



# BUSINESS

DHAKA MONDAY JULY 6, 2015

## WB plans big to fund connectivity

*Bangladesh will pay more for loans as it graduates to lower middle income status*

REJAUL KARIM BYRON

The World Bank is preparing a five-year country strategy for Bangladesh, putting its focus on connectivity to link the country with three other nations, and for ensuring food and water security.

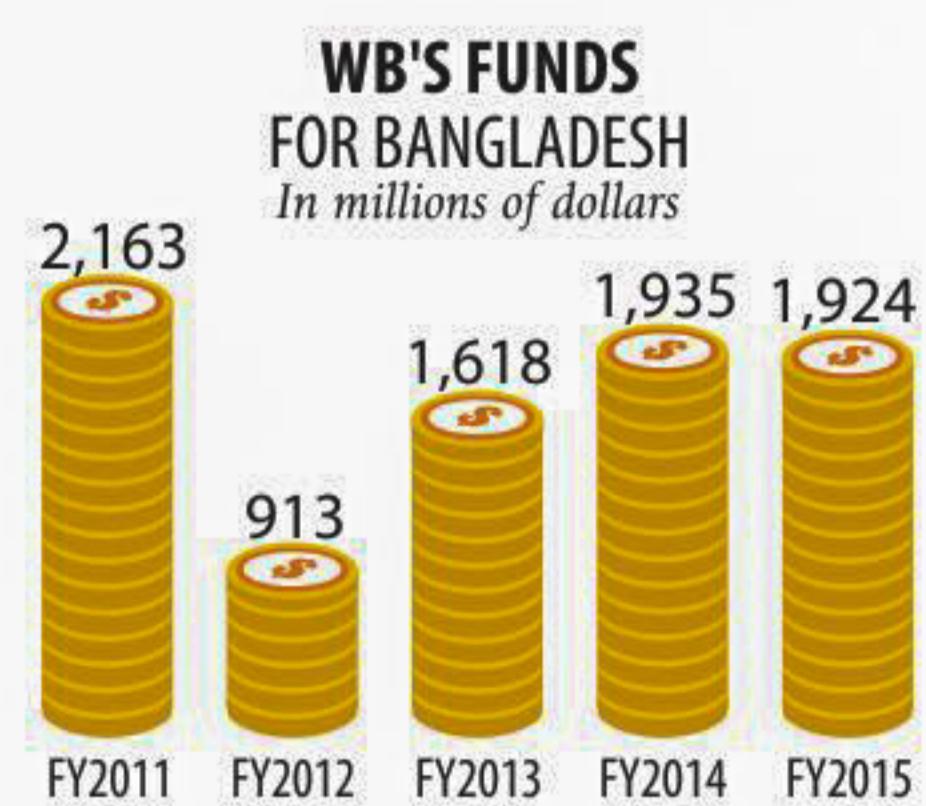
However, under the new country framework, Bangladesh may have to pay more in service charges for the funds it receives from the WB following the country's graduation to the lower middle income status from a low-income nation.

Last month a WB mission completed a round of consultations on the five-year scheme, which begins this fiscal year.

An official of the government's Economic Relations Division said the team will visit Bangladesh again in September when the framework will be finalised.

The ERD official said the WB plans to expand funding in the areas of infrastructure such as power, energy, roads and ports as well as water and railway transport.

The lender has expressed interest in regional infrastructure projects, including hydropower generation, cross-border power



transmission and distribution, and regional trade facilitation projects with India, Bhutan and Nepal.

The five-year scheme will also focus on Bangladesh Delta Plan 2100, which aims to help the country ensure food and water security and fight disasters.

On June 16, Bangladesh, the Netherlands, the WB and the International Finance Corporation, the private sector lending arm of the WB, signed a joint agreement to support the Delta Plan.

