

# Indian brand Fortune Basmati launched in Dhaka

STAR BUSINESS REPORT

Bangladesh Edible Oil Ltd has brought the popular Indian rice brand Fortune Basmati to the local market.

Two variants of the brand -- Fortune Biryani Special and Fortune Everyday Basmati -- will be available in one and five kilogram packets, BEOL officials told a press conference held at The Daily Star Centre yesterday.

Rafia Ahmed, winner of Rupchanda-The Daily Star Super Chef 2016, and Hasina Irfan, the runner-up, formally launched the brand at the press conference.

BEOL Marketing Manager Faisal Mahmud said they will export the best Basmati rice to ensure quality for consumers.

BEOL Head of Sales and Marketing Shoeb Md Asaduzzaman also spoke.



Rafia Ahmed, winner of Rupchanda-The Daily Star Super Chef 2016; Hasina Irfan, runner-up of the cooking reality show; Faisal Mahmud, marketing manager of BEOL; and Shoeb Md Asaduzzaman, head of sales and marketing, pose at the launch of Indian rice brand Fortune Basmati, at The Daily Star Centre in Dhaka yesterday.

## Next conference of UN body on tourism to be held in Dhaka

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The 29th Conference of the UN World Tourism Organisation will be held in Dhaka in February next year.

The organisation took the decision of holding the conference, in its 28th meeting held in Japan, the civil aviation and tourism ministry said in a statement. A delegation led by SM Golam Faruk, civil aviation and tourism secretary, is now in Japan for the conference.

The Organisation of Islamic Conference's body on tourism selected Dhaka as the venue of the conference.

## Chinese car brands' growth checked by pricing

REUTERS

China's indigenous automotive brands lack pricing power and lag established global brands in major market segments such as sedans, challenges that are slowing their otherwise rapid ascent in the world's biggest auto market, an industry executive said.

"Even as Chinese local brand cars experience rapid growth and progress, there are some relatively big competitive pressures," Zhu Huarong, President of Chongqing Changan Automobile Co, told the Global Automotive Forum, a two-day industry conference that opened on Monday in the southwestern Chinese city of Chongqing.

Zhu's words of caution come as global automakers are increasingly concerned about a steady market share loss to Chinese brands at a time when the overall market's growth is slowing.

Chinese brands held 31.4 per cent share of the Chinese passenger auto market last year, rising nearly 2 percentage points since 2013, according to data compiled by Changan.

But in the more mature and competitive sedan market, Chinese brand market share has fallen from 27 per cent four years ago to 18.7 per cent in the first four months of this year, Changan's data shows.

# As Iran's oil exports surge, international tankers help ship its fuel

REUTERS

More than 25 European and Asian-owned supertankers are shipping Iranian oil, data seen by Reuters shows, allowing Tehran to ramp up exports much faster than analysts had expected following the lifting of sanctions in January.

Iran was struggling as recently as April to find partners to ship its oil, but after an agreement on a temporary insurance fix more than a third of Iran's crude shipments are now being handled by foreign vessels.

"Charterers are buying cargo from Iran and the rest of the world is OK with that," said Odysseus Valatsas, chartering manager at Dynacom Tankers Management. Greek owner Dynacom has fixed three of its supertankers to

carry Iranian crude.

Some international shipowners remain reluctant to handle Iranian oil, however, due mainly to some US restrictions on Tehran that remain and prohibit any trade in dollars or the involvement of US firms, including banks and reinsurers.

Iran is seeking to make up for lost trade following the lifting of sanctions imposed in 2011 and 2012 over its nuclear programme.

Port loading data seen by Reuters, as well as live shipping data, shows at least 26 foreign tankers with capacity to carry more than 25 million barrels of light and heavy crude oil, as well as fuel oil, have either loaded crude or fuel oil in the last two weeks or are about load at Iran's Kharg Island and Bandar Mahshahr

terminals.

