



star

BUSINESS

DHAKA THURSDAY MARCH 11, 2021, FALGUN 26, 1427 BS ● starbusiness@thedailystar.net

Regulator moves to rewrite IPO rules

Plans to allocate more IPO shares to retail investors

CHANGES IN RULES	
AFTER AMENDMENT	PRESENT STATUS
General investors' quota 70%	*General investors' quota 40% in book-building method *General investors' quota 50% in fixed-price method
VAT return and bank statement need to be placed during IPO	Not needed
15% of IPO may be offered in private placement	Not permitted
IPO is not allowed if a company increases paid-up capital by private placement in the preceding two years	No such restriction
Companies have to issue minimum shares of 10% of post-IPO paid-up capital	No such restriction

AHSAN HABIB

Retail investors may get a higher allocation of shares during initial public offerings (IPOs) as the regulator has moved to make the market an attractive investment destination for individuals.

The Bangladesh Securities and Exchange Commission (BSEC) has proposed to raise

the general investors' portion in the IPO in the draft amendment of related rules.

The regulator has published the draft of the amended public issue rules on its website, seeking comments from the stakeholders by March 15.

The commission plans to award 70 per cent shares of an IPO to general investors. Now, it stands at 50 per cent for the fixed-price method and 40 per cent for the book-building method.

When a company enters the market at face-value, it goes through the fixed-price method. A firm follows the book-building method if it wants a higher price over the face-value.

READ MORE ON B3

Another new bank opens for business

STAR BUSINESS REPORT

Bengal Commercial Bank launched business operations yesterday targeting to reach small and medium entrepreneurs by way of giving out loans.

This takes the total number of banks in Bangladesh to 60. Bangladesh Bank in February last year gave its approval for the business to operate.

Bengal Commercial Bank was initiated by the Bengal Group of Industries which is a local manufacturer of plastic products. Awami League lawmaker Morshed Alam is the group's chairman and his younger brother, Jashim Uddin, the bank's chairman.

Tarik Morshed, managing director of Bengal Commercial Bank, said a large portion of the country's people was still deprived of credit support from the banking sector.

"We will give out loans to the underprivileged small and medium enterprises in order to speed up the growth. The bank will also cater loans to the farmers in the interest of the country," he said.



The lender will roll out digital financial products given the rise of tech-savvy clients, Morshed said.

The bank chairman said the banking sector was now going through different types of challenges.

"In some cases, clients have a lack of confidence on the banking sector. We will give our all-out efforts to help clients remove their confusion over the banking sector," he said.

The bank will run a centralised banking system from the start, which would ensure corporate governance in the days to come.

READ MORE ON B3

Meghna Group launches two oceangoing vessels

STAR BUSINESS REPORT

The Meghna Group of Industries, one of the country's leading businesses houses, yesterday launched two oceangoing dry bulk carriers in a bid to strengthen its capacity to carry both local and international cargo.

MV Meghna Princess and MV Meghna Adventure have a carrying capacity of 62,500 tonnes each.

With these two, the Meghna now owns eight oceangoing vessels.

The Meghna Group of Industries, one of the biggest commodity importers and processors in Bangladesh, operates 145 vessels, including 110 vessels of its own to carry cargo.

"We want to carry import cargoes of Bangladesh and also of other countries," said Chairman and Managing Director

Mostafa Kamal after launching the vessels at the Chattogram sea port.

State Minister for Shipping Khalid Mahmud Chowdhury inaugurated the occasion.

The two ships, built in Japan by Oshima Ship Building Co in 2018 and 2019, were sold to the Meghna Group of Industries for a total of \$48 million.

"We have already placed orders to buy four more new ships," Kamal said, adding that the contract was of \$104 million.

Excluding the contract for the four other vessels, the group's investment in shipping stands around \$150 million.

The purchase is yet another enhancement of Bangladesh's capacity to carry cargoes over the sea. Bangladesh had 85 oceangoing ships several years ago.

