

Korean-American Kim takes helm at World Bank



Jim Yong Kim
AFP, Washington

Korean-American physician Jim Yong Kim took over as the new World Bank chief Monday, immediately challenged to ensure the eurozone crisis does not set back global poverty-fighting efforts.

"I'm humbled and inspired to take over today as president," Kim said at the doorstep of the Washington-based global development lender as he launched into his first day on the job.

"I can't wait to get started," he said. "I've spent most of my adult life working in some of the poorest communities in the world."

He pledged continuity in the bank's mission to help the poorest countries get on their feet, giving no hint of any changes to the work pattern set by his predecessor, Robert Zoellick.

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IPO market losing lustre

SARWAR A CHOWDHURY

The primary share market is losing its shine as a good number of companies listed in the recent times failed to draw considerable response.

The lacklustre performance of the primary market is mainly due to a sluggish secondary market.

Unique Hotel and Resorts Ltd, the owner of The Westin Dhaka, is one of them that made its trading debut on the stock exchanges yesterday, and the price of each share of the five-star hotel rose by only Tk 3.5 or 4.76 percent on the first trading day.

The IPO (initial public offering) of Unique Hotel was Tk 75, including Tk 65 as premium. Its price rose as high as Tk 90 and as low as Tk 77.50 during the four-hour trading on the Dhaka Stock Exchange.

But the picture was different even a few months back when the stock prices of newly listed companies jumped manifold on their first trading day.

On its trading debut on April 19 this year, the price of each GPH Ispat share soared by 143 percent or by Tk 42.90. The IPO price of GPH Ispat was Tk 30, including Tk 20 as premium.

But since then there is hardly any company that saw such a rise. Even the stock price of a company, Saiham Cotton Mills, came down to below its IPO offer price on the first trading day.

On June 24 on its first trading day, each Saiham Cotton share, offer price of which was Tk 20 including Tk 10 as

premium, closed at Tk 19.90.

The primary market deals with the issuance of new securities. Previously issued securities and financial instruments in the primary market such as stocks, bonds, options and futures are bought and sold in the secondary market.

"The primary and the secondary markets are inter-related. It is very usual that the primary market will remain attractive as long as the secondary market is attractive," said Faruq Ahmad Siddiqi, a former chairman of the Securities and Exchange Commission, the stockmarket regulator.

As the secondary market is not performing well right now, it is obvious that it will leave an impact on the primary market as well, he said.

Since the price debacle in the secondary market in January last year, a downward trend continues in the price indices.

DGEN, the benchmark index of the Dhaka bourse, saw a sharp fall yesterday too, declining 190 points or 4.15 percent.

Siddiqi said the SEC should now be very careful about allowing new IPOs, especially with a premium value.

"If the SEC allows higher premium, it may increase the risk of investors, and on the other hand, companies may not be willing to come in the market if they do not get proper price," he added.

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Strong commission needed to implement competition law

Analysts stress building confidence among stakeholders



Second from left, Commerce Minister GM Quader speaks at a conference on "Moving the competition law agenda forward in Bangladesh: possible implementation concerns" at Ruposhi Bangla Hotel in Dhaka yesterday.

STAR BUSINESS REPORT

Implementation of the competition law is only possible under an independent and powerful commission, speakers said at a seminar yesterday.

The government will need a strong political will to properly select the members of the commission and allow them to work independently, they said.

The Competition Law 2012 that got passage in parliament last month is aimed at ensuring a healthy com-

petition in business practices by breaking cartels and syndicates that often manipulate markets.

Bangladesh has a number of commissions but those became inactive or could not create trust, they added.

They were speaking at an international conference on "moving the competition law agenda forward in Bangladesh: possible implementation concerns" at Ruposhi Bangla Hotel in the city.

The law also aims to help promote economic development of the coun-

try by creating a better environment for the private sector in terms of efficiency in production and pricing decisions and benefit both consumers and producers.

The government will form Bangladesh Competition Commission to ensure a competitive environment in the market, according to the law.

Leading businessman Syed Manzur Elahi said confidence of the stakeholders grows only when right people are seen in the right place.

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Aromatic rice exports resume

Pran and Square ship 120 tonnes of rice

SOHEL PARVEZ

Aromatic rice exports have resumed after the government waived a three-year-old ban last month, encouraged by a bumper yield and good stocks at home.

Two major food processors -- Pran and Square -- have already shipped a total of 120 tonnes of aromatic rice, against demand mostly from migrant workers and non-resident Bangladeshis, said officials of the two companies.

Rice was shipped to the Middle East countries, the USA, the UK, Australia and Canada and other countries including South Africa, said exporters.

