

Make listing mandatory for state companies

DSE president shares his take on his last day in office

STAR BUSINESS REPORT

The regulator should make it mandatory for state companies to offload a portion of their shares to public, Rakibur Rahman, outgoing president of Dhaka Stock Exchange, said yesterday.

Part of the government's stakes in multinational companies should also be offloaded to the stockmarket, he said.

Rahman cited the Securities and Exchange Board of India as an example that the regulator has imposed financial penalty on Indian state-owned companies for not offloading shares in the market in a certain time.

"I have requested our regulator to take such an attempt," Rahman said.

After coming to power in 2009, the government promised to list state-owned companies on the stockmarket, but it is yet to happen.

Rahman shared his views with the media on the last day of his tenure on the

DSE. He took the reins of the bourse on March 15 last year.

The DSE is set to get new leadership after the annual general meeting scheduled for Saturday.

Newly elected four directors and eight existing directors will elect a president, a senior vice-president and a vice-president for the next one year. The four directors were elected on Monday.

The DSE board comprises 25 members, of which 12 are elected, 12 are nominated and one is ex-officio. Four directors retire every year and four others replace them through direct voting.

No stockmarket can be stabilised artificially, Rahman said. "Corporate governance and transparency are the main factors for a sustainable market."

"A strong regulatory monitoring is also a must for a stabilised and sustainable stockmarket," he said.

3G is a must to propel digitalisation: official

Seminar sheds light on high-speed internet

STAR BUSINESS REPORT

A lack of high-speed internet connectivity is the main technological barrier to digital development, and the drawback can be overcome with 3G licensing, ICT Secretary Nazrul Islam Khan said yesterday.

"We need 3G services immediately; otherwise, it is not possible to spread broadband services into people's palms," he said.

"The sooner 3G services are available, the faster we will be able to provide e-services."

The concept of e-service represents one prominent application of utilising the use of information and communication technologies in different areas.

Khan spoke at a seminar yesterday on 'Digital Bangladesh: Stakeholders Demands' at the CIRDAP auditorium. It was arranged by the department of film and publication and access to information programme of the Prime Minister's Office.

Khan, who is also the project director of A2I programme, said, "The mobile device is our future for all work, such as agriculture, education and health."

Public services can be provided

using mobile devices, and at the same time, the young generation can earn millions of dollars by exporting mobile applications.

He said the country enjoys almost 100 percent mobile coverage but 3G services are still absent.

Mustafa Jabbar, an IT expert, directed a question to the government, "Why has the 3G licence not been issued in the last four and a half years. This is an absolute failure on the part of the telecom ministry."

There are three crore mobile internet users in the country but they do not get the speed of more than 8 kilobits a second; it would be impossible to fulfil the government's dream of a Digital Bangladesh with that speed, Jabbar said.

The people have been promised by the government in the last 4-5 years that they would enjoy 3G services, but it never happened.

Bangladesh Telecommunication Regulatory Commission was supposed to initiate spectrum auction for 3G on June 24 this year, but it has been postponed to September 2.

There are disputes between the government and the operators on valued-added taxes and licence conditions.



SCHNEIDER

Pradeep Siakia, country president of Schneider Electric of Sri Lanka, Bangladesh and Maldives; Zahir Ahmed, head of power and industry of Schneider Electric Bangladesh; Anil Chaudhry, zone president of Schneider Electric; and S Nagarajan, vice president for power business, inaugurate Schneider's office in Dhaka yesterday.

Schneider opens new office, eyes expansion

STAR BUSINESS REPORT

Schneider Electric, a France-based specialist in energy management, inaugurated its new office yesterday in Dhaka in a bid to strengthen its foothold in Bangladesh.

The company has operations in power, buildings, industry, life space, energy and IT and will offer all these solutions from the new office.

The office, located at Mohakhali, will help the company bring its global expertise and provide the best quality global offers to Bangladesh, Anil Chaudhry, zone president of Schneider Electric, told reporters in Dhaka.

Schneider Electric has been present in Bangladesh since 2003 and the company has more than doubled its business in the last two years, Chaudhry said, without giving financial data.