READ MORE ON B3



COLLECTED

Meghna Group of Industries yesterday inaugurated two new oceangoing dry bulk carriers. With this addition, the number of vessels owned by the company rises to eight.

Import duty on non-boiled rice reduced to 25pc

STAR BUSINESS REPORT

The government has reduced the import duty on non-boiled rice to 25 per cent from 65 per cent to increase market supply.

The finance ministry's Internal Resources Department (IRD) issued a notification with immediate effect in this regard yesterday.

It stated that the IRD took the decision in public interest in consultation with the National Board of Revenue (NBR).

Meanwhile, an official of the Ministry of Finance told The Daily Star that the move was taken following the Ministry of Food's request.

Earlier on January 7, the import duty on boiled rice was also reduced by the NBR to 25 per cent from 62.5 per cent.

The revenue authority stipulated that importers would need written

READ MORE ON B3

Inflation quickens to 5.32pc in Feb

STAR BUSINESS REPORT

General inflation accelerated to 5.32 per cent in February, fueled by an increase in both food and non-food items, according to the Bangladesh Bureau of Statistics (BBS).

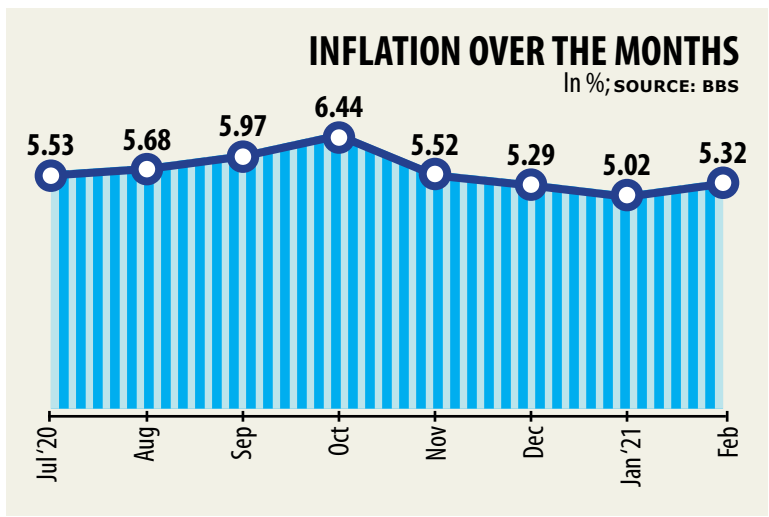
Last month's Consumer Price Index (CPI) was up 30 basis points from 5.02 per cent in January as it broke three months' declining streak.

Food inflation increased 19 basis points to 5.42 per cent because of

the rise in the price of rice, edible oil, sugar, and broiler chickens.

The prices of edible oil soared in recent months, prompting the government to fix its price on February 17 in order to tame the volatility in the domestic market and curb price manipulation by a section of unscrupulous traders.

The price of potato, onions, eggplants, bottle gourd, cauliflower, cabbage, beans, radish, tomato, and carrot fell in February compared to a month ago, the BBS said in a press release.



AMRAN HOSSAIN

People stand in queue in front of the National Press Club in Dhaka yesterday to purchase goods from the trucks, through which the Trading Corporation of Bangladesh sells commodities under its Open Market Sales initiative.

Non-food inflation advanced 48 basis points to 5.17 per cent.

Inflation in rural areas went up by 33 basis points to 5 per cent, stoked by a sharp increase in non-food inflation, which stood at 4.61 per cent in February compared to 4.15 per cent in January.

Food inflation increased to 5.72 per cent, up 26 basis points from

January's 5.46 per cent.

In urban areas, general inflation was 5.30 per cent, an increase by 25 basis points. Food inflation ticked up to 4.76 per cent from 4.72 per cent.

Non-food inflation in the urban centres saw a hike by 51 basis points to 5.92 per cent last month.

