Star Business

Dhaka Monday October 4, 2010

Stocks

DGEN	▲ 1.77%	7,223.48
CSCX	▲ 1.80%	13,576.79

IDLC Index

IDLC 50	▲ 1.27%	7,184.48

Subject to Conditions contained in www.idlc.com

Currencies

	Buy Tk	Sell Tk
USD	69.80	70.80
EUR	94.51	99.08
GBP	108.64	113.56
JPY	0.82	0.89

SOURCE: STANDARD CHARTERED BANK

BB governor asks banks to ease farmers' banking

Star Business Report

The Bangladesh Bank (BB) governor yesterday called upon state banks to provide facilities, including overdraft (OD) loans, to farmers to help keep their Tk 10 accounts active.

Atiur Rahman said, if about 90 lakh accounts opened with Tk 10 initial deposit remain operative, those will play an important role in financial inclusion.

He was speaking at a meeting with the high officials of the state and specialised banks at the BB headquarters.

Rahman said the banks can provide OD facilities as loans equivalent to the input subsidy the farmers get from the government.

If the farmers get such a revolving OD facility, they will get scope to repeatedly deposit and withdraw money from their accounts, he said.

A bank overdraft enables customers to spend more than what is actually in their bank accounts.

The central bank governor also said, if a farmer does not repay the OD loans, the bank can adjust the amount against the government subsidy the farmer will get.

Rahman said, if a farmer keeps deposit, the bank can give him up to 90 percent of the deposit as loans with lower interest rate.

The governor advised the banks to give one percent more interest to the farmer-depositors than is given to the depositors in urban areas.

Rahman asked the banks to launch a massive publicity campaign about the loan programme introduced on October 1 for the farmers who produce lentil, oilseeds and spice crops. The loans are given at 2 percent interest.

The performance of the banks that will fail to meet their loan disbursement target will be reflected in their CAMELS (capital, asset, management, earning, liquidity and sensitivity to market) rating, said the BB chief.

Mobil Jamuna to go public

Second largest IPO after Grameenphone

Star Business Report

BY THE NUMBERS

- Shares to be floated: 4 crore
- Face value: Tk 10 each
- Indicative price: Tk 127
- Paid-up capital: Tk 143 crore

Mobil Jamuna Bangladesh Ltd is set to make the second largest public offering, after Grameenphone, in the country's stockmarket, as the regulator gave a green light to the public-private energy venture yesterday.

The company will float four crore ordinary shares of Tk 10 each using the book building method, a modern pricing mechanism for initial public offering (IPO), said an official of the Securities and Exchange Commission, which approved the IPO at a meeting presided over by Chairman Ziaul Haque Khondker.

With the IPO proceeds, Mobil Jamuna will set up a liquefied petroleum unit in Khulna and buy lands to set up its own corporate office and a crude oil refinery unit.

The indicative price for each share of the company has already been fixed at Tk 127. Now under book building method, the eligible institutions will be allowed to quote 20 percent up or down from the indicative price for each share. It means investors will be allowed to offer prices between Tk 101.60 and Tk 152.40.

Prime Finance and Investment Limited is the issue manager of the Mobil Jamuna IPO.

State-run Jamuna Oil Company has 25 percent stakes in Mobil Jamuna, while a private local company EC Securities Limited, an investment firm of East Coast Group, owns 74.98 percent of the company, paid-up capital of which is now Tk 143 crore.

Mobil Jamuna, which controls nearly 26 percent share in the domestic oil market and has pioneered exporting lubricants and its shipment, has been steadily growing since 2007. Last year, exports grew 58 percent after picking at 453 percent in 2008.

Incorporated as a private limited company in 1998, the company began its commercial journey in 1999. It started producing advanced lubricants products in 2003.

Of around 240 energy and power companies operating in Bangladesh, only 11 are listed on bourses.

BOC Bangladesh, Padma Oil, Eastern Lubricant, BD Welding, Summit Power, Desco, Power Grid, Jamuna Oil, Meghna Petroleum, Titas Gas and Khulna Power are among the listed energy companies.

Market capitalisation of the energy companies on the Dhaka Stock Exchange reached over Tk 30,000 crore, accounting for around 13 percent of the total market capitalisation.

At yesterday's meeting, the SEC official said, the commission also approved rights offer of two listed companies -- Exim Bank and Agni Systems.

Exim Bank will offer one rights share against two existing shares at a price of Tk 10 each, while Agni Systems will offer one rights share against two existing shares at a price of Tk 20 each, including Tk 10 as premium.

Port workers demand removal of JS body members

Staff Correspondent, *Ctg*

Chittagong port workers yesterday demanded an immediate removal of the members of a parliamentary committee, accusing them of interference in port activities.

Earlier on Saturday, the port users and other stakeholders at a roundtable made similar allegations against the parliamentary committee on the shipping ministry. Shipping Minister Shajahan Khan, who was present at Saturday's meeting, had denied the allegations.

Under the banner of Dock Bandar Sramik Karmachari Federation, the labour leaders yesterday alleged that Chittagong Port Authority (CPA) could not function properly due to 'top-level' interference.

Pointing an accusing finger at the committee members, the federation's General Secretary Md Mahfuzur Rahman Khan read out a written statement at a conference at Chittagong Press Club.

Khan alleged that clauses in the tender for recruiting private berth operators for six general cargo berth areas have changed 11 times due to interference by both the parliamentary committee and the shipping ministry.

