

SEC decides to withdraw weighted average index

Circuit breaker system for individual securities may go

STAR BUSINESS REPORT

The Securities and Exchange Commission (SEC) has decided to withdraw the Weighted Average Index from Dhaka and Chittagong stock exchanges as the authorities of both the bourses feel the index does not reflect the real market situation.

In consultation with the stakeholders the market regulators will soon introduce a new index in place of the Weighted Average Index, which was introduced in November, 2001 but seen virtually stagnant in last two years.

The decision came at a meeting between SEC chairman Mirza Azizul Islam and DSE members and councillors held at the DSE office yesterday.

Earlier, Chittagong Stock Exchange requested the regulators to withdraw the index, which excludes Z category shares. The index is calculated on the basis of day's traded shares of A and B categories by applying weighted

average method.

The Weighted Average Share Price Index, which was introduced with base points of 817.62 stood at 824.38 yesterday from 824.39 points on Saturday. The index never witnessed major change.

Briefing newsmen after the meeting DSE Chairman Ahmed Iqbal Hasan said as the index remained stationary since its introduction the SEC has agreed to withdraw it.

"The index has failed to reflect the market situation. As it remained static it also gives wrong signal to investors," he said.

The DSE chairman said if a new index is introduced that would reflect the true market situation, more investors would come to the capital market.

He said SEC officials assured the bourse of withdrawing circuit breaker system for individual securities and introducing a combined circuit breaker for index.

In the meeting the SEC and DSE

agreed to work together for better screening, monitoring and enforcement activities to prevent penetration of companies with weak management into the capital market.

Talking to The Daily Star the SEC chairman said they will examine mechanism of the prevailing weighted average index and introduce a new index, which can reflect market dynamism, in consultation with all stakeholders.

When his attention was drawn to SEC's reported move to short-list 13 more Z category companies to suspend their trading, he said SEC has no intention to create a scary situation by suspending more bad companies' trading.

"The suspension of trading of 16 Z category companies on Wednesday worked well but doing the same to more companies may scare the investors," said Azizul Islam who made his maiden visit to DSE after assumption of office on November 1.

DSE Chief Executive Officer

Salahuddin Ahmed Khan said the market is now returning to normalcy. "The positive thing is that shares of good companies are dominating the transactions," he observed.

He said DSE officials will meet SEC officials next week and take further step to improve the market situation.

"As the present circuit breaker system on particular shares leaves scope for market manipulators to take calculative risk by increasing share price to the ceiling, withdrawal of it will help the market get rid of volatile situation."

The SEC chairman was accompanied by members Saleh Ahmed Chowdhury and Mohammad Ali Khan, Executive Directors Abdul Hannan Zoarder, Anwarul Kabir Bhuiyan and Forhad Ahmed, Director ATM Tariquzzaman.

DSE Vice-Chairman Md Abdullah Bokhari, councillors, CEO Salahuddin Ahmed Khan were also present at the meeting.



Finance Minister M Saifur Rahman speaks at a seminar on Economic Growth and Poverty Reduction in Bangladesh jointly organised by the governments of Bangladesh and Japan and the Asian Development Bank in Dhaka yesterday.

Highspeed Shipbuilding seeks delisting from DSE

UNB, Dhaka

Highspeed Shipbuilding and Heavy Engineering Company Limited, one of the 16 companies faced trade suspension, yesterday applied for delisting its shares from the Dhaka Stock Exchange (DSE).

The company claimed that it has purchased all the institutional shares with full and final settlement, and only 315 shares were lying with 39 individual shareholders valued at Tk 31,500 only as calculated on the basis of face value.

"After purchasing all the institutional shares, the management is now holding 99.92 per cent while only 0.08 per cent are lying with the individuals," the company said in its application, requesting for delisting from the DSE.

The Securities and Exchange Commission suspended trading of the 16 companies on Wednesday, as their financial positions did not match with the price escalation of their stocks on the bourse.

DSE Chairman Ahmed Iqbal Hasan said they would sit with the SEC next week to take decision on the suspended shares.

Council meet of Confederation of Asia-Pacific Chambers begins today in KL

BSS, Dhaka

The two-day 6th council meeting of the Confederation of Asia-Pacific Chambers of Commerce and Industry (CACCI) and the Asia Business Forum will begin today in Kuala Lumpur.

The conference with a spirit of "Linking Business in Asia - The Way Forward" has been jointly organised by the CACCI and the National Chamber of Commerce and Industry of Malaysia (NCCIM).

Representatives of the national chambers of commerce and industries of Australia, Brunei Darussalam, Bangladesh, Cambodia, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, Mongolia, Nepal, New Zealand, Papua New Guinea, Pakistan, the Philippines, Russia, Singapore, Sri Lanka, Taiwan, Thailand and Vietnam are expected to attend the two-day meet of the business leaders.