READ MORE ON B3

BGMEA election board chairman resigns

STAR BUSINESS REPORT

Syed Ferhat Anwar, chairman of the election board of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), resigned yesterday citing personal reasons.

The Daily Star obtained a digital copy of his resignation letter addressed to BGMEA President Rubana Huq.

Anwar was appointed by the BGMEA. The biennial election to the BGMEA for 2021-23 is scheduled to be held on April 4.

"So far, I did my best to conduct the election with fairness and transparency," Anwar said in the letter.

"This is to inform you that, due to my personal reasons I won't be able to continue as chairman, election board," it read.

READ MORE ON B3

Uniform VAT rate sought for all yarn sale

STAR BUSINESS REPORT

Textile millers and garment manufacturers yesterday demanded that the government impose value-added tax (VAT) of Tk 3 on the sales of every kilogramme of all kinds of yarns, including that of manmade fibres, to facilitate product diversification.

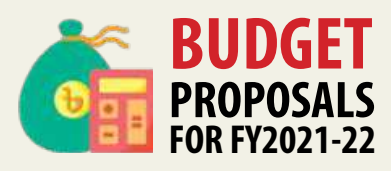
Currently, the rate has been set by the National Board of Revenue (NBR) on sales of yarn made of cotton fibres inside the country.

But millers who produce yarn from manmade fibres have to pay Tk 6 per kg as VAT on sales.

Similarly, millers who make fabrics from manmade fibres have to pay a 5 per cent VAT at the production level whereas those using cotton fibres need not.

Such kind of discrimination has been acting as a barrier in product diversification, discouraging manmade fibre importers.

In Bangladesh local yarn and fabrics manufacturers are very much dependent on cotton fibres, using it in



Yarn and fabrics manufacturers are very much dependent on cotton fibres, using it in a mix where manmade fibres account for just 20 per cent.

a mix where manmade fibres account for just 20 per cent.

However, the international scenario is different. In the global fashion industry, 28 per cent of the mix is cotton fibre.

This is why product diversification within the garment sector has not been taking place and Bangladesh is still struggling with basic garment items and lower prices from the international retailers and brands.

China, Vietnam, Cambodia and India have been performing strong with manmade fibres and their garment exporters have been receiving premium prices from international clothing retailers and brands.

"We want the government to fix a uniform rate on sales of all kinds of yarn and fabrics," said Bangladesh Textile Mills Association (BTMA).

"There should not be any discrimination between any kind of yarn and fabrics," it said in its pre-budget proposal to the NBR at a meeting in Dhaka.

READ MORE ON B3

Govt to buy Tk 527cr LNG from spot market

STAR BUSINESS REPORT

The government yesterday approved two proposals to import more than 67.2 lakh MMBTUs liquefied natural gas from the spot market for Tk 527.24 crore.

This is the third initiative from the government to buy the fuel from the spot market.

The cabinet committee on purchase approved the proposals in a meeting chaired by Finance Minister AHM Mustafa Kamal.

The meeting gave its consent to a proposal of Petrobangla to buy 33.6 lakh MMBTUs (million British thermal units) of LNG from Singapore-based Vitrol Asia Pte Ltd at the cost of Tk 248.53 crore. Each MMBTU will cost \$7.44.

The committee also gave the go-ahead to another proposal to procure 33.6 lakh MMBTUs of LNG from AOT Trading of Switzerland for Tk 278.70 crore. The price is \$8.345 per MMBTU.

On February 17, the government gave its nod to two proposals to buy 67.2 lakh

MMBTUs of LNG from the spot market through Vitrol Asia for Tk 623 crore to meet the growing demand for the super-chilled fuel.

In September last year, the government moved to the spot market for the first time to purchase the fuel at a cheaper rate.

In a spot market, financial instruments, such as commodities, currencies and securities, are traded for immediate delivery.

Bangladesh also buys LNG from Qatar and Oman under a government-to-government agreement.

