

সমৃদ্ধির খোপান **দ্বিগুণ আয়ের শ্রেষ্ঠ উপায়**

মুদারাবা দ্বিগুণ বৃদ্ধি ডিপোজিট স্কিম

সর্বাধুনিক প্রযুক্তি ও সমৃদ্ধ ব্যাংকিং সেবায় আনানত দ্বিগুণ করুন স্বল্পসময়ে

ইসলামী শরী'আহ মূদারাবা নীতির ভিত্তিতে পরিচালিত

যে কোন প্রয়োজনে ০৯৬১২০০১১২২



star BUSINESS

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Commercial papers: short-cut to funds

SUMAN SAHA

A new money market instrument -- commercial paper -- is gaining popularity among companies owing to its low cost and easy access.

At least four companies have so far raised Tk 345 crore through six commercial papers since its introduction in the country in October 2013, with half of the funds collected in just the last four months.

Many companies are interested in CP as it is a low-cost alternative to bank loans, said Ali Reza Iftekhar, managing director and chief executive of Eastern Bank that introduced the short-term debt instrument in Bangladesh.

EBL has so far arranged Tk 100 crore through this channel for ACI and Shanta Properties and has another Tk 200 crore worth of deals in the pipeline, he added.

Companies issue commercial papers, a short-term unsecured debt instrument, to raise funds from subscribers to meet their interim financing needs. Financial institutions act as arrangers and agents for the issuers.

Maturities on commercial papers rarely range any longer than 365 days, and the debt is usually issued at a discount, reflect-

COMMERCIAL PAPERS		
ISSUER	LEAD ARRANGER	AMOUNT (IN CRORES OF TK)
ACI (Oct 2013)	Eastern Bank	50
ACI (Jun 2014)	City Bank	75
Shanta Properties (Aug 2014)	Eastern Bank	50
Pran Agro (Dec 2014)	Mutual Trust	45
Bengal Plastics (Feb 2015)	Mutual Trust	50
ACI (Mar 2015)	IDLC Finance	75

SOURCE: INDIVIDUAL FINANCIAL INSTITUTIONS

ing prevailing market interest rates.

Since it is not backed by collateral, only firms with high-quality debt ratings will easily find buyers without having to offer a substantial discount (higher cost) for the debt issue.

With CP, companies can now get funds at 10-11 percent interest against the normal lending rate of 13 percent, which explains their rising popularity, according to Anis A Khan, managing director of Mutual Trust Bank that already arranged Tk 95 crore this way.



BASHUNDHARA
CEMENT

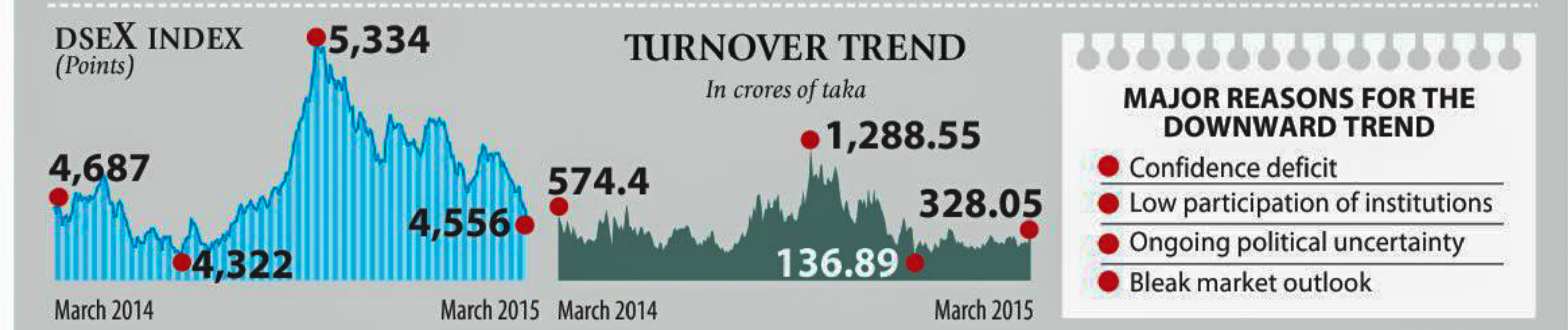


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STOCKS BATTERED AS CONFIDENCE DIPS

A lack of investor confidence coupled with the ongoing political instability poses a serious risk to the stockmarket. The benchmark index of the Dhaka bourse plunged to an eight-month low on Monday, shedding all the gains of the last one year.



- MAJOR REASONS FOR THE DOWNWARD TREND**
- Confidence deficit
 - Low participation of institutions
 - Ongoing political uncertainty
 - Bleak market outlook

SECTORAL PERFORMANCE IN CAPITALISATION OF TOP MARKET MOVERS



Rana Plaza fund is a broken promise

15 retailers yet to pay pledged contributions

REFAYET ULLAH MIRDHA

WHO DID NOT PAY

- Adler Modemärkte
- Grabalok (Store 21)
- Manifattura Corona
- Ascena Retail
- Iconix (Lee Cooper)
- NKD
- Benetton
- JC Penney
- PWT (Texman)
- Carrefour
- KANZ/ Kids Fashion Group
- Robe di Kappa
- Cato Fashions
- LC Waikiki
- Yes Zee

Fifteen retailers and brands that have committed to contributing to the Rana Plaza Trust Fund for the victims are yet to pay, even after two years have passed since the deadly industrial disaster claimed the lives of 1,138 workers and injured many more.