President of the Bangladesh Chambers of Commerce and Industry (FBCCI) Abdul Awal Mintoo will lead the FBCCI delegation in the conference.

Call money rate falls further

BSS, Dhaka

The call money rate fell down further yesterday, thanks to inflow of funds from the government's exchequer last week, fund managers said.

The inter-bank money rate touched its intra-day high at 7.50 per cent from its earlier high at 8.50 per cent on Saturday. And in most deals, the rate was lower and ranged between 3.50 per cent and 7.00 per cent, fund managers of leading market players said.

Chittagong Port sees fresh container congestion

STAFF CORRESPONDENT, Cg

A slowdown in cargo clearance has resulted in fresh container congestion in the Chittagong Port triggering space crisis at its yards and sheds.

The situation has forced the vessels anchored at the port for unloading to face delays as the port authority cannot give space for containers unloaded from the ships.

Presently, some 16,500 containers are kept at the port's yards and sheds as against the capacity of 15,000 containers, port sources

said.

Port officials attributed the 'temporary' container congestion to the Eid holiday hangover and slow clearance of cargoes by the importers.

"The congestion will be over when the delivery of containers from port sheds picks up," terminal manager of the port Ahsanul Kabir told The Daily Star.

He acknowledged that container handling faced disruption after the Eid holiday. "The importers were also found less active to clear their goods," Kabir added.

Harbour master of the port, Kamrul Hossain, said the container vessels at the port are facing delays for the slowdown in unloading of containers.

Seven container vessels are now waiting at the jetties for unloading with over 1,000 containers while four others at the outer anchorage for berthing.

Arrival of container cargo at Chittagong Port now increases by 25 per cent every year with the trend of global containerisation in shipping trade, port officials said.

Bourses close lower

AGENCY, Dhaka

Both the bourses closed lower yesterday with the Dhaka Stock Exchange (DSE) General Index shedding 17.36 points and Chittagong Stock Exchange (CSE) Trade Volume Weighted Index declining by 0.05 points.

Just a day after the crossing of 1,000-point mark, the DSE General Index shed 17.36 points or 1.71 per cent to close at 988.60 points from Saturday's 1015.96 points.

The DSE-20 index of the blue-chip shares also dipped 16.34 points or 1.22 per cent to close at 1318.21 from 1334.55 points on Saturday.

Of the 195 issues traded yesterday, 23 advanced, 163 declined and nine remained unchanged.

Some 5,396,002 shares and debentures valued at Tk 20.57 crore changed hands as against 5,782,003 shares worth Tk 26.46

crore on Saturday.

DSE market capitalisation stood at Tk 94.26 billion from Tk 95.91 billion on Saturday.

The CSE Trade Volume Weighted Index declined by 0.05 points or 0.002 per cent to close at 1841.56 points from 1841.61 points on Saturday.

CSE Selective Index also shed 6.81 points or 0.48 per cent to close at 1636.80 points from Saturday's 1643.61 points.

Of the 69 listed issues traded yesterday, 11 gained, 52 declined and six remained unchanged.

Some 2,645,931 shares and debenture valued at Tk 6.89 crores were transacted yesterday as against 4,589,794 shares valued at Tk 22.74 crore on Saturday.

CSE market capitalisation stood at Tk 81.44 billion as against Tk 82.09 billion on Saturday.

ICAB Council election held

The election to the Council of the Institute of Chartered Accountants of Bangladesh (ICAB) and the regional committees of Dhaka (DRC) and Chittagong (CRC) were held recently in Dhaka.

Twenty members were elected to the ICAB Council and five members each to DRC and CRC for 2004-2006 term, says a press release.

The elected council members are Anwaruddin Chowdhury, Sheikh Abdul Hafiz, Akbar Sohel Kasem, ABM Azizuddin, Md Jainul Abedin, Jamal Uddin Ahmad, Muhammed Farhad Hussain, Jamaluddin Ahmed, Nasir Uddin Ahmed, SM Atiar Rahman, Sultan Ahmed, Chitta Ranjan Mazumder, Md Humayun Kabir, Md Mustafizur Rahman, Md Yunus, Md Abu Sayeed Khan, Masih Malik Chowdhury, ASM Nayeem, Md Mosleh Uddin and Showkat Hossain.

The elected DRC members are Md Shahadat Hossain, Md Abdul Momin Khan Lohani, Md Anisur Rahman, Md Raghob Ahsan and Md Harun-or-Rashid.

The members elected to the CRC are Md Salim Uddin, Nasim Anwar, Sidhartha Barua, Mohiuddin Mahmood and Shekhar Ranjan Kar.

Chinese firm to set up joint venture motorbike plant

BSS, Dhaka

China is keen to set up a joint venture industry to manufacture motorcycle in Bangladesh, a leading Chinese manufacturing industrialist said here yesterday.

