

DSEX ▲ 0.19% 6,319.12
CSCX ▲ 0.03% 11,835.56



Gold ▲ \$1,295.80
(per ounce)



Oil ▼ \$56.15
(per barrel)

MUMBAI ▲ 0.05% 33,359.90
TOKYO ▼ 0.60% 22,261.76
SINGAPORE ▲ 0.12% 3,386.59
SHANGHAI ▲ 0.30% 3,393.02

USD 81.95 94.58 106.53 0.71
EUR 82.95 98.18 110.13 0.75
GBP 82.95 98.18 110.13 0.75
JPY 82.95 98.18 110.13 0.75



BUSINESS

DHAKA TUESDAY NOVEMBER 21, 2017, AGRAHAYAN 7, 1424 BS

Rejoinder
and our
reply

Major (Retd) Abdul Mannan, former chairman of Bangladesh Industrial Finance Company (BIFC), a non-bank financial institution, issued a rejoinder against a report titled 'BIFC on the verge of collapse' published in The Daily Star on November 14.

Here is what Mannan said in the rejoinder:

BIFC's loan recovery from 42 borrowers during 2005-2015 was unsatisfactory, when the total loan sanctioned was Tk 394.29 crore. Loan recovery until 2015 was only Tk 81.79 crore. But the interest accrued was Tk 445.45 crore plus the penal interest at Tk 7.35 crore.

Upon receiving an audit report from the Bangladesh Bank, I, as the sponsor director and former chairman of BIFC board, assured Bangladesh Bank to help recover the loan of Tk 312.50 crore and the interest thereon.

In the meantime, most of the 42 borrower companies have applied to BIFC for waiving interest on Tk 507.66 crore with Tk 96.69 crore penal interest, which, as per the borrowers, was very high.

READ MORE ON B3

Bangladeshi firms slow in innovation

Inadequate research, investment and awareness to blame

SOHEL PARVEZ

Bangladesh's firms and institutions are lagging behind their counterparts in India, Vietnam and Sri Lanka when it comes to invention and protection of intellectual property owing to inadequate research, investment and awareness.

The Department of Patents, Designs & Trademarks (DPDT) granted patents for 106 inventions in 2016 out of 344 applications submitted by local and foreign firms. Of the approved, only seven were local patents.

In 2015, the state-run intellectual property rights authority approved 101 patent applications, of which 11 were local.

In the same year, 1,388 products or inventions were patented in Vietnam and 6,022 in India, according to the World Intellectual Property Organisation.

The number of patents was also higher in Sri Lanka.

"The low number of patents is a symptom of weakness of our economy as higher number of patents reflects that an economy is on track of innovations," said Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue, a think-tank.

He said investment in research and development (R&D), especially in

KEY POINTS

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Experts blame the low number of patents on the lack of awareness and education on intellectual property rights

science and technology, should increase to promote innovations of new products and technologies.

"China and India are investing more in R&D whereas our investments are low," the economist said, citing that the two Asian economic powerhouses are registering for patents for higher number of items.

He said it is vital to encourage science education as the global economy will be more technology-driven in the coming days.

"So, Bangladesh needs to focus on making the economy innovation-

driven."

Bangladesh advanced three notches to 114th in the WIPO's Global Innovation Index this year. Yet the country, growing at more than 6 percent annually, is a laggard among its South Asian neighbours.

India ranked 60th and Sri Lanka 90th. Nepal and Pakistan were also ahead of Bangladesh.

Rahman suggested the government offer incentives to the private sector so that they invest in R&D.

Md Sanowar Hossain, registrar of the DPDT, said lack of awareness and education is one of the reasons responsible for the low number of patents.

"New invention is necessary," he said.

DPDT officials and other stakeholders said public sector institutions have some R&D activities, but investment in R&D by the private sector is scanty.

"Incentives should be given to universities and innovators," Hossain said.

"Above all, increased awareness on the importance of intellectual property is necessary."

The DPDT registrar, however, said the number of application for patents is higher this year from a year ago.