The skilled and experienced CPA officials who opposed such misdealing have been transferred, alleged the workers leaders. Such interference is delaying the commissioning of the New-Mooring Container Terminal constructed at a cost of Tk 600 crore, they added.

They also alleged the parliamentary committee is trying to award the Karnaphuli Container Terminal (KCT) construction work to a private party risking port security.

The federation leaders warned that any delay in reinstatement of the workers and ensuring facilities for them according to the decision taken on October 26, 2009 might give rise to labour unrest.

Port-delay eats into exports

Jasim Uddin Khan

Businessmen say they paid more than Tk 250 crore extra to foreign shipping lines in the last four months for port-congestion surcharges, which they call a threat to the competitiveness of the country's major exports.

Shipping lines that operate feeder vessels between Chittagong and Singapore have imposed a $100 surcharge per twenty-foot equivalent unit (TEU) container since June.

"Our overall export costs have increased by about 10 percent," said Abdus Salam Murshedy, president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

> *The average stay time of 9-10 days at Chittagong Port has now increased to 12-13 days for berthing*

"Apart from the concern of lead time, surcharge spending is becoming a big challenge for us to maintain competitiveness."

The charges come at a time when the industry is already struggling to adjust prices, due to costly cotton, while cutting production costs to meet the demand of recession-battered customers in its major markets -- the US and Europe, Murshedy said.

"The country is now competing with global apparel giants, such as China, India and Turkey," he added.

The shipping lines imposed the surcharge, citing an average of three extra days of delay at the country's main port of Chittagong.

Mahmudur Rahman, chairman of Bangladesh Shipping Agents Association, said every ship waiting at outer anchorage costs about $8,000 per day.

"The average stay time of 9-10 days at Chittagong Port has now increased to 12-13 days for berthing," Rahman added. "Shipping lines have no other options but to realise their losses from the clients."

Rahman said port efficiency fell by more than 15 percent after the port management started handling containers on May 11.

He said the port now handles only 65 vessels for berth/unberth per month, but before the port management took this over, it handled a dozen more on an average.

Tariqul Hasan, manager of a foreign shipping line, said it would maintain the surcharge until the port reduces its lag times.

"We imposed the surcharge in line with the rules of International Maritime Organisation."

Nasir Uddin Chowdhury, managing director of Eastern Apparels, said: "On an average, we export 100 containers a month, and we are paying an additional $5,000 a month following the imposition of surcharges."

More than 115,000 containers are handled a month. About 35 feeder vessels ply the Chittagong-Singapore route, carrying millions of containers and accounting for most of the country's $38 billion in external trade.

The feeder operators last imposed surcharges in 2006, sparking sharp protests from the BGMEA. Bulk cargo, however, remained free of surcharges, as it faced no delay in loading and unloading at outer anchorage.

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Grow more spice: BB

Star Business Report

Bangladesh Bank (BB) has renewed its interest in increasing national spice production to reduce annual imports of nearly Tk 2,500 crore.

And this time it just might work, because a former bottleneck is being removed. One other hurdle may remain, however.

BB will subsidise the state banks with a 6 percent interest rate so they make 8 percent in total when they lend to spice farmers at 2 percent rate, Governor Atiur Rahman told The Daily Star. The grace period has also been extended to six months from three.

The low-interest loans programme has existed for years, but with no incentives, the state banks showed little enthusiasm. The loans will still only be available only through the state-owned banks, according to a BB decision.

The central bank governor had a meeting with all chief executive officers of state banks yesterday to reassure them of financing the gap.

Since the BB first introduced these low-cost loans eight years ago, state banks, disbursed only Tk 12 crore, according to BB data. That was far less than the central bank's expectation.

"The government has agreed that the BB will subsidise the [state] banks from its own revenues," said Rahman.

The state banks may disburse Tk 200 crore this fiscal year, said SM Aminur Rahman, managing director of Janata Bank that will lend only Tk 15 crore.

Spices are widely used in Bangladesh, and almost half are imported.

According to the Department of Agricultural Extension (DAE), Bangladesh imports nearly 50 percent of its total consumption of spices. According to BB data, the country spent nearly Tk 2,500 crore on imports last year.

The central bank governor and spice traders said these spices grow easily here. But farmers so far have chosen not to meet demand.

"Local production of spices will save the country a huge amount of money as its costs 35 percent less than the imported spices," said Sultan Uddin Nannu, vice president of Bangladesh Grocery Business Association.

Amir Hossain, another executive member of the association, said local producers often do not see fair spice prices because importers sell spices at a low price at harvest time when local producers must also sell. The middlemen buy up and stockpile spices only to sell the higher prices later, he said.

RMG wage meeting fails to reach consensus

Star Business Report

The minimum wage board yesterday failed to reach a consensus on whether to increase the pay for four grades in the proposed new salary structure.

Ikteder Ahmed, chairman of the minimum wage board, said garment workers and their representatives submitted a set of objections and recommendations on the structure.

The workers rejected the structure and demanded reviewing the fourth, fifth and sixth grades, saying the salary structure in those grades is lower than that in the first grade.

The board received 343 objections and recommendations from garment owners and 22 from workers and their representatives. The owners suggested finalising the draft salary structure adopted on July 29, he said.

"October 11 is fixed for the next meeting to finalise a draft," said Ahmed after the meeting.

Shamsunnahar Bhuiyan, the workers' representative on the board, said if any change takes place in the draft, it will have to be based on a consensus.

The new wage structure is scheduled to be effective on November 1, with the minimum monthly salary set at Tk 3,000 at entry level.