"The withdrawal of the ban will provide scope for the Bangladeshis abroad to taste locally grown aromatic rice instead of the ones exported from India and Pakistan," said Kamruzzaman Kamal, director for marketing of PRAN-RFL Group.

Pran sent the first consignment of aromatic rice this week, out of the total orders of 1,000 tonnes the company has received so far, said Kamal.

This is the first time the government has allowed export of aromatic rice since November 2008, when its export was banned amid allegations that parboiled rice was exported in the name of the aromatic variety.

The government kept a bar on rice exports since then to keep the prices of rice stable in the local market by improving supply.

But as rice production and stocks increased in the past two fiscal years with the prices remaining low, the government withdrew the bar on export on June 4 for the six months ending in December.



However, the bar on parboiled rice export remains, according to a gazette notification.

Monoj Kumar Roy, additional secretary to the commerce ministry, said, "The government has allowed exports considering 'satisfactory' production and enough stocks of parboiled rice. Inadequate space in the public warehouses is another reason."

Rice production rose by around 1 percent to 33.73 million tonnes in the just concluded fiscal year from 33.54 million tonnes the previous year, enabling the country to become almost self-sufficient in its staple food and cut food grain imports by half.

"It (aromatic rice) is a premium item. Exports will enable farmers to get better prices," Roy added.

"The removal of the ban is also meant to support exporters to retain the market abroad," he said.

Khurshid Ahmad Farhad, senior manager in charge of export at Square Consumer Products Ltd, said, "A good quantity of aromatic rice is likely to be exported because of increased demand ahead of the Eid festival."

"We expect to export 250 tonnes of aromatic rice," he said, adding that the company has already exported 100 tonnes.

He, however, said the export permission for six months is not enough to recover the market share that was lost because of the three-year-old ban.

"We have lost our market to the Indian and Pakistani exporters due to the ban. So, it is unlikely that we will recuperate

the market share in six months. More time is needed," he said.

Before the ban on rice exports in 2008, Bangladesh exported less than 10,000 tonnes of rice per year. Of the amount, the volume of aromatic rice was less than 2,000 tonnes, according to exporters.

Export of aromatic rice grew by eight times to 1,600 tonnes in the fiscal 2007-08 from nearly 200 tonnes the previous year, according to Plant Protection Wing of the Department of Agricultural Extension (DAE).

The DAE wing issues phytosanitary certificates that are needed for exporting rice and other agricultural crops.

Till date, the DAE has issued such certificates to exporters to ship around 420 tonnes of aromatic rice, said an official of the DAE asking not to be named.

Stocks tumble on WB's loan scrapping

STAR BUSINESS REPORT

Dhaka stocks fell by 4.15 percent yesterday as investors reacted to the news of the World Bank withdrawing its loans for the Padma bridge project.

The benchmark General Index, DGEN, market tracking index of Dhaka Stock Exchange, fell by 190.13 points to close the day at 4,382.74 points.

The World Bank's decision has come as a shock to the investors, LankaBangla Securities said in its analysis.

The Padma bridge, intended to connect the southern region to the capital, was the largest ever infrastructure project for Bangladesh.

Investors offloaded all categories of shares, including the financial sectors', fearing slowdown of economic activity and tighter money market condition, LankaBangla said.

"The cancellation of credit for the Padma bridge further deteriorated the market sentiment," IDLC Investments said in its market commentary.

The Asian Development Bank, a co-financer of the mega project, said it would be unable to release funds for the project due to the joint nature of co-financing.

Turnover on the DSE floor slumped by 25.57 percent to Tk 223 crore.

A total of 1.03 lakh trades were executed, with 4.51 crore shares and mutual fund units changing hands at the Dhaka bourse.

The Selective Categories Index, CSEX, the indicator of Chittagong Stock Exchange closed the day at 8434 points, after falling 291 points or 3.3 percent.

Ministry plans to set export target higher

REFAYET ULLAH MIRDHA

The government will raise the export target by up to 12 percent for fiscal 2012-13 from last year's achievement, a commerce ministry official said yesterday.

The export target for the current fiscal year will be slightly lower than the target last year because of a decline in demand in major markets -- Eurozone and the US, the official said.

The ministry will formally announce the export target on Thursday.

The ministry will fix the target for the current fiscal year based on the average monthly earning in the first 11 months of the past year, as export data from the last month of the year, June, has not been processed yet, the official said.

In July-May of the immediate past fiscal year, total exports were calculated at \$21.97 billion, 7.52 percent lower than the 11-month target in 2010-11.

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