government slashed the prices of non-urea fertilisers to almost half per kilogramme to help farmers narrow production costs.

Cut likely in fertiliser prices

SOHEL PARVEZ

The government may cut the prices of non-urea fertilisers further to help farmers benefit from the falling prices of the agricultural inputs on the international market.

"We hope to set the non-urea fertiliser prices in line with the global market," Agriculture Minister Matia Chowdhury told The Daily Star recently.

The minister talked of the plan as the prices of the fertilisers recorded a substantial fall in the last one year on the international market.

She said the decision of price cut would be taken after consultation with all the relevant ministries and the prime minister.

"We will take the decision soon," Matia added.

According to Commodity Markets Review of the World Bank, the price of TSP plummeted

by around 80 percent to \$225 per tonne in the July-September period of 2009-10 on the global market from \$1,108 in the same period a year ago.

The price of DAP plunged by 73 percent to \$310 each tonne from \$1,154 in the period, while muriate of potash (MoP) also witnessed a price fall.

However the farmers are yet to get the full benefit of the price fall, as the prices of non-urea fertilisers still remain high in the local market.

Earlier in mid-January, the government slashed prices of such fertilisers to almost half per kilogramme to help farmers narrow down their production costs.

Now the farmers have to buy TSP (triple super phosphate) at Tk 40 per kg, MoP at Tk 35 and DAP (di-ammonium phosphate) at Tk 45 from dealers and their agents.

Stakeholders said the present price in the domestic market is

higher compared with the international market.

Fertiliser dealers said such a gap in prices encourages smuggling of low-priced non-urea fertilisers from neighbouring countries, especially from India. Much of the smuggled fertilisers are reportedly adulterated.

The dealers said if the government does not bring down the prices of all types of non-urea fertilisers to reasonable levels, importers will be discouraged that might threaten availability of the inputs during the peak cultivation season.

The price cut is set to come at a time when both private importers and Bangladesh Agricultural Development Corporation sit on a stock of more than 3 lakh tonnes that were bought at higher prices earlier. These stocks may need subsidy, said stakeholders.

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Same timing for banks countrywide

STAR BUSINESS REPORT

Office hours have been reset for all banks across the country -- between 10am and 6pm with effect from today.

Earlier the time was announced only for Dhaka that created problems in transactions between the banks in the capital and outside on the first day of the new timing.

Bangladesh Bank yesterday issued a circular in this regard to all banks.

In line with the new office timing announced by the government earlier, banking hours in the capital were from 10am to 6pm. The transaction hours were from 10am to 4pm.

But outside Dhaka the timing was 9am to 5pm that created problems in transacting with the banks in the capital. Several chief executives of the banks met the central bank governor yesterday and told him about the problems faced by them. The problems were mainly with online banking.

A top executive told The Daily Star that if people go to banks at 9am in district-level areas for transacting with the capital, they will find the Dhaka banks closed at that time and face problems.

Association of Banks Bangladesh also sent a letter to the central bank governor in this regard.

Confusion over new office hours

STAR BUSINESS REPORT

Some bank officials and clients in Dhaka were not aware of new office timing, which was put in place from yesterday.

At some branches in Motijheel, bank officials reached office on or even before 9am to begin the banking day, in line with the previous timing. But they had to wait in front of their offices until 9:45am.

Some officials of different branches of National Credit and Commerce Bank, Dutch-Bangla Bank Ltd, Prime Bank and Trust Bank arrived earlier and waited outside.

Many clients also came to the banks as per previous timing and were seen waiting outside.

The office timing was reset for Bangladesh Bank and scheduled banks with offices in Dhaka -- from 10am to 6pm from Sunday -- according to a circular issued after 5pm Thursday, the last workday before the weekend.

Transaction hours will be between 10am and 4pm and there will be a break from 2pm to 2:30pm for prayers and food. The cabinet approved the new office timings on October 12 for the capital, to get rid of severe traffic congestion.

However, trading on Dhaka and Chittagong stock exchanges took place as per the rescheduled office timing. No confusion or hassle among investors, stock dealers, brokers or bourse officials was reported.

Australian firm offers \$400m investment in mineral sand mining

UNB, Dhaka

An Australian company has offered to invest \$400 million in mineral sand mining in Cox's Bazar coast, after ascertaining a good finding through preliminary exploration.

The willingness of the company, Premier Minerals, was conveyed to State Minister for Environment and Forest Dr Hasan Mahmud by Australian High Commissioner in Bangladesh Dr Justin Lee during a meeting at the ministry yesterday.

Earlier, in January 2007, the government had given permission to the company for exploration of the sea sand, laden with a number of minerals reportedly abundant in the bay, apart from hydrocarbons.

"On completion of the first phase of exploration, the company expressed its eagerness to invest in the project for extracting the sea sand rich in mineral resources," an official announcement said.

The sea sand at Cox's Bazar beach contains heavy minerals, including Zircon, Rutile, Ilmenite, Leucosene and Magnetite. The Australian firm plans to undertake the mining project under Teknaf upazila.

The minister said, "The government is eager to approve those projects which will bring economic prosperity for our country, but these must be environment-friendly."

Alan Grant, chairman of the Premier Minerals, who was present at the meeting, said they are interested to make the investment in the mining project maintaining full "environmental balance".

Mahmud said more review is needed for looking into the project's technical and environmental sides. "It must be ensured whether it is environment-friendly before giving final approval."



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