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**BB must widen scope for hedging**  
*Businesses say widespread use of this financial instrument helps save millions*

REFAYET ULLAH MIRDHA

Bangladeshi businessmen can hardly enjoy the benefits of hedging on import of basic commodities as the commercial banks are not allowed to provide this modern financial service widely.

Hedging is a risk management strategy used in limiting or offsetting the probability of loss from fluctuations in the prices of commodities, currencies or securities.

In effect, hedging is a transfer of risk without buying insurance policies.

In case of hedging, importers need to pay a certain amount of money in advance to the exporters, which is not permitted under existing foreign exchange rules.

Hedging, if widely used for imports of commodities, will help save millions of dollars as importers will be protected against adverse price movements.

At present, if any bank wants to offer hedging facilities it will have to take prior permission from the central bank, said Md Ahsan Ullah, executive director of Bangladesh Bank.

A separate guideline for hedging is not needed as there are international rules for this particular instrument, he added.

Recently, with the significant fall of petroleum products worldwide, many airline companies hedged to take advantage of the lower prices of the products to save the operating cost significantly.

Some airlines have already stepped up hedging, especially after the benchmark Brent crude slipped below \$50 a barrel in December last year.

But the Bangladeshi businessmen have been importing the goods at the current higher prices from the international markets, although it was possible to bring the goods at much lower prices through using the hedging instrument.

As a result, the local consumers sometimes have to pay exorbitant prices for the commodities, as the purchasing prices are also higher.

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Choon Soo Moon, middle, country manager of Samsung Electronics Bangladesh, and Romo Rouf Chowdhury, left, managing director of Rangs Group, take a look at high-definition TVs after opening a premier showroom of the Korean company at Rangs Panorama building in Dhanmondi yesterday.

## Samsung opens first exclusive store

*Rangs Group partners with Korea's electronics giant*

STAR BUSINESS REPORT

Samsung Electronics opened its first exclusive store in Dhaka yesterday.

The South Korean electronics giant opened the premium showroom in Dhanmondi in association with Rangs Group, a major local conglomerate. Rangs will operate the store, exclusively selling Samsung products -- from televisions to home appliances to mobile phones.

The initiative will enable the customers of the brand to access a wide range of latest Samsung mobiles, tabs, televisions, refriger-

ators, air conditioners, washing machines and microwave ovens all under one roof.

Choon Soo Moon, country manager of Samsung Electronics Bangladesh, and Romo Rouf Chowdhury, managing director of Rangs Group, one of the local distributors of Samsung products in Bangladesh, opened the showroom.

"Samsung always focused on simplicity of service. A brand showroom in Bangladesh of its own was due for the customers to enjoy the Samsung innovations. We are proud to be associated with Rangs," Moon said.

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## Regulator to probe Hakkani Pulp's unusual price hike

*Shares of the Chittagong-based company rose three times in just one month*

STAR BUSINESS REPORT

The stockmarket regulator has formed a panel to investigate unusual hikes in the prices of shares of Hakkani Pulp and Paper Mills.

The panel consists of two deputy directors of Bangladesh Securities and Exchange Commission: Mohammad Golam Kibria and Mohammad Shamsur Rahman.

They will submit the investigation report to the regulator in a month.

