

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES											
DSEX	▼ 1.31%	Gold	▼ \$1,087.60	MUMBAI	▼ 0.15%	TOKYO	▲ 0.78%	SINGAPORE	▼ 0.44%	SHANGHAI	▲ 1.91%	USD	78.45	EUR	82.60	GBP	116.64	JPY	0.62
4,443.15		Oil	▼ \$47.68	26,265.24		19,265.860		3,010.47		3,590.03		BUY TK	79.45	86.60	120.64	0.65			

এসআইবিএল রিটেইল ব্যাংকিং
জীবনের জন্য, জীবন যাপনের জন্য

এসআইবিএল ইসলামিক কনজুমার ফাইন্যান্স
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Star BUSINESS

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Govt designing a pension scheme for private sector

Banking division given a timeframe to act on it

REJAUL KARIM BYRON

The government will introduce a mandatory pension scheme for the private sector under the new National Social Security Strategy (NSSS) that was announced last week by the planning commission.

The cabinet has already given a timeframe to the banking division of the finance ministry to prepare a modus operandi for the scheme, said Shamsul Alam, member of the General Economics Division of the planning commission.

The first tier would be the citizens' pension scheme: senior citizens belonging to the poor and vulnerable group and above 60 years of age will receive Tk 500 per month and those of 90 years and above Tk 3,000.

This form of pension scheme is already in place but the government plans to extend it further under the new system.

The second tier involves a contributory pension scheme for the formal sector workers -- and is a new concept that the state is exploring.

It would provide pensions and address other contingencies such as disabilities, sickness, workplace accidents, unemployment and maternity.

Initially, it would be aimed at those in the formal sector from whom contributions can be collected relatively easily on a mandatory

basis but will gradually be extended to the informal sector.

At the start, the fund will be managed by the newly formed Insurance Development and Regulatory Authority under the finance ministry's banking division.

The third tier would be a voluntary pension scheme, which people can opt for if they want an additional income in old age -- and would be managed by the private sector.

This tier would encourage growth of private and employment-based pensions, according to the NSSS document.

The process will start by the commissioning of a study of the current private pension schemes to make recommendations on how to encourage growth of private pension scheme and ensure security of investments by the members of such scheme.

The banking division will conduct the study, which will examine the viability of establishing a pension regulatory authority that will be responsible for supervising private pensions, thereby ensuring their integrity, fairness and financial sustainability.

Although the government has given the nod to the proposed three-tier pension system in principle, it will take some time for implementation as it is a complex process, Alam said, adding that a tentative deadline of 2018 has been set to complete the whole process.

Businesses sell off oceangoing ships as freight rates fall

Owners cannot pay off bank loans with earnings from the vessels

SAJJADUR RAHMAN

Declining freight rates and high operating costs are forcing local entrepreneurs to sell off their oceangoing ships, industry insiders said.

Owners sold 40 out of 72 ships registered with Bangladesh Ocean Going Ship Owners' Association in the last two years.

Between 2009 and 2012, local entrepreneurs bought 48 such ships.

"We are going through tough times, especially because of the sliding freight charges," said Azam J Chowdhury, president of the association.

Chowdhury, who is also the chairman of East Coast Group, said freight rates went down 60 percent in the last few years, mainly due to a slowdown in the world economy.

Owners cannot pay off their bank loans with the freight charges they earn, said Morshed Murad Ibrahim, a former president of Chittagong Chamber of Commerce and Industry.

Ibrahim said he has decided to sell two of his ships and is looking for buyers.

Boston Consulting Group (BCG), a US-based firm, forecast shipping freight rate will decline 1.6-2.6 percent per year over the next four years. BCG's research showed that rates had declined by

SHIP-OWNERS
IN TROUBLE



- Owners sold **40** ships in the last **2** years
- Freight rates fell **60%** in the last few years
- The rate will decline **1.6-2.6%** per year over the next **4** years: study
- Operating cost for a ship is **\$7,000-\$10,000** per day
- Fear of job losses as a ship employs **20-22** crew members

an average of 2 percent per year for the past 7/8 years.

A decline in China's trade with other countries has also made the ship-owners worried.

"The link between the slowing global economy and the shipping industry is evident," said Mohammed Mohsin, vice chairman of PHP Family that sold two of

its oceangoing ships.

The operating cost for an oceangoing ship hovers between \$7,000 and \$10,000 per day. A ship has to count huge losses if it sits idle for a day or is used for one-way business.

