



Asian Markets	
MUMBAI	▼ 0.28% 17,460.95
TOKYO	▲ 0.13% 9,203.71
SINGAPORE	▲ 0.85% 2,844.19
SHANGHAI	▲ 0.38% 2,382.90 (Friday closings)

Commodities	
Gold	▼ \$1,212.00 (per ounce)
Oil	▲ \$73.00 (per barrel) (As of Friday)

SOURCE: AFP

## Unrest shuts Savar garment factory

UNB, Savar

The authorities of Kushiara Knitwear Ltd, a garment factory at Sreepur in Ashulia, closed its operation for an indefinite period from Friday night following workers' unrest.

Workers yesterday found a shutdown notice on the main gate of the factory where police were deployed.

Earlier, the police arrested five workers while demonstrating and ransacking the factory's valuables. The workers pressed their demands Thursday evening.

The authorities later filed a case against 96 workers and 70-80 other unidentified people on charges of vandalism.

## State shares fail to float

One company comes in three years

SAJJADUR RAHMAN

The government has failed to bring a single company to stockmarket in the last one and a half years although it announced plans to list 26 state-owned enterprises by June.

The finance ministry in January set individual deadlines -- from three to six months -- for 26 government organisations to offload shares to increase the availability of quality shares on the market.

Finance ministry officials have put the blame on the respective ministries that own the enterprises.

However, 26 private companies were listed in the last one and a half years -- 19 last year and seven this year. The last state enterprise to join the market was Titas Gas in 2008 when another 14 private companies also debuted.

"Officials of the respective ministries are reluctant to offload shares and hinder the listing process. They (officials) work as directors on the boards of these companies and enjoy huge benefits," said a top finance ministry official.

"We'll soon inform the finance minister of the issue," he said, requesting not to be named.

Stockmarket experts said the government should do everything to list state enterprises to avoid market volatility.

The investors now face a severe shortage of securities. Fewer than 450 securities are listed on the two bourses: Dhaka and Chittagong. More than 25 lakh investors who trade on Dhaka Stock Exchange often invest in bubble and low-quality shares finding no option.

Demand for new stocks is increasing fast and it is reflected when an IPO is floated.

Market capitalisation reached Tk 270,074 crore on June 30 this year from just Tk 124,134 crore a year ago.

Hasan Imam, managing director of Race Asset Management, said the market

### MAJOR COMPANIES WAITING TO OFFLOAD SHARES

- Gas Transmission Company
- Jalalabad Gas Transmission and Distribution System
- Paschimanchal Gas Co Ltd
- Sylhet Gas Fields Co Ltd
- Bangladesh Gas Field Co Ltd
- Rupantarito Prakritik Gas Co
- Rural Power Co
- GEM Company
- Bangladesh Blade Factory
- Bangabandhu Bridge
- Teletalk Bangladesh
- Bangladesh Telecommunication Co
- Telephone Shilpa Sangstha
- Bangladesh Cable Shilpa
- Essential Drugs

needs more stocks, particularly of state-owned enterprises, so the investors do not go for speculative shares.

He said the government owns some of the large businesses such as banks, shipping and energy companies and airlines that need to get listed in the market.

"It's better to bring such a few big enterprises in the market than listing 100 of small ones," said Imam.

Earlier last year the finance ministry reviewed the status of 32 state-owned companies, and later in January selected 26 enterprises for listing.

Of the 26 state enterprises, 12 are of the power, energy and mineral resources ministry. The remaining 14 fall under industries ministry, bridge division, civil aviation and tourism ministry, post and telecommunication ministry, health and family welfare ministry and shipping ministry.

sajjad@thedailystar.net

## Entrepreneurs suggest BB reserves for power fund

STAR BUSINESS REPORT

A suggestion came at a seminar yesterday for diversion of funds from central bank reserves to invest in the power sector.

Pointing to the finance as a major challenge for setting up power plants, a local entrepreneur made this suggestion.