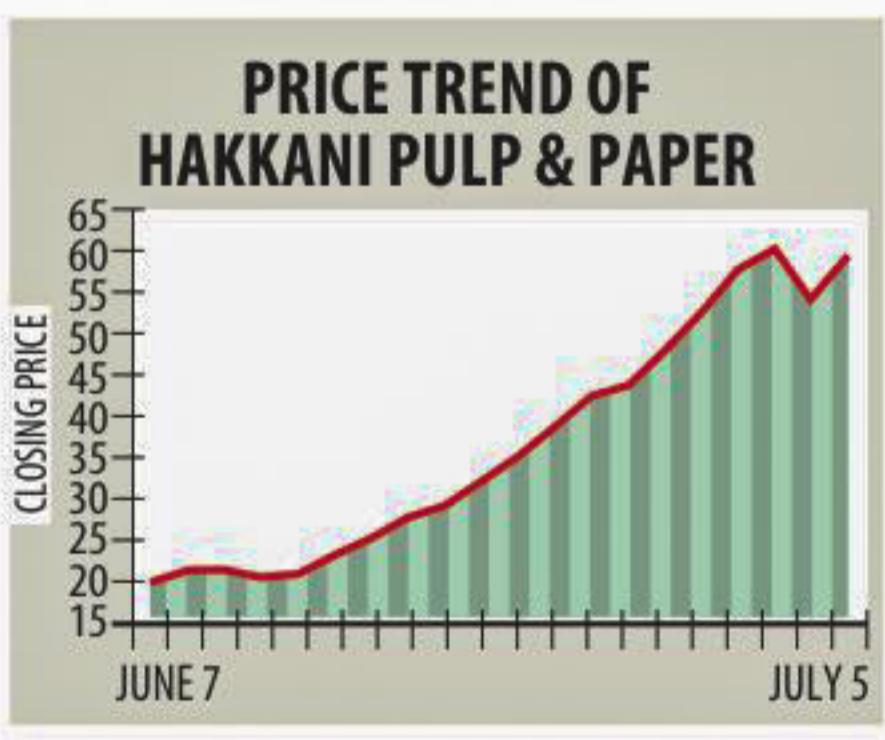
The share prices of the Chittagong-based paper maker, which was listed in 2001, trebled in just one month.

The price remained stable on Thursday, but started increasing again yesterday in continuation with the last one month's trend and stood at Tk 59.5 per share on the Dhaka Stock Exchange.

But the company's share prices never crossed the Tk 45-mark in the last two years. The sudden rise in prices attracted attention of many and prompted the regulator to go for an inquiry.

Hakkani Pulp dominated the top gainer's chart most of the days in the last two weeks and became the second best performer yesterday with a 9.98 percent rise.

On April 30, the company announced a plan to produce various types of tissue paper under a Tk 16.5-crore project to be financed by banks. Its share price started rising after a month of the announcement.



The company disclosed another plan on June 14 to upgrade its effluent treatment plant with its own fund of Tk 1.47 crore.

On the same day, it also disclosed that Social Islami Bank's Agrabad branch has approved a loan of Tk 42.25 crore to implement BMRE (balancing, modernisation, rehabilitation and expansion) and the tissue paper project.

Its production capacity will be raised by about 60 tonnes a day, Hakkani Pulp said in a notice on the DSE website.

After three days, the company again said the tissue paper project would go into commercial production in July 2016.

Hakkani Pulp also said another project to produce writing, printing and glossy paper would take off in July 2017.

The company gave 5 percent cash dividends for 2014 after making a net profit of Tk 76 lakh.

## Stocks open week in red

STAR BUSINESS REPORT

Stocks opened the week in the red, with the benchmark index of the Dhaka bourse increasing 36.58 points or 0.8 percent to close at 4,536.

"The pullback continued as investors went for profit booking on stocks that saw a short rally last week," LankaBangla Securities said.