Another reason why the ships are being sold off is their age -- many are more than 25 years old and need special permission to sail through different routes and ports. Also, their operating costs are high.

Meghna Group of Industries sold one of its three vessels for \$11 million (Tk 85 crore), although the conglomerate had bought it at \$23.5 million (more than Tk 183 crore).

Meghna runs two short-haul ships on Thailand and Vietnam routes to carry raw materials for cement manufacturing. Yet, the operation is not sustainable as the costs are high.

Former commerce minister Amir Khasru Mahmud Chowdhury, who had three ships, sold all of them.

East Coast Group sold its bulk ship that had a capacity of 100,000 tonnes as scrap metal after just three years of use. PHP Family sold two ships that carried bitumen. Abul Khair Group also sold two of its ships.

Friendly policy decisions, such as the reduction of registration costs and allocation of frequency and ship station licences encour-

aged local entrepreneurs to buy oceangoing vessels to ply foreign waters.

The registration fee for a 40,000-tonne ship was Tk 10 crore, which was brought down to only Tk 50 lakh by the previous government.

The declining market price of ships since the global financial crisis in 2007 also pushed local businesses to buy ships at lower prices.

Depending on the age, a 40,000-tonne ship could be bought for as low as Tk 70 crore to Tk 100 crore, while the bigger ships cost Tk 150 crore to Tk 200 crore.

Conglomerates such as Abul Khair Group, Bashundhara Group, Akij Group, Meghna Group of Industries, East Coast Group, Desh Bandhu Group, HRC Group, Ratanpur Shipping, Trans Ocean Group and others bought two to three ships or more between 2009 and 2012.

Many of these companies have already sold their ships to avoid further losses. But the trend comes as bad news for prospective mariners, whose job scope had widened when the entrepreneurs started pouring money into the ships.

A ship employs 20-22 crew members, with seven of them being officers who earn up to \$12,000 per month as salary, said Habibur Rahman, a former principal officer of Mercantile Marine Department.

Rural women to get ICT training

STAR BUSINESS REPORT

Six buses equipped with ICT training materials will travel across the country to reach marginalised and underprivileged women under a project of the ICT Division.

The project aims to enhance job skills of women who cannot move from their own localities to seek such training and jobs due to socio-economic barriers.

Each bus will be air-conditioned, soundproof and equipped with 25 workstations. Training infrastructure will include one laptop per trainee, large format LED screens, sound systems, Wi-Fi, customised training modules, learning software and generators.

The buses will be ready for launch by January 2016 and will target more than 2.4 lakh women in hard-to-reach areas in the next three years, said Zunaid Ahmed Palak, state minister for the ICT Division.

The initiative will create new jobs for women as they will learn how to use new technologies, said Palak. "If this becomes successful, we will make further plans."

The buses will also act as experience zones, opening new horizons for the rural women, he said.

Mobile operator Robi and China's telecom vendor Huawei will directly support the project, according to a memorandum signed at the ICT Division in Dhaka yesterday.



Zunaid Ahmed Palak, state minister for ICT Division; Md Manjur Kadir, joint secretary; Mahtabuddin Ahmed, Robi's chief operating officer, and Zhao Haofu, CEO of Huawei Technologies (Bangladesh), attend an agreement signing ceremony to work for the sustainable development of Bangladeshi women through ICT, at the ICT Division in Dhaka yesterday.

Banglalink revenue grows 9pc in nine months

in crores of taka



MUHAMMAD ZAHIDUL ISLAM

Banglalink's revenue grew 9 percent year-on-year to Tk 3,510 crore in the first nine months of 2015, according to data from its parent company VimpelCom.

The company's revenue stood at Tk 1,190 crore in the July-September quarter.

In a report, VimpelCom praised Banglalink as a company with 'continued strong performance' and said: "Superior customer experience is a result of the strengthened network and attractive data offers."

VimpelCom did not provide details on the operator's profits. However, earlier last month, Banglalink Chief Executive Officer Ziad Shatara confirmed that they are making profits at the moment.

The operator is progressing in data revenue and data use, according to the report.

Banglalink's revenue from data grew 94 percent year-on-year to Tk 229 crore in the first nine months of 2015.

The operator's data per user stands at 104 MB a month, which was only 41 MB in September 2014, according to the report.

"Our data speed is the highest among other mobile phone operators in the country and so, we will see more users next time and our data performance will be much higher," said a senior executive.

