

Sinobangla, Web Coats to raise Tk 25cr

STAR BUSINESS REPORT

Sinobangla Industries and Web Coats PLC yesterday got approval from the Bangladesh Securities and Exchange Commission (BSEC) to raise funds of Tk 25 crore.

Sinobangla, a listed plastic packaging manufacturer, got the go-ahead to raise funds of Tk 20 crore by issuing right shares, which are new shares issued by a company to its existing shareholders.

It would issue 1 crore right shares at a price of Tk 20, including the premium price of Tk 10. Existing shareholders can get one share against two existing shares. With that, the company will raise funds of Tk 20.19 crore.

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The company's earnings per share stood at Tk 0.32 at the end of first quarter of fiscal 2022-23. Meanwhile, its net asset value per share was Tk 28.19 as of September 30, 2022.

Likewise, Web Coats PLC got approval to raise funds of Tk 5 crore by issuing 50 lakh ordinary shares at a face value of Tk 10.

With the funds, the company will buy machinery and repay loans.

In the first nine months of fiscal 2022-23, the company's earnings per share was Tk 1.50. Its net asset value per share was Tk 15.92 as of March 31, 2023.

However, the BSEC gave a condition to the company that it would not be allowed to issue any bonus shares in the next three years starting from the trading date of the shares.



Fish that have been descaled and gutted left out in the open on top of worn-out and repurposed nets to dry under the sun in Kuakata, a sandy expanse that meets the Bay of Bengal on the southernmost tip of Bangladesh. The practice runs from November till early March and this year the region plans to produce 400 tonnes, the market value of which is about Tk 20 crore. The photo was taken last week.

PHOTO: SOHRAB HOSSAIN

Policy reforms needed to raise private investment: experts

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Principal Secretary to the Prime Minister M Tofazzel Hossain Miah called for necessary policy reforms and alignment to raise private investment growth in the country.

He also emphasised active initiatives of the private sector alongside government measures aimed to augment private investment.

He made these remarks while speaking at the "Validation Workshop on the Report of the Study on Expanding Private Investment in the Context of LDC Graduation", held at the NEC conference room at Sher-e-Bangla Nagar in the capital yesterday.

The Support to Sustainable Graduation Project (SSGP) of the Economic Relations Division (ERD) organised the event.

Presided over by Md Shahriar Kader Siddiky, secretary of ERD, the workshop was addressed among others by Shaikh Yusuf Harun, executive chairman of Bangladesh Economic Zones Authority (BEZA), Sharifa Khan, former senior secretary of ERD, Mohsina Yasmin, executive member of Bangladesh Investment Development Authority (BIDA), Md Sameer Sattar, president of the Dhaka Chamber of Commerce and Industry (DCCI), Selim Raihan, executive director of South Asian Network

on Economic Modeling (SANEM), Farid Aziz, project director of SSGP, and Ferdaus Ara Begum, chief executive officer of Business Initiative Leading Development (BUILT).

Several in-depth sectoral studies are being conducted by the SSGP under the guidance of the National Committee on LDC Graduation to assess the impact of LDC graduation and to formulate relevant strategies accordingly.

A study called for dynamic policy reforms, strengthening industry-academia collaborations for skills development and providing targeted support to export-oriented industries

As part of that process, a study is being conducted titled "Expanding Private Investment in the Context of LDC Graduation" with SANEM.

The study called for the rationalisation of customs and tax structures, dynamic policy reforms, strengthening industry-academia collaborations for skills development, providing targeted support to export-oriented industries, and enhancing regional

economic integration.

Tofazzel emphasised enhancing productivity and decreasing dependency on incentives to prepare the country for the post-LDC scenario and also called for increased investment in research and development in the private sector.

Meanwhile, Siddiky emphasised on creating a business-friendly environment to foster private investment.

In her remarks, Sharifa highlighted the importance of phase-wise implementation of planned economic zones.

Harun added that the government was targeting to operationalise four economic zones each year.

Raihan, in his presentation, said that large-scale infrastructure projects were a driving force that accelerated the economic growth of developing countries such as Bangladesh.

In this context, the SANEM executive director noted that private investment growth would largely depend on timely implementation of mega-infrastructure projects.

Sattar said a strong arbitration system needed to be established to resolve business and investment-related disputes, suggesting to revise and update the existing Arbitration Act.

Top taxpayers of Ctg, Narayanganj, Munshiganj honoured

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A total of 42 individuals in Chattogram division and another 21 in Narayanganj and Munshiganj districts were honoured by the National Board of Revenue (NBR) yesterday for paying the highest amount of tax under four subcategories in fiscal year 2022-23.

The subcategories are highest taxpayer, highest taxpayer for the longest period, highest female taxpayer and highest taxpayer under the age of 40.

There were 18, 12, 6 and 6 individuals respectively from Chattogram City Corporation and Chattogram, Rangamati, Khagrachhari, Bandarban and Cox's Bazar districts.

The NBR's Chattogram tax division organised a ceremony at the port city's World Trade Centre where Chattogram University Vice Chancellor Shirin Akhter presented the awards as chief guest.