The resumption of international shipping of Iranian oil has been made possible by an increase in interim, limited, insurance cover by "P&I clubs" - maritime mutual associations that provide "protection and indemnity" insurance to shippers.

The International Group of P&I Clubs, which represents the world's top 13 ship insurers, increased the amount covered by so-called "fall-back" shipping insurance from 70 million to 100 million euros (\$113.36 million) in April.

"In the first days after lifting sanctions only Iranian ships were loaded in the country, mainly due to several problems in finding insurance/reinsurance," said Luigi Bruzzone of ship broker Banchemo Costa.



Abdul Kader Khan, president of Bangladesh Garments Accessories and Packaging Manufacturers and Exporters Association, attends a press conference on the national budget for 2016-17, at La Vinci Hotel in Dhaka yesterday.



MA Mannan, state minister for finance, and Syed Manzur Elahi, founding chairman of Mutual Trust Bank, attend the launch of a complete range of MasterCard debit and credit cards of the bank.

## India to support state banks to deal with bad loans

AFP, New Delhi

India is committed to protecting state banks suffering from mounting bad loans after they reported almost \$2.7 billion in losses in the last two quarters, Finance Minister Arun Jaitley said Monday.

The banks are struggling under a mountain of soured loans, prompting central bank governor Raghuram Rajan to set a 2017 deadline for them to clean up their balance sheets.

After meeting the heads of India's 27 public-sector banks, Jaitley said the government has already earmarked 250 billion rupees (\$3.7 billion) for recapitalisation of banks this year and would provide more if needed.

"Banks should be empowered and constitutionally should be protected so as

they can bring about commercially prudent settlements," Jaitley told reporters after the meeting. "We must support them fully so that their ability to support (economic) growth remains sound."

Jaitley said the government has overhauled its bankruptcy law, which will soon make it vastly easier to wind up companies and help banks recover bad loans.

He said other reforms to help banks were also in the pipeline.

Jaitley said the 180 billion rupees (\$2.7 billion) in net losses suffered by the state banks in the last two quarters were mainly because of provisions for bad debt.

The Reserve Bank of India has asked lenders to treat some troubled accounts as bad loans and make adequate provisions for these loans as the banks come under increasing pressure to clean up their books.

## Uber eyes Dhaka roads

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Chalox.com, in association with Desh Ventures Inc, a California-based venture firm, provides on-demand car services through its mobile app and call centre.

Passengers can get cars in 30 minutes and pay fare by cash and bKash, according to its website.

Bdcabs.com is another platform where people can book taxis, private cars and CNG-run auto-rickshaws, using an app, website or by calling at a phone number.

## Subsidy to soar 37pc next fiscal year

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For open market sale (OMS), the price of rice is Tk 15 a kg and the price of wheat is Tk 17 per kg. The government's latest procurement price for rice is Tk 32 a kg.

Besides, from the forthcoming fiscal year the government also plans to introduce the Palli Rationing Programme, under which rice would be sold at a price that would be lower than the OMS rate.

The demand for food grains sold under the OMS programme declined in recent times as the price of rice fell much in the local market.

As a result, the government warehouses were bulging with stocks, which prompted cuts in the OMS price twice this year.

In fiscal 2016-17, the government plans to distribute 29.72 lakh tonnes of rice and wheat, up 34 per cent year-on-year, according to the government's budget document.

Another reason for the rise in allocation in the upcoming fiscal year is that

the government will provide subsidy to the gas sector for the first time. About Tk 2,500 crore has been allocated for the purpose.

The government will purchase gas from international oil companies and sell it in the local market at prices lower than the buying price.

Previously, the government waived the tax imposed on gas at the time of purchase.

But no tax waiver will be available for international oil companies from next fiscal year, and hence subsidy will be needed to plug the price difference.

The allocation may increase further in the revised budget for next fiscal year, according to finance ministry officials.

For the first time, the finance division is not allocating any fund as subsidy for Bangladesh Petroleum Corporation as it started turning in profits from last fiscal year.

The government had given the state-run agency Tk 800 crore in fiscal 2015-16 but withdrew it later on.