READ MORE ON B3

LAFARGE-HOLCIM MERGER

BB gives Lafarge 90 days to remit Tk 504cr

AKM ZAMIR UDDIN

Bangladesh Bank has kept the valuation of Holcim shares unchanged at Tk 57,202 -- 47 percent lower than the price proposed by Lafarge -- in its final approval, casting a pall of uncertainty on the proposed merger of the two cement giants.

The central bank has given Lafarge 90 days more to remit the money to Amsterdam-based Holcim, whose shares in Holcim Cement Bangladesh it is acquiring.

As per the approval given back in September 17, Lafarge can remit a total of Tk 504.78 crore for 88,244 shares of Holcim within one month, meaning the process was supposed to be completed by October 17. But Lafarge could not do it.

Lafarge had valued each share of Holcim at Tk 1.06 lakh and it sought permission from the BB to remit Tk 936 crore.

Earlier in October, Lafarge asked the BB to review its decision, according to a position paper of the company.

"For the interest of both Lafarge Surma Bangladesh and Holcim Cement (Bangladesh), its shareholders, employees and for the future investment in Bangladesh, allowing the remittance of the full amount under the share purchase agreement is very important," it said in its position paper.

Otherwise, there is every possibility that this deal will fail, which will be a bad example for the present and potential foreign investment in Bangladesh, it added.

In December last year, Lafarge Surma signed an agreement with Amsterdam-

based Holderfin to purchase its holdings of Holcim Cement Bangladesh for Tk 936 crore (\$117 million). Each of Holcim's 88,244 shares was valued at \$1,325.88 (Tk 1.06 lakh).

The central bank has set the share price of Holcim in line with the international valuation method, said a BB official.

It compared the share price of Holcim with that of British American Tobacco Bangladesh, whose share is considered the most expensive in the Dhaka stock market.

The BB also looked at the share price of Heidelberg Cement Bangladesh, a comparable stock for both Lafarge and Holcim.

The world's leading cement makers, France's Lafarge and Switzerland's Holcim, merged in July 2015 to form LafargeHolcim. LafargeHolcim and Cementos Molins, a Spanish cement manufacturer, own through their joint venture with Surma Holding, the majority of the shares of Lafarge Surma Cement.

In November last year, the board of Lafarge Surma announced that it was exploring the opportunity of combining the businesses of Holcim Bangladesh and Lafarge Surma. The acquisition was approved by the board a month later.

Subsequently in January this year, Lafarge Surma Cement changed its name to LafargeHolcim Bangladesh Ltd.

Upon completion of the transaction, Lafarge will become a major player in the local cement market with an annual production capacity of 4.2 million tonnes.

Contacted yesterday, LafargeHolcim declined to comment on the matter.

AB Bank shares suddenly in demand despite losses in Q3

STAR BUSINESS REPORT

AB Bank's shares were suddenly in demand yesterday although the private commercial lender incurred losses in the third quarter.

The bank was the most traded shares on the Dhaka Stock Exchange yesterday with securities valued nearly Tk 86 crore changing hands. AB was one of the top gainers as it rose 6.72 percent.

The bank advanced Tk 1.6 to close at Tk 25.40, the highest since April 4, according to the DSE.

YESTERDAY'S TOP 5 TRADED SHARES IN VALUE

In crores of taka

SOURCE: DSE



The bank is trying to mobilise capital through issuing rights share which may have a positive impact on its stocks, said a senior executive of AB Bank.

The board of the bank decided to issue two rights shares against three existing ordinary shares and is expected to get the approval from the Bangladesh Securities and Exchange Commission (BSEC).

The decision will be approved at an extraordinary general meeting scheduled to take place today.

In July, the bank submitted a proposal to the stockmarket regulator, seeking permission to offer four rights share against five existing shares at a price of Tk 10 but the BSEC authorities did not give consent.

Under these circumstances, the bank revised its proposal and expects that it will now get approval, said the executive of AB Bank.