Tax Commissioner Shahadat Hossain Shikdar chaired the event where Suresh Chandra Bishas, director general of the Customs Excise and VAT Training Academy, Mahbubul Alam, president of the Federation of Bangladesh Chambers of Commerce and Industry, and Omar Hazzaz, president of the Chattogram Chamber of Commerce and Industry, were present.

The 21 top taxpayers of Narayanganj City Corporation and Narayanganj and Munshiganj districts were presented awards through another ceremony organised by the NBR's Narayanganj taxes zone at Chamber Bhawan in Narayanganj.

Shermin Ferdousi, commissioner of the Narayanganj taxes zone, chaired the event while Md Nazmul Karim, president of Taxes Appellate Tribunal, was present as chief guest and Md Morshed Sarwar, senior vice president of the Narayanganj Chamber of Commerce and Industry, the special guest.

Shahjalal and Southeast banks to issue bonds

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Shahjalal Islami Bank and Southeast Bank got approval to raise funds by issuing bonds.

The Bangladesh Securities and Exchange Commission (BSEC) gave the approval yesterday at a commission meeting.

Southeast Bank will raise funds of Tk 500 crore by issuing a perpetual bond. Of the amount, it will issue Tk 450 crore through private placement while the remaining Tk 50 crore will be raised through a public offering.

The range of coupon rate is 6 to 10 percent while the face value of each bond is Tk 5,000. With the bond proceeds, the lender will strengthen tier-1 capital base.

IDLC Investments is the trustee of the bond while IDLC Finance and City Bank Capital Resources and Southeast Bank Capital Services are its arranger. This bond will be listed with the stock exchanges.

Oil price slips

REUTERS, London

Oil slipped on Tuesday, giving up earlier gains, as concern over excess supply and slowing demand growth outweighed escalating supply risks in the Middle East after an attack by the Iran-aligned Houthis on a tanker.

A cruise missile launched from Houthi-controlled Yemen struck a commercial chemical tanker, causing a fire and damage but no casualties in the latest such attack to heighten safety risks for tankers in vital shipping lanes.

Brent crude futures for February fell 32 cents, or 0.4 percent, to \$75.71 per barrel by 1105 GMT, while US West

Texas Intermediate crude futures for January delivery slipped 19 cents, or 0.3 percent, to \$71.13.

Although the attack on the vessel helped oil to rally earlier, "sentiment remains negative", said Tamas Varga of broker PVM.

"There is no help coming from the demand side of the oil equation. The fundamental backdrop is discouraging."

Global oil demand growth is set to slow in 2024 with Opec and the International Energy Agency split on the extent, and a recent Opec+ deal to limit supply underwhelmed the market. Opec and the IEA both update their forecasts this week.

Bangladesh to become

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This is in stark contrast to 2022 and 2023, two years marked by high inflation that caused essentials like groceries and fuel to take up a larger percentage of household budgets, leaving less money left over for "wants" or extras.

Mastercard Chief Economist for Asia Pacific David Mann said, "2024 is set to be a year of recalibration as consumers rebalance their wallets. And what the data shows is that people remain eager to travel and dine out, although levels vary from market to market."

Signifying another shift in demand, consumers across Asia Pacific are expected to spend more on goods than they did in 2023, said a Mastercard press release.

"This marks the start of a new cycle that will see growth rates for goods rebounding to pre-pandemic levels, reversing the 2022-2023 trend that saw consumers prioritising key 'out-and-about' services such as dining and 'revenge' travel as economies reopened post-pandemic," it said.

In 2024, the rising demand for goods, such as household items and clothing, is expected to resuscitate the Asia Pacific manufacturing sector, which plays a crucial role in the global economy, it said.

"This shift will drive a convergence in performance between the manufacturing and services sectors in the region which trended in opposite directions as manufacturing lagged and services boomed in 2023," Mastercard said.

Trades in T-bills

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were 7.90 to 8.20 percent, 8.29 percent, 8.30 to 8.33 percent, 8.69 to 8.75 percent and 8.89 percent respectively.

A top official of a stock brokerage said some big investors are investing in treasury bills and bonds as their yield rates rose over the past few months.

The rate is now at its highest level in the last few years, so the rate is lucrative as well as secured.

Moreover, the stock market is now the most illiquid market due to the floor price mechanism. As such, the investors do not want to keep their funds in stocks.

"So, as the secondary trading of treasury bills and bonds is now possible through the stock exchanges, some big investors are pouring their funds into them," he added.

Banks to sell insurance

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The ratio of the premium collected by insurance companies to GDP is only 0.4 percent while it is more than 4 percent in India, according to recent data from Switzerland-based research organisation Swiss Re Institute.

One of the reasons for the low insurance penetration in Bangladesh has been the low claims settlement ratio.

For example, payments against claims of around 10 lakh policyholders are hanging in the balance as 29 life insurance companies are not clearing dues owing to a liquidity crisis. The unsettled claims involved Tk 3,050 crore in the four years to the second quarter of 2023, data from the Insurance Development and Regulatory Authority (Idra) showed.