"Bangladesh holds immense potential for us. The country has been growing at a GDP growth rate of 6-7 percent per annum and is expected to grow even faster in the coming years," Chaudhry said.

"Our new office is a start towards the further expansion of our presence in Bangladesh as we are cognizant of the high growth that the country is witnessing," Chaudhry said.

Schneider Electric is now executing an €8.8 million contract with Bangladesh Power Development Board for the construction of six substations in the country, he said.

New vice chairman of NCC Bank

STAR BUSINESS DESK

AS M Mainuddin Monem has recently been elected as the vice chairman of NCC Bank Ltd, the bank said in a statement yesterday.

Monem holds a BBA from Boston University and an MBA from Harvard Business School, USA with majors in finance, information systems and business strategy.

He is also the deputy managing director of Abdul Monem Ltd, chief executive of Novus Pharmaceuticals Ltd and AM Securities and Financial Services Ltd, and chairman of AML Power Ltd.



GSP verdict this month: official

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The GSP is important for Bangladesh, as any negative move by the US can influence other countries where Bangladesh enjoys the benefit, Bangladesh had said at the hearing.

On patent rights, the secretary said least developed countries will not need to pay for any patent rights for intellectual products until July 2021.

The TRIPs Council, the regulatory body for patent rights under the World Trade Organisation, has extended the tenure of a waiver on the rights for LDCs, in a meeting in Geneva on June 11-12, he said.

He said the tenure of the waiver under the TRIPs (Trade Related Aspects of Intellectual Property Rights) agreement was scheduled to end on June 30.

But the WTO agreed to extend the tenure as the LDCs, especially Bangladesh, negotiated desperately with the council, he said.

"Bangladesh's trade will be more competitive globally, as the country will not need to pay for patent rights, trademark and copyrights due to the waiver," Pharmaceuticals will not come under the purview of the fresh extension, as the patent rights for the drugs were waived till January 2016 under the TRIPs agreement, he said.

Bangladesh factory flaws hit spotlight

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The engineers found that huge numbers of the factories were housed in commercial or residential buildings not designed to withstand the vibrations and heavy loads of industrial use, Rahman said. Machinery vibrations were blamed as one of the causes along with additional illegal floors as the cause of the Rana collapse.

Most of the examined buildings did not have structural tests dating back to their construction, and it was "very rare" that an engineer supervised construction, Rahman said.

They found a building approved for only six stories that had been expanded to 10. Support columns that were supposed to have five steel bars inside them had only two. Other columns were too small to support the structures. Some of the buildings had structural cracks that threatened their integrity.

In one report, the engineers found structural cracks on two columns and a heavy power generator located on the roof, where its vibrations could threaten the building's integrity. They recommended sealing all the floors above the ground floor pending a more thorough assessment. Rahman said he told the owners it would be safer just to demolish the building and start over.

A five-story factory had 30-centimeter by 30-centimeter (12-inch by-12 inch) structural columns that did not appear strong enough to handle the load. The engineers called for sealing the top floor until the building could be strengthened.

Another factory building had seven stories instead of the

approved five and was meant for residential use. Its 25-centimeter by 25-centimeter (10-inch by 10-inch) columns were too small and the foundation was not wide enough to anchor the building in the red Dhaka clay. The engineers recommended closing the top two stories.

In other cases, the engineers called for the demolition of the illegal top floor of a seven-story building and the closure of several other buildings with structural cracks.

Rahman said some owners begged him to change the recommendations, saying they had three months of back orders to fill and then could address the problems. He refused.

Other owners appeared to think twice about the inspections.

The engineers were initially overwhelmed with requests to examine 400 buildings. But after their work began, some owners stopped answering their phones and engineers were unable to visit half of them, Rahman said.

It was not clear whether all the recommendations were being followed, but there were signs that some risky buildings were being forced into compliance.

Not far from the swampy pit where Rana Plaza once stood in the Dhaka suburb of Savar, a factory was dismantling -- on government orders -- two illegal floors it had been adding.

Industry and government officials said they were taking the results seriously and have announced a steady stream of factory closures in recent weeks.