Instead, the finance division has

asked the BPC to deposit to the state coffers the profit it has been making for the last two years.

BPC, the country's lone oil importer and seller, is likely to make a profit of more than Tk 12,000 crore in fiscal 2015-16 even though the government cut the prices of petroleum products last month.

Despite the price adjustment, BPC's production cost will remain much lower than the retail rate. The agency made profit of Tk 4,107 crore in fiscal 2014-15.

The power sector will get a subsidy of Tk 6,000 crore, which is the same as this year. The subsidy for agriculture in the upcoming fiscal year will also remain the same as in the current year, at Tk 9,000 crore.

In the revised budget, the agriculture subsidy was cut by Tk 2,000 crore to Tk 7,000 crore as fertiliser prices fell in the international market.

The subsidies for exports and jute will remain the same as in the current year as well.

## ICB Islamic Bank has no merger plan

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As of December 31, 2015, the bank had a capital shortfall of nearly Tk 1,500 crore, with its capital adequacy ratio being a negative 98.68 percent.

The bank's classified loans reached more than Tk 700 crore, which is 75 percent of its total loans. Of the classified loans, 90 percent were held by 50 top defaulters.

At the end of last year, its net losses stood at Tk 15 crore, down from Tk 28.65 crore a year earlier. In 2012 and 2013, its net losses stood at Tk 106 crore and Tk 68 crore respectively.

On the other hand, ICB Bank's

accumulated losses crossed the Tk 1,700-crore mark.

"Bangladesh is a very competitive market with 56 banks. Loan recovery is not an easy task here," Abdullah said, adding that two-thirds of the banks' 33 branches are profitable now.

The bank's legacy of negative image often holds it back, he said. "Depositors want higher interest rate, while borrowers want the lowest in the market."

Even then, ICB has managed to attract around 10,000 new deposit customers.

On the investment side, the bank

approved loans amounting to Tk 221 crore in 2015. Strict selection of customers, documentations and strong credit control measures helped the bank keep its non-performing loans against these disbursements within 4 percent. "Now we don't give loans without collateral," Abdullah said.

Also, the bank does not go for big loans, with Tk 15 crore being the highest it would go.

ICB Islamic Bank is listed on Dhaka Stock Exchange; its share was traded between Tk 3.8 and Tk 3.9 before closing at Tk 3.9 yesterday against the face value of Tk 10.

## Saudi economic diversification plan finalised

AFP, Jeddah

Saudi officials have finalised a detailed plan to diversify the kingdom's economy away from oil and have sent it for cabinet approval, official media said on Monday.

The National Transformation Programme (NTP) will elaborate upon Vision 2030, an 84-page document released in April by Deputy Crown Prince Mohammed bin Salman, 30, who is leading the reform charge.

At the heart of the Vision is

a plan to float less than five percent of state oil firm Saudi Aramco on the stock market.

The proceeds would become part of the world's largest state investment fund, with \$2 trillion in assets.

Profits from the investment fund would help economic diversification and provide an alternative to oil revenues that have fallen by about half since 2014.

The collapse has accelerated Saudi efforts to move away from petroleum which still accounts for the bulk of government income.

## Acme makes stockmarket debut today

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As of March this year, its net profit was Tk 72.41 crore with basic earnings per share of Tk 4.48.

However, the company's post-IPO basic EPS was Tk 3.42 and a net asset value per share of Tk 73.85 as of March.

Bangladesh Securities and Exchange Commission approved the final IPO prospectus of Acme in February, and the twin bourses recently gave a go-ahead to its listing.

Acme was the second firm that used the book-building method after the stockmarket regulator modified the pricing rules following the market crash in 2011.

Book-building is a process through which an issuer attempts to determine the price to offer for its security by gauging the demand from institutional investors.



Ebrahim Dawood Mamoon, managing director of Steeltech, and Masum Ahmed, CEO, attend the annual sales dealer conference 2016 in Moscow, Russia.