A total of 29 western retailers and brands used to buy garments from the five factories housed in the unauthorised, sprawling Rana Plaza building in Savar, about 30 kilometres from Dhaka.

"The activities of the fund are still on. We are working with stakeholders to collect and disburse funds to the victims," said Srinivas B Reddy, country director of International Labour Organisation.

The Rana Plaza Claims Administration (RPCA) had previously estimated the size of the fund at \$40 million, which was later cut down to \$30 million, due to poor responses from the retailers and brands. The available fund now stands at \$21 million, including the \$2.49 million from the prime

minister's relief fund.

In a meeting on December 17 last year, the Rana Plaza Coordination Committee (RPCC) reviewed the estimate of the fund and reset the figure, according to Rana Plaza Arrangement, a website for information on Rana Plaza fund disbursement.

The amount has been reduced as two components of the claims -- income replacement and future medical/allied care needs -- have been replaced from the process arranged under the ILO Convention 121. The ILO is managing the fund.

From March to September 2014, 2,832 claims have been received from dependents of the deceased or missing, as well as injured workers, according to the website.

Nearly 1,500 claims have been endorsed by RPCC and 1,400 more awards needed to be finalised for approval until October last year. All the awards endorsed so far have already been dispersed to the claimants. RPCA has received 141 claims from the families of the missing workers.

Non-banks asked to depend less on call money

STAR BUSINESS REPORT

The central bank has recently asked non-bank financial institutions to reduce their dependence on call money -- a short-term bank loan repayable on demand.

The directive has forced many non-banks to adjust their additional exposure, causing a fall in interest rate and a rise in transactions.

"We have been asked verbally to bring down our reliance on call money, which doesn't generate any revenue for the government," the chief executive of a non-bank said.

A non-bank had a transaction ceiling of Tk 154 crore in the call money market, which came down to Tk 100 crore in February and went down further to Tk 50 crore this month. So, the financial institutions with higher exposure were forced to make the adjustments.

The weighted average call money rate declined to 7.63 percent on March 12, down from 8.25 percent a month ago, according to Bangladesh Bank data.

Around Tk 5,491 crore was transacted in the call money market on February 12, which shot up by more than 25 percent to Tk 6,876 crore on March 12.

Asad Khan, president of Bangladesh Leasing and Finance Companies' Association, said the BB directive was good for the industry as there are alternative products in the market.

"We can take deposit directly instead of borrowing from the call money market," said Khan, also the managing director of Prime Finance.

Call money is still an important source of money for the non-banks. Transactions in the call money market increase and get volatile ahead of Eid-ul-Fitr and Eid-ul-Azha, the two biggest festivals in Bangladesh.

Contract farming to be made compulsory for betel leaf export to EU

SOHEL PARVEZ

The government is set to enforce contract farming arrangement to ensure export of safe betel leaves to the European Union, an official of the agriculture ministry said.

The move comes with a view to convincing the EU to lift a ban on betel leaves from Bangladesh, enforced in February last year after repeated detections of bacterial contamination in consignments shipped from the country.

Priority will be given to shipment of betel leaves grown on contract farming arrangements, said Anwar Faruque, director general of the agriculture ministry's seed wing.

But exporters wishing to ship to the EU must source betel leaves from the contract growers.

In line with the plan, the agriculture ministry has already identified nine districts to grow safe betel leaves.

The districts are: Bagerhat, Barisal, Chuadanga, Jhinaidah, Kustia, Moulvibazar, Munshiganj, Rajshahi and Sylhet.

Some 200 betel leaves farmers will preliminarily be selected. The selection will then be narrowed down to 100 by Department of Agricultural Extension and exporters.

The 100 chosen growers will get training on production of safe and environmental hazard-free betel leaves and their packing to ensure smooth entry of the item to destinations in the EU, Faruque said.

Good Agricultural Practices (GAP) will be followed in betel leaf-producing zones, he said.

GAP are practices that address environmental, economic and social sustainability for on-farm processes and result in safe and quality food and non-food agricultural products, according to Food and Agriculture Organisation.

Phytosanitary certificates, which validate that the plant products are pest-free, will be issued to exporters based on recommendations from upazila agriculture officers of the selected districts, according to the decision of a meeting on export of betel leaves and vegetables to the EU.

The EU authorities had detected salmonella on betel leaves from Bangladesh as far back as 2010 before it decided to enforce a ban. For instance, in 2011-2012, there were 77 such notifications, said an audit report carried out by an EU team in 2013.

Following the ban, the agriculture ministry took various initiatives including framing of an action plan to ensure salmonella-free betel leaves export to EU. The action plan is likely to be finalised in a week.



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Meghna Bank Limited

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