"Once banks start selling insurance products, it will help insurers generate more profits. This will enhance their capacity to win back people's trust," said Mohammad Ali.

Jalalul Azim, chief executive officer of Pragati Life Insurance, feels that the model should have been launched earlier. "Still, there is a huge opportunity to enhance the image of insurance companies."

He also said both insurers and banks will benefit from bancassurance if they do business following the instructions of regulators instead of engaging in unhealthy competition.

Istiaque Mahmud, head of the bancassurance department of Guardian Life, said the bancassurance distribution channel will open up business opportunities for the hugely untapped insurance market, which is estimated to be worth Tk 5,000 crore.

"Now, it will be easier for customers to purchase reliable insurance products."

Ala Ahmad, CEO of MetLife Bangladesh, said bancassurance has the potential to give a boost to the insurance sector. And as a new

channel to sell insurance products, it will bring more people under the coverage of insurance.

"MetLife Bangladesh is committed to investing in the development of bancassurance while continuing to support its existing agent base."

Main Uddin, a professor at the banking and insurance department in the University of Dhaka, says agents of most insurance companies gave incorrect or exaggerated information to policyholders while selling policies.

Besides, they did not properly share rules. As a result, they have lost the trust of customers, hurting the reputation of their companies. "Now, the general public has a negative perception about the industry."

"Since banks are more trustworthy to people than insurance companies, bancassurance will improve insurers' acceptability."

Toufic Ahmed Choudhury, a former director-general of the Bangladesh Institute of Bank Management, said the new distribution channel would help banks generate more revenues.

"However, banks should focus more on their core areas."

Two insurance agents based in Dhaka said they think that the model will prove to be beneficial for the industry.

"People's trust in the insurance sector will come back and the business will expand," said one of them.

There were 530,360 agents across the country in 2022 while policy numbers stood at nearly 90 lakh, according to the Idra.

Sheikh Kabir Hossain, president of the Bangladesh Insurance Association, a platform for insurance companies, said: "This is good news for the entire industry, especially for the life insurance sector."

Mohammad Zainul Bari, chairman of the Idra, said the regulator will initiate various preparatory activities, including workshops, for the officials of banks and insurance companies so that they can offer the bancassurance facility as soon as possible.

4G users top 10cr

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and accessibility issues for smartphones capable of supporting 4G technology have hindered widespread adoption, particularly among lower-income groups.

HOW OPERATORS ARE FARING

Robi, the second-largest operator, leads in terms of the percentage of 4G users within its subscriber base. Following closely is the third-largest operator, Banglalink, while the leading operator, Grameenphone, holds third spot.

Collectively, these operators command 96.60 percent of the telecom market in terms of subscribers that also include 2G and 3G users.

More than 60 percent of the active subscribers of Robi, which has 5.80 crore customers, now use 4G.

Shahed Alam, chief corporate and regulatory officer of Robi Axiata, said after becoming the first mobile network operator to launch 4G services in all 64 districts in 2018, Robi continues to make significant progress in the market thanks to sustained investment.

"Robi's 4G has become much stronger than before by utilising the 2,600 MHz spectrum. Voice over LTE users are enjoying superior voice quality on their devices powered by our strong 4G network," he added.

According to Alam, Robi now has more than 3.53 crore 4G users.

"This happens to be the highest percentage of 4G users among all mobile operators. Not only that, approximately 80 percent of Robi's data users are 4G customers," he said.

This is a clear reflection of Robi's reliable network and innovative services winning the hearts and minds of customers, Alam added.

Meanwhile, about 49 percent of the 4.31 crore customers of Banglalink now use 4G.

An official of Banglalink said they were initially lagging behind in 4G

customer acquisition but eventually gained a huge number of users over the last one-and-a-half years.

Taimur Rahman, chief corporate and regulatory affairs officer at Banglalink, said the operator has invested considerably over the last two years in expanding its network from 10,000 base transceiver stations to nearly 16,000.

"On top of that, we invested in procuring new spectrum to ensure the best data experience for our customers and have consistently ensured the best data speed in the country," he added.

Rahman also informed that Banglalink believes data connectivity is a basic necessity for the people, which is why they have ensured that all their base transceiver stations support 4G.

"Through this initiative, nearly 2.1 crore, or 50 percent, of our customers regularly use 4G and this number is increasing daily," he said.

Rahman believes that affordability of 4G handsets and reduction of taxes related to data penetration is vital to ensure faster 4G penetration, which would have a direct impact on increasing the country's gross domestic product through enhanced digitisation of the population.

When it comes to Grameenphone, around 49 percent of the operator's 8.2 crore customers use 4G.

During the July-September period, Grameenphone invested Tk 280 crore mainly on expanding its 4G network coverage and deploying 2,600 MHz spectrum.

"More than 1,900 new 4G sites and 1,700 coverage sites were rolled out in the last 12 months," said Yasir Azman, CEO of Grameenphone Ltd.

By the end of the third quarter of 2023, the number Grameenphone's of 4G sites reached 21,000, facilitating network coverage for up to 97.9 percent of the country's population, he added in a recent statement.