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Fertiliser imports spiral as factories remain shut

SUMAN SAHA

The government's plan to keep the fertiliser factories shut to save gas somewhat backfired as it had to import 20 lakh tonne of fertilisers last fiscal year.

The closure of fertiliser factories for such an extended period is also compounding the wear-and-tear of the expensive equipment.

In fiscal 2011-12, the country's urea fertiliser plants incurred a production loss of 7.69 lakh tonnes due to shortage of gas supply, according data from Bangladesh Chemical Industries Corporation (BCIC).

The country needs 214 million cubic feet per day (mmcfd) gas to run the fertiliser units at full capacity, but it gets 64 mmcfd gas, compelling five of the six fertiliser plants to remain shut for different lengths during last fiscal year.

Chittagong Urea Fertiliser Ltd stayed shut the longest, for 273 days, followed by Ashuganj Fertiliser & Chemical Company Ltd, which was closed for 113 days, and Urea Fertiliser Factory Ltd, for 101 days.

Jamuna Fertiliser Company Ltd for 73 days and Polash Urea Fertiliser Factory Ltd for 96 days were the other notable shutdowns.

Currently, the government has withdrawn gas supplies from four factories, causing a production deficit of 4,200 tonnes of urea a day.

The six state-owned factories produced 9.33 lakh tonnes of fertiliser last fiscal year, way short of the target of 11.20 lakh tonne.

To make up the deficit, as per BCIC data, the government had to import over 20 lakh tonne fertilisers during that period, exhausting the country's precious foreign currency reserve.

In acknowledgement of the production deficit, Industries Minister Dilip Barua said the government would supply gas on a priority basis.

"Since power generation is one of government's top priorities, it had to divert the gas for power generation when it did," Barua said. He, however, pledged to resume operation in at least two closed factories after Eid-ul-Fitr.

The country's fertiliser requirement for the current fiscal year is estimated to be 25 lakh tonnes, Barua said.

Of this, BCIC's factories will produce 10 lakh tonnes, while the remaining 15 lakh tonnes will be sourced as follows: 4 lakh tonne from KAFCO, 9 lakh tonnes from state-to-state deals and 2 lakh tonnes to be imported through international tenders.

From left, Fazlul Hoque, president of Bangladesh Employers' Federation; Mohammad Hatem, vice-president of Bangladesh Knitwear Manufacturers and Exporters Association; AK Azad, president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI); Shafiul Islam Mohiuddin, president of Bangladesh Garment Manufacturers and Exporters Association; Annisul Huq, former FBCCI president; and Abdus Salam Murshedy, president of Exporters Association of Bangladesh, take part in a discussion on the garment sector at The Daily Star Centre in Dhaka yesterday. Related stories on page 1, B4

Social Islami Bank goes to court to clear terror financing charges

SAJJADUR RAHMAN

A Bangladeshi Islamic bank went to court to take three Jeddah-based terror-link suspected entities off its shareholders' list in an attempt to avoid international business restrictions.

Social Islami Bank Ltd, known as SIBL, has filed a lawsuit with the Fifth Joint District Judge's Court in Dhaka on Monday, said Ahsanul Karim, a lawyer for the bank.

The case was filed against two non-government organisations - International Islamic Relief Organisation (IIRO) and Islamic Charitable Society (ICS) -- and one Saudi individual named Shahir Abdulraouf Batterjee, the scion of a wealthy Saudi family. There are allegations against them that they have terrorist financing links.

"The bank (SIBL) has filed the case seeking the court's direction on how to take them off its shareholders' list," Karim told The Daily Star.

He said the SIBL has also sought the court's directive on the fate of the three entities' investments in the bank.

The IIRO and ICS came under the spotlight last month in the media after disclosure of a probe report by the US Senate Permanent Subcommittee on Investigations, on HSBC's lax governance to control money laundering.

The report detected that two Bangladeshi private banks -- Islami Bank and SIBL -- have foreign shareholders who are allegedly involved in terrorist financing.

SEC forms panel to probe glitch in stock trading system

SARWAR A CHOWDHURY

The Securities and Exchange Commission yesterday formed a four-member panel to investigate a technical glitch in the electronic share transaction system, which forced the twin bourses to suspend share trading early in the day.

The stockmarket regulator also asked the inquiry committee to look into how the malfunction happened, whether there was a lack of monitoring by officials, and the nature and depth of the problem, officials said.

The market watchdog also asked the panel, headed by SEC Executive Director Md Ashraful Islam, to submit a report to the commission within next five working days.

The three other members of the body are SEC Director Rajib Ahmed and one representative each from the IT departments of the Dhaka and Chittagong stock exchanges.

Earlier in the morning, the technical glitch in the electronic share transaction system forced the Dhaka and Chittagong bourses to suspend stock trading for yesterday.

However, the trading would resume today, as the malfunction was fixed after 20 hours at 12 noon yesterday.

"It's alright now," said MH Samad, managing director and chief executive officer of the CDBL, which operates the Central Depository System for the electronic share transaction.

"Hopefully everything will go fine in tomorrow's [today's] trade," he said, adding that this is the first time we found a technical glitch in the CDBL system since its launch in October 2003.

The bourses suspended trading after the CDBL failed to complete Monday's trading settlement after the malfunction in its system.

The CDBL also requested the stock regulator to suspend trade for yesterday.

"The board took the decision of trade suspension at an urgent meeting in the morning [yesterday]," said Shafiqur Rahman, deputy general manager (public relations) of the Dhaka Stock Exchange.

The authorities also decided to keep the transaction suspended until the technical glitch in the CDBL system is fixed, he added.

After every day's stock trade, the transactions are settled with CDBL. But on Monday, seller brokers could not transfer the shares sold by them earlier on the day to

Generation Next IPO gets green light

STAR BUSINESS REPORT

The Securities and Exchange yesterday approved the IPO application of Generation Next Fashions Ltd to raise Tk 30 crore from public.

Generation Next hopes to raise the sum through three crore ordinary shares at Tk 10 each using the fixed price method.

The textile maker, whose earnings-per share was Tk 2.09 as of December 2011, will use the IPO proceeds for loan repayment and business expansion.

Although the company sought Tk 24 as premium, in addition to Tk 10 as face value, the SEC did not sanction the premium.

BRAC-EPL Investment Ltd is the issue manager of Generation Next's IPO.

In October 2010, the SEC scrapped the IPO prospectus of Generation Next after the regulator had found the textile company to be in violation of the asset valuation rules.

A SEC probe on the matter found Generation Next to have showed the land of its chairman as company property and presented an inflated asset valuation to get higher indicative prices for its shares.

The textile maker then had plans to float three crore ordinary shares using the book building method, a modern pricing mechanism for IPOs.

The indicative price of each Generation Next share was fixed at Tk 50, with face value of Tk 10 and Tk 40 in premium.

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