

Production at Pabna BSCIC estate falls for power cuts

AHMED HUMAYUN KABIR TOPU,
Pabna

Production at the BSCIC industrial estate in Pabna, the country's biggest food processing zone operated by the Bangladesh Small and Cottage Industries Corporation (BSCIC), has fallen significantly due to recent power outages of up to three times daily, sources said.

Established on 110 acres of land, the BSCIC industrial estate houses a total of 172 industrial units, of which 100 out of the 169 operational factories are food grain processing units.

About 1,500 tonnes of food grains are processed each day inside the industrial complex, where the biggest rice producing factory in the country's northern district operates alongside smaller units.

Besides, there are also flour producing factories, pulse processing factories and mustard oil manufacturing factories, said Md Rofikul Islam, deputy general manager of the BSCIC industrial estate.

So far, about Tk 1,400 crore has been invested in the BSCIC estate, which provides a maximum Tk 800 crore and minimum Tk 90 crore to the government as taxes each year.

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"So, it is one of the biggest and most successful industrial zones in the country but the recent power disruptions are badly hampering production," Islam said.

"We need a minimum of 11 megawatts of uninterrupted power in the industrial area to keep production going smoothly but blackouts have been taking place for the last few weeks during peak manufacturing hours," he added.

Md Abdul Latif, an estate officer of the BSCIC industrial complex, said overall production has fallen between 30 and 40 per cent while production costs have risen 5 to 10 per cent due to power outages.

With this backdrop, the BSCIC authority has submitted a letter to the Northern Electricity Supply Company (NESCO), demanding the estate be free of load-shedding.

As the BSCIC industrial estate is the one of the biggest food processing zones, the recent power outages and their adverse effect on production may have a bad influence on the country's food grain production, he added.

However, Md Mahabubul Haque, an executive engineer of the NESCO-2, said half of the total electricity demand in the region already goes to the BSCIC.

"We are supplying electricity to customers as we are getting supply from our national grid. So, we have nothing to do," Haque added.

During a visit to the Amir Hossain Dal Mill, it was found that factory workers were passing the time by playing inside the premises as production was halted amid a power outage.



Workers of Amir Hossain Dal Mill inside the BSCIC industrial estate in Pabna are seen playing a round of Sholo Gutu (16 pieces) during a power outage yesterday. With blackouts occurring up to three times daily, production at the country's largest food processing hub has nearly halved.

PHOTO: AHMED HUMAYUN KABIR TOPU

STOCK FLOOR PRICE won't bring any good in long run

AHSAN HABIB

The stock market is being administered with a short-term cure, the floor price, to halt its bear run sacrificing long-term stability through the erosion of confidence among institutional and foreign investors.

Last Thursday, the Bangladesh Securities and Exchange Commission (BSEC) imposed the floor price for every stock, taking into account the average stock price of that day and previous four days.

Stock market analysts are saying that the market index may rise in the short run for this decision but it can make the market illiquid as big buyers will not be interested to make purchases while the present economic condition prevails in the country while price drops are not being allowed.

So, it would have a negative impact in the long run. No foreign investor would be interested to remain in such a market where the regulator intervenes in the price mechanism of stocks.

Floor price is wholly an intervention and it goes against the basic concept of the stock market which is that the price is determined by market forces, said Faruq Ahmad Siddiqi, a former chairman of the BSEC.

Though the index skyrocketed just after the floor price was imposed, turnover was not hit by that big of an extent, he said.

The DSEX, the benchmark index of Dhaka Stock Exchange, rose 2.56 per cent, or 153 points, while turnover amounted to Tk 567 crore yesterday.

Until the market undergoes a rising trend, the problem will not be understood but if the downward trend returns, it may turn the market dry, Siddiqi said.

Foreign investors also do not like markets where regulators intervene frequently, he said.

Responding to a question, Siddiqi said the BSEC's main task was to ensure transparency in trading and curbing manipulation but it was working to control the index on a daily basis.



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The stock market regulator is highly active to keep the market index high to show the government that the market is fully regulated with efficiency, said a top official of a stock brokerage firm that deals a huge amount of foreign investment.

However, the index is not the only yardstick of a good stock market.

Moreover, the regulator should keep its eyes on ensuring accountability and transparency and ensure that rules and regulations were maintained by all participants so that small investors are not affected.

The BSEC is not successful in ensuring its own task of ensuring rules and regulations in the market, so manipulation is commonplace that

discourages big investors from coming over, he added.

"For the introduction of the floor price in 2020, most of the foreign investors started to sell their shares," he said.

Dhaka Stock Exchange (DSE) data shows that the value of all stocks went down by Tk 70,963 crore, or 12.5 per cent, meaning investors' collective fund faced an erosion of that amount in 2022.

To stop the freefall of the stocks, the BSEC tried its best though this was not in its to-do list.

It reduced the circuit breaker to 2 per cent from a previous 10 per cent in order to prevent any steep falls although it is harmful for the long-term development of the market.

It also requested many institutional investors through mobile phone calls to increase their investment and amended requirements for institutional investors to do so.

All endeavours were in vain, so the stocks eroded on their own accord. Now it has launched the floor price in a bid to halt the continuous fall although it is anticipated to have a boomerang effect on the market.