Banglalink, the second largest operator by subscribers in Bangladesh, has around 1.48 crore data users out of its 3.23 crore active users as of September.

The expansion of its 3G coverage is one of the reasons for the growth; its 3G coverage brings 31 percent of the country's population under its network.

Banglalink customers' use of the voice segment declined. In the last quarter, an average Banglalink customer used 188 voice minutes, while it was 201 minutes in the quarter before that.

Stocks hit by low confidence

STAR BUSINESS REPORT

The key index of the Dhaka bourse yesterday hit more than a five-and-a-half-month low at 4,443 points, as investor confidence dipped further amid a bleak market outlook.

DSEX, the benchmark index of the Dhaka Stock Exchange, dropped 59 points or 1.31 percent, before touching the low on the first trading day of the week. The index closed at 4,407.42 points on May 18.

The extended downturn resumed in the maiden session of the week taking a toll on the market, as panicked investors moved to safeguard capital, IDLC Investments said.

A dearth of investment in the real economy coupled with escalating violence has spoiled appetite for the stockmarket, according to IDLC.

Sell-offs eclipsed most of the scrips and pushed them down 3 percent, the merchant bank said.

Export growth as well as the devaluation of the taka, which is expected to help exporters, could not cheer up investors.

Turnover, another important indicator of the market, declined 6.18 percent to Tk 314.71 crore with 8.29 crore shares and mutual fund units changing hands on the DSE.

Of the traded issues, 64 advanced and 226 declined and 23 securities closed unchanged on the premier bourse.

Ifad Autos dominated the turnover



chart with 19.83 lakh shares worth Tk 25.11 crore changing hands, followed by KDS Accessories, Saif Powertec, Quasem Drycells, and BSRM.

Almost all the major sectors declined in market capitalisation with textile taking the highest hit of 1.88 percent, followed by banks that lost 1.54 percent, fuel and power 1.01 percent and pharma 0.56 percent.

Conversely, only the ceramic sector gained 0.58 percent.

IFIC Bank 1st Mutual Fund was the day's best performer with 6.81 percent gains, while Tallu Spinning was the worst loser, shedding 9.69 percent.

Chittagong stocks also suffered yesterday with the bourse's benchmark index, CSCX, sliding 92.8 points or 1.1 percent to finish the day at 8,275.05 points.

Losers outnumbered gainers as 162 declined and 51 advanced, while 20 finished unchanged on the Chittagong Stock Exchange.

Taka continues to fall against dollar

SAJJADUR RAHMAN

The taka has continued to fall against the dollar for two weeks now after nearly one year of an unchanged exchange rate, according to data from the Bangladesh Foreign Exchange Dealers' Association.

"Market forces are determining the exchange rate," said Kazi Sayedur Rahman, general manager of Bangladesh Bank's foreign exchange reserve and treasury management department.

Though the trend is forcing businesses to pay more for their imports, it has become a boon for exporters and remitters. There is also a fear of inflationary pressure.

BAFEDA data shows the BC (bills for collections/import payments) selling rate reached nearly Tk 80 a dollar yesterday, compared to Tk 78.2 on October 26.

Citibank and Commercial Bank of Ceylon quoted the highest -- of Tk 79.95 -- for the BC selling rate a dollar yesterday, while ICB Islamic Bank the lowest, of Tk 78.3.

In the kerb market, the dollar traded at over Tk 82 yesterday, while the inter-bank exchange rate for a dollar was Tk 78.23, compared to Tk 77.88 on October 26, according to the central bank.

In fact, the inter-bank exchange rate

remained unchanged at Tk 77.80 for the 10 months to October 25 this year.

Though the inter-bank exchange rate looks significantly lower than the market rate for import payments, the reality is that no banks have dollars to trade between them, said a senior treasury official of a private bank.

Replying to a query, Rahman said the BB will sell dollars if the market needs it. At present, Bangladesh's foreign exchange reserves stand at around \$27 billion.

Bankers blame the exchange rate fall on slow export growth, negative growth in inward remittances in October compared to the previous month, payment pressure from oil import by Bangladesh Petroleum Corporation and the increasing foreign currency loans extended by offshore banking units. Inward remittances fell about 19 percent to \$1.09 billion in October from the previous month. Remittances grew 6.83 percent year-on-year in October.

The country's export earnings rose 21.15 percent year-on-year to \$2.37 billion in October, returning from a 5 percent decline in September.

It seems the taka will fall further, said a senior banker, adding that the trend is a temporary phenomenon.

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