"We are very much taking care of this thing, because we know that for

one or two buildings, we cannot destroy all the industry," said Azim from the garment manufacturers' group.

The group set up its own engineering team and inspected 200 suspect factories in recent weeks, he said. They found violations so worrisome they shut 20 of them, he said.

Some will be moved to other buildings, others will be strengthened and some will be allowed to reopen after heavy equipment is removed from upper floors, he said. It was not clear if those 20 factories overlapped with those inspected by the university.

The garment association also established rules forcing factories to submit structural plans and soil test reports or risk losing their membership in the organization -- and their export licenses, he said.

Textiles Minister Abdul Latif Siddique said the government was conducting its own inspections and expects to close factories as well.

"I think 200 to 300 factories will be vulnerable, and I think we will identify those buildings very quickly," he said.

In the wake of the Rana Plaza disaster, the country was under extreme pressure from Western brands to improve safety, he said. But he also appealed to those companies to pay higher rates to cover the upgrades.

"To provide security, better wages and compliance is not cheap," he said.

Swedish retailer H&M, PVH, the parent company of Calvin Klein, and Inditex, which owns Zara, are among companies that signed an agreement to help finance safety improvements in Bangladesh facto-

ries. Wal-Mart and the Gap have not.

Experts said the recent disasters were a product of the explosive growth of garment manufacturing here from a cottage industry into a behemoth that employs 4 million people. It began in the 1980s with small factories in residential buildings with no special fire exits, the workers sewing and cutting on the lower floors while the owner lived upstairs. When the business grew, the owner moved out and the factory expanded into the whole building.

Some factories later moved into commercial space. The most successful eventually constructed their own buildings, but even that was unregulated until Bangladesh established its first statutory building code in 2006.

Mubasshar Hussain, president of the Institute of Architects, Bangladesh, said 50 percent of the factories likely have problems, but all of them can be addressed within a year with a coordinated campaign to retrofit those buildings.

"We have the manpower, we have the technology, we have the material. All we need is the awareness of the owner," he said.

But Hussain worried that the burst of activity following the Rana Plaza collapse could dissipate. He pointed to a long-forgotten 2005 garment association report recommending close structural monitoring of factories in the wake of the collapse of the Spectrum sweater factory that killed 64 workers.

Siddique, the textiles minister, said the new disaster was too horrifying to be ignored.

"We are serious now, hopefully it will be better," he said.



SQUARE TEXTILES

Ratna Patra, vice chairman of Square Textiles, and Tapan Chowdhury, managing director, attend the 18th annual general meeting of the company on the factory premises in Gazipur yesterday. The company announced 18 percent cash and 15 percent stock dividends for 2012.



RECKITT BENCKISER

Reazul Haque Chowdhury, managing director of Reckitt Benckiser Bangladesh, attends the company's 52nd annual general meeting at Trust Milanayatan in Dhaka on Wednesday. The company announced 150 percent cash dividends for 2012. Nayan Ranjan Mukhopadhyay, chief financial officer, was also present.



PHOENIX INSURANCE

Mohammad Shoeb, chairman of Phoenix Insurance Co Ltd, takes part in the company's 27th annual general meeting in Dhaka on Wednesday. Phoenix announced 25 percent stock dividends for 2012. Md Jamirul Islam, managing director, was also

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Regarding the ongoing case at a Canadian court on the corruption allegations, the minister said: "Though the ACC went to Canada, they could not get any information due to bar in the laws of that country. Until the case is closed, I don't think we can get any information from there."

"A person claimed that he decided to bribe some people. He is a Bengali American, and has fled the country. It seems he will not return."

Regarding the Hall-Mark scam, the finance minister said it would be difficult to take action against the directors of Sonali Bank on charges of their involvement in the scam.

M Aslam Alam, chairman of Sonali Bank (UK) Ltd, handed over the dividend worth £4 lakh to Muhith.

AHM Habibur Rahman, chairman of Sonali Bank, and Pradip Kumar Dutta, managing director, and Ataur Rahman, chief executive officer of Sonali Bank (UK) Ltd, were also present.

WB report incomplete but objective: Muhith