Earlier on March 19, 2020, the stock market regulator imposed the floor price on all stocks by calculating their average prices from the preceding five days to stop the index from falling amidst the pandemic.

The decision was criticised by most analysts and foreign investors and global association the International Organization of Securities Commissions threatened to downgrade the BSEC from its present status as an A category regulator.

This prompted the BSEC to start lifting the floor price in phases since April of 2021.

Bata Shoe profit surges 17-fold

STAR BUSINESS REPORT

Bata Shoe Company (Bangladesh) Ltd reported a 1,587 per cent increase in profit in the April-June quarter of 2022.

The multinational company's earnings per share rocketed to Tk 19.41 in the second quarter from Tk 1.15 during the same period a year ago, according to the unaudited financial statements.

The EPS increase was driven by the growth in sales volume and amount, especially during Eid festivals, said the company in a filing on the Dhaka Stock Exchange yesterday. Shares of the company closed 6.88 per cent higher at Tk 987 yesterday.

Paramount Textile to raise Tk 150cr

STAR BUSINESS REPORT

Paramount Textile Ltd has received consent from the Bangladesh Securities and Exchange Commission to raise Tk 150 crore through the issuance of preference shares.

In a filing on the Dhaka Stock Exchange yesterday, the company informed that the commission has provided the approval for raising the capital only through the issuance of 15 crore fully redeemable, non-convertible and cumulative preference shares of Tk 10 each through a private placement.

Jamuna Bank to issue Tk 500cr bond

STAR BUSINESS REPORT

Jamuna Bank Ltd has decided to issue a Tk 500 crore bond to strengthen its capital base.

The board has decided to raise the fund through the issuance of the non-convertible coupon-bearing subordinated redeemable bond (5th phase), said the private commercial bank in a filing on the Dhaka Stock Exchange yesterday.

The capital raising is part of the tier-II revised regulatory capital framework for banks in line with Basel III through private placement.

MTB profit soars 172pc in Apr-Jun

STAR BUSINESS REPORT

Mutual Trust Bank Ltd reported a 172.41 per cent year-on-year increase in profit in the April-June quarter of 2022.

Consolidated earnings per share rose to Tk 0.79 in the second quarter from Tk 0.29 a year ago, according to the unaudited financial statements.

Consolidated EPS was Tk 1.50 in January-June against Tk 0.96 during the same six-month period of 2021. Shares of the bank closed up 0.61 per cent yesterday.

'Work together for good governance in stocks'

STAR BUSINESS REPORT

Maintaining good governance in the domestic stock market is an impossible task for any individual and so, the whole environment should be one of cooperation, said Shibli Rubayat Ul Islam, chairman of Bangladesh Securities and Exchange Commission, yesterday.

This means that investors should work together to raise market awareness and gather knowledge on potential investments before making any commitment. Likewise, all market intermediaries should consolidate their efforts to ensure good governance, he said at an event of Capital Market Journalists' Forum in Dhaka.

Stocks leap as floor price returns

STAR BUSINESS REPORT

Shares on the Dhaka Stock Exchange leapt yesterday largely owing to the re-introduction of floor prices that prevented securities from falling below last week's average.

On Thursday, the Bangladesh Securities and Exchange Commission (BSEC) decided to bring back the floor price of all stocks to stop any free fall amid deepening economic uncertainty at home and abroad, much to the chagrin of institutional and foreign investors.

The move came after the DSEX Index, the benchmark index of the premier bourse in the country, slipped below the 6,000 mark to close at 5,980, the lowest level since June 7 last year.

In March 2020, the commission introduced the floor price for the first time in Bangladesh in a bid to thwart the free fall of stocks amid the onslaught of Covid-19. The measure was in place for more than a year before the regulator withdrew it in phases in line with the sharp fall in infections. Yesterday, the DSEX Index surged 153 points, or 2.57 per cent, to close at 6,133.

The DSES Index, which comprises Shariah-based firms, rose 2.39 per cent to 1,339, and the DS30 Index, which represents the blue-chip companies, jumped 2.25 per cent to end at 2,193.

Turnover rose 28.57 per cent to Tk 567 crore.

Officials of a number of brokerage houses say regulatory measures such as the floor price won't bring any long-term benefits to the market.

"It will yield short-term benefits as the market will go up and general investors will inject funds," said one broker.

"But institutional investors become worried in such a situation since their funds get stuck, while foreign investors don't want to invest in an illiquid market."



Nabadwip Mallik is making a living off selling saplings of piper chaba, called chui jhal in Bangla, a creeper resembling betel whose vines are used to make meat dishes spicier. It takes around three months for a sapling to be mature enough to be sold for Tk 40. The resident of Boratia village in Khulna's Dumuria upazila earns nearly Tk 1 lakh a month. The photo was taken a couple of days ago.

PHOTO: HABIBUR RAHMAN



First female head of retail banking at HSBC

STAR BUSINESS REPORT

Tanmi Haque has been appointed as the country head of retail banking at HSBC Bangladesh.

She succeeds Ahmed Saiful Islam, who is moving to a new regional role in Hongkong, today to become the first female country head of retail banking of the multinational lender, according to a press release.

Tanmi, who completed MBA from the Institute of Business Administration at the University of Dhaka and Monash University in Melbourne, started her career with American Express Bank in Dhaka in 1998.