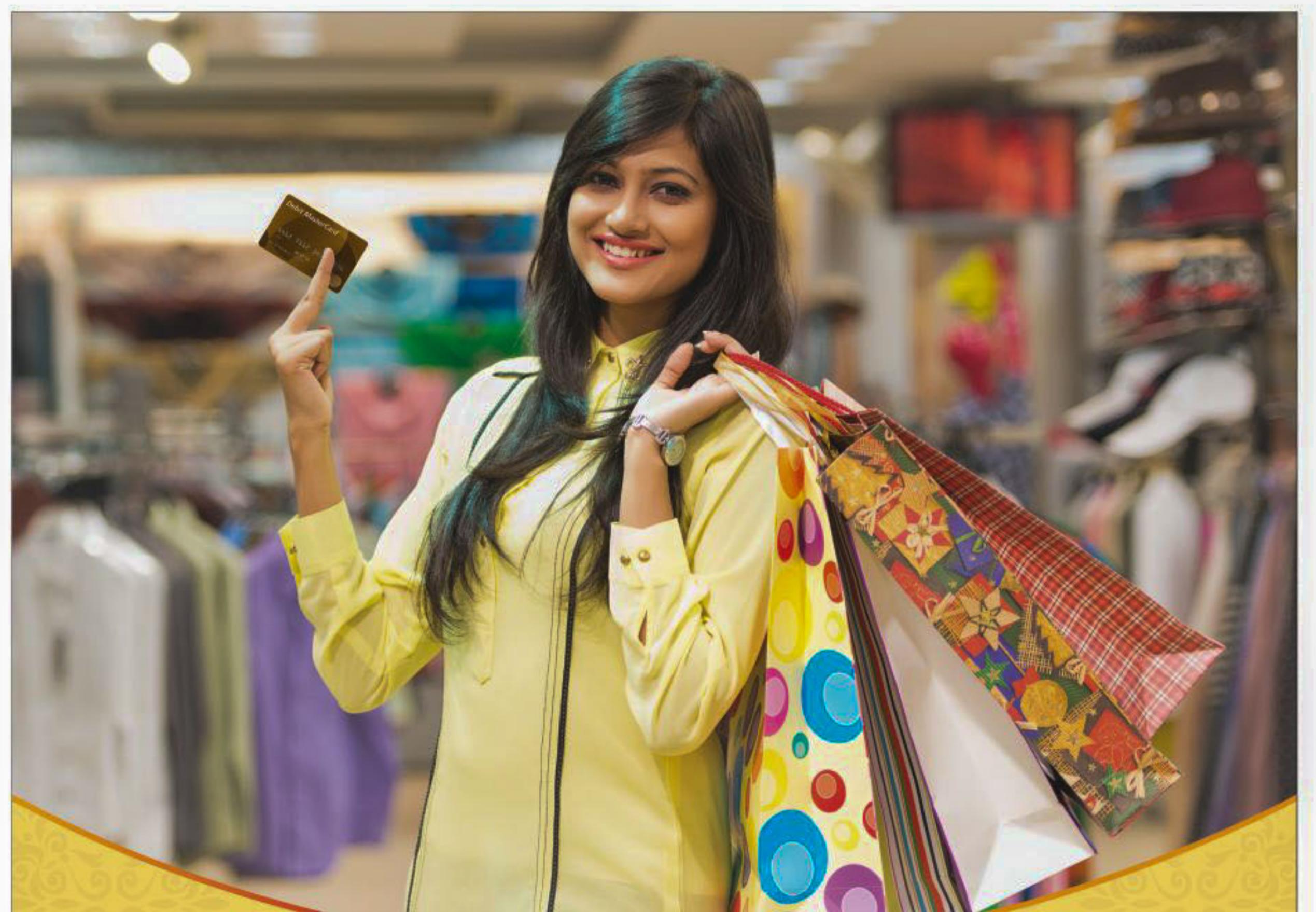
Turnover, an important indicator of the market, fell 7.23 percent to stand at Tk 468.23 crore on transactions of 12.39 crore shares and mutual fund units.

Of the traded issues, 84 advanced and 194 declined with 34 securities remaining unchanged on the premier bourse at the end of yesterday's trading.

Lafarge Surma Cement topped the turnover chart with 24.99 lakh shares worth Tk 29.54 crore changing hands, followed by Olympic Accessories, Beximco, ACI and United Power Generation and Distribution Company.

Standard Ceramic was the day's best performer, advancing 10 percent, while First Bangladesh Fixed Income Fund was the worst loser, slumping 9.83 percent.

Chittagong stocks fell yesterday with the bourse's benchmark index, CSCX, declining 78.24 points to stand at 8,498.42.



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