"The government can bring \$1 billion from Bangladesh Bank (BB) reserves in long-term debt to facilitate financing for the power sector," Mohammad Aziz Khan, chairman of Summit Group, told the seminar.

The Ministry of Power and Power and Mineral Resources organised the seminar on 'overcoming the challenges in financing the power sector, at Sonargaon Hotel.

However, Khan's suggestion did not get any positive response from the government high-ups on the plea that rules have left no room for such fund diversion.

Finance Secretary Mohammad Tareque, who chaired the seminar, said: "The central bank reserve can be used by many indirect forms, but this money cannot be diverted directly or be used anyway. India and Pakistan

have tried to use such reserve but those initiatives created complexities."

Atiur Rahman, Bangladesh Bank governor who presented his keynote paper, made a new point.

He suggested freely tradable long-dated infrastructure bonds to finance the local expense components of the public sector outlays.

Meantime, the entrepreneurs expressed their concerns over a huge gap between the prices of power generation and retail sales.

They also demanded accelerated approvals of the power projects.

The Summit Group chief said investors have to incur losses a huge amount of money when the government keeps any project pending years after years.

"We had suffered a lot in getting project approval from the government. The losses are similar to both the local and foreign companies. The government should be aware of the matter and should not delay any project approval," Aziz Khan said.

He said the selling price of power is irrational with its generation cost, which could not be sustainable in longer term.

The central bank chief said although financing of \$9 billion for power sector by 2015 would be a challenge, it can be overcome by attracting external equity and longer-term debt investments

"For the bulk of the foreign exchange component of the public sector outlay in power sector infrastructure, the government can approach multilateral and bilateral development partners for concessional long-term loans," the governor said.

He also pointed it out that freely tradable infrastructure bonds in Taka will be more appropriate option for power sector investment.

Smaller private sector power plant projects can be financed mainly by the domestic debt and capital markets, Dr Atiur suggested.

He said the planned installation of 20 new smaller plants of total 2010 megawatt (MW) capacity and five large plants of 1,770 MW capacity will be financed solely by the public sector. Besides, he said, three smaller plants of total 210 MW and two large plants of 2,600 MW capacity are planned to be partially financed under public-private partnership.

## HSBC to acquire RBS assets

AFP, London

Global bank HSBC agreed on Friday to buy the Indian commercial and retail banking assets of British state-controlled Royal Bank of Scotland (RBS), expanding its base in the emerging nation.

"HSBC ... has agreed to acquire The Royal Bank of Scotland Group plc's retail and commercial banking businesses in India," the group said in an official statement.

The banking giant said it will pay RBS the net asset value of the businesses when the deal closes in the first half of next year, plus an additional 95 million dollars.

**Best in class CASH MANAGEMENT solutions**

One of the world's largest suppliers of consumer goods, Unilever achieved automation of their payments solution in Bangladesh, built on an optimised connectivity platform provided by HSBC. A true partnership delivering industry-leading cash management solutions, based on HSBC and Unilever Bangladesh Limited's in-depth local knowledge.

**Cash Management. Redefined.**

► [hsbc.com.bd](http://hsbc.com.bd)

**HSBC** **The world's local bank**

emirates.com/bd

**Stay in style. On us.**

Fly First Class to or via Dubai and experience Armani Hotel Dubai for two nights. Fly Business Class and stay at The Address Downtown Dubai or The Palace - The Old Town Dubai for one night. In addition, enjoy spectacular views of Dubai from At the Top.

Enjoy complimentary hotel nights in Dubai. Fly Emirates. Keep discovering.

Complimentary fast track access to At the Top, Burj Khalifa | Offer valid between 1st June and 31st August | Chauffeur-driven transfers

The offer also includes free 96 Hour Visa of Dubai. 400 International awards and over 100 destinations worldwide. Terms and conditions apply. For more details visit [emirates.com/bd](http://emirates.com/bd) or call Emirates on 9892801 (Dhaka), 725647 (Chittagong), 711200 (Sylhet). Enjoy frequent flyer benefits at skywards.com.