AB Bank incurred a loss of Tk 11.45 crore in the third quarter this year, in a reversal of a profit of Tk 25 crore it made in the same period last year.

The loss was due to squeeze in business activities as it could not raise capital, according to the bank.

The bank reported negative earnings of Tk 0.17 per share in the July-September period although it was in the positive at Tk 0.37 in the same period last year, according to the DSE.

Daily Market:

The market closed in green yesterday riding on large cap shares. The broad index, DSEX, gained 12.2 points to close at 6,319.1.

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ADP spending rises 42pc in Jul-Oct

STAR BUSINESS REPORT

Development spending rose 42 percent year-on-year to Tk 23,815 crore in the first four months of the current fiscal year on the back of increased use of foreign aid.

The spending by the ministries and divisions between July and October was 14.51 percent of the total allocation for the annual development programme, according to figures from the Implementation Monitoring and Evaluation Division.

At this point last fiscal year, Tk 16,772 crore was spent, which was 13.60 percent of the total allocation.

The government has allocated Tk 164,085 crore for development spending.

The use of foreign aid has been higher both in terms of implementation rate and amount.

In the first four months, aid spending stood at Tk 11,119 crore, almost treble the amount of Tk 4,861 crore from the same period a year earlier.

Aid utilisation was 18.80 percent in July-October in contrast to 12.15 percent in the same period a year ago.

The government is contributing Tk 95,515 crore to the ADP from its own accounts. Of which, 12.10 percent was spent in the four-month period.

The implementation rate was 14.32 percent in the same period last fiscal year, meaning this year's outlay fell by more than 2 percentage points.

The spending, however, rose in terms of amount: Tk 11,555 crore was spent in the four-month period against Tk 10,124 crore a year earlier.

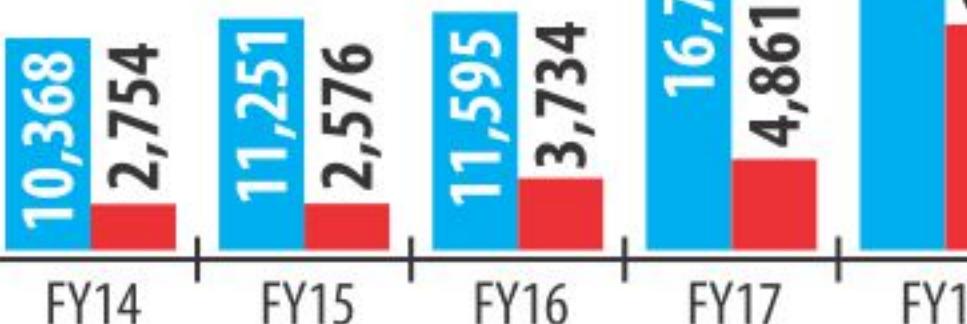
A planning ministry official said a major target of the

ADP IMPLEMENTATION (Jul-Oct)

In crores of taka

■ Total spending ■ Foreign fund

SOURCE: IMED



government this fiscal year has been to speed up the foreign aid-funded mega projects.

The government plans to spend about \$7 billion in foreign aid in the current fiscal year.

The spending is on the right path, the official said.

Of the 15 large ministries and divisions that account for 80.83 percent of the allocation combined, five spent higher than the average.

The power division spent the highest, 35.95 percent, followed by the local government division 22.67 percent, the agriculture ministry 19.72 percent, the road transport and highways division 19.65 percent and the shipping ministry 15.71 percent.

On the other hand, some ministries and divisions underperformed.

One of them is the bridges division, which is implementing the Padma Bridge project, which got Tk 5,524 crore for the current fiscal year. But only Tk 342 crore was spent.

The total cost of the priority project is Tk 28,793 crore, of which half has been spent till October this year.

The budget set aside Tk 10,502 crore for the science and technology ministry in the current fiscal year, with majority of the fund going to the Rooppur nuclear power project.

In the first four months, the ministry spent only Tk 218 crore, or 0.21 percent, of the allocation.

A planning ministry official said the construction work of the power plant will start in full