Yuan Jin Shan, general manager of the Chinese Luoyang Northern Ek Chose Motorcycle Company Ltd, said his company was very much interested to manufacture Dayang brand motorcycle in Bangladesh.

Currently, there is no motorcycle manufacturing industry in the country. A total of 23 companies import different brands of motorcycles from Japan, India, China and Pakistan to meet an annual demand of 40,000 to 45,000 units. The motorcycles are being assembled locally.

Dayang has been marketing motorcycle in Bangladesh through Runner Automobile Ltd since 2000. Last week it established the first ever automatic assembling and testing line replacing the manual assembling system at Savar.

Jin Shan said the market potential rural Bangladesh is very high, as there is a big demand for an easy transport like motorcycle. Referring to a large number of motorcycle uses in some other South Asian countries, he said the motorcycle has proved its worth in bringing greater mobility in India and Pakistan.

Around 4.8 million units of motorcycle are sold in India and 0.2 million units in Pakistan every year, he said, adding his company is looking for good partners to set up joint venture industries for manufacturing motorcycle and its spare parts.

Managing Director of the Runner Automobiles Hafizur Rahman Khan said he has been talking with the Chinese Company to set up the joint venture plant to reduce motorcycle price as much as possible. "Our target is to make motorcycle more affordable to medium and low income groups of people," he said.

The Runner markets 50 CC to 125CCs of Dayang, LML Freedom and Hero (China) brands at a price ranges from Tk 40,500 to 74,500 each. Japanese brand is the costly one in the country with a price up to Tk 1,47,000 per unit.



Commercial Bank of Ceylon chairman now in Dhaka

Commercial Bank of Ceylon Ltd Chairman MJC Amarasuriya is now in Dhaka on a 10-day visit.

Prior to leaving Dhaka on December 12, Amarasuriya will attend a ceremony, at which the bank will formally inaugurate its banking operations in Bangladesh, says a press release.

Commercial Bank recently acquired the Bangladesh operations of Credit Agricole Indosuez consisting of two branches in Dhaka and Chittagong and two booths.

Janata Bank takes steps to reduce classified loans

Janata Bank has taken steps to reduce classified loans in December this year.

Under the initiatives, loan recovery fairs will be held at divisional, regional and branches of the bank, says a press release.

Divisional offices will participate in at least two loan recovery fairs while regional office will participate in five and Grade 1 and 2 branches in two fairs.

This recovery fairs will help to contact the borrowers and induce recovery performance of the bank, the release added.

CSE holds training for executives on CDS

STAR BUSINESS REPORT

The Chittagong Stock Exchange (CSE) organised a training course recently for its executives as a part of its preparation to serve as a depository participant (DP) in the central depository system (CDS), which is likely to go live soon.

The training was arranged in collaboration with the Central Depository Bangladesh Limited (CDBL) both in Chittagong and Dhaka to make the CSE officials well equipped to extend DP services efficiently to the investors.

The training focused on the systems how an investor can open his account with a DP and also how can he or she dematerialise (to convert his physical securities in electronic form) or rematerialise share certificates.

Policy on the cards to speed up project implementation

STAR BUSINESS REPORT

In a bid to speed up implementation of various projects, the government is going to overhaul the procedure of submission, processing and approval of projects.

A draft policy, prepared by a seven-member committee of the Planning Commission, in this regard will be placed soon to the Executive Committee of the National Economic Council (Enec) for approval, sources said.

The policy suggests revision of government projects for maximum two times so that repeated revisions cannot cause unnecessary delay in project implementation.

According to the draft, future projects will no longer need submission of both Project Concept Paper (PCP) and Project Proposal (PP). Instead, the authorities concerned will just send a PP to the planning ministry that will reduce wastage of time.

The new policy will also allow the planning minister to approve projects involving maximum Tk 20 crore. Presently the minister can approve projects worth up to Tk 10 crore and the Enec approves

above Tk 10 crore schemes.

For simplifying the scrutiny of project proposals an evaluation committee will be formed headed by a planning commission member. The committee will review each project proposal instead of pre-Enec and inter-ministerial committees.

The draft policy says a ministry can undertake small schemes concerning survey, review and feasibility studies at a cost of up to Tk 1 crore. At present the ministries can take up such schemes involving maximum Tk 50 lakh.

The implementation period of a project will be considered from the day the project gets approved or included in the Annual Development Programme (ADP). Presently, it is counted from the day the PP proposes the project to start.

Ministers will now have the authority to approve up to 15 per cent project cost hike (or cost cutting) instead of the present 10 per cent.

Presently technical assistance projects worth Tk one crore are approved by ministries concerned. The new policy proposes to raise

the ceiling to Tk five crore. If the project cost crosses the sum, it will have to be sent to the Planning Ministry.

However, some officials think the new policy will decentralise the power and job of project approval and processing by cutting down the power of the planning ministry which is often accused by other ministries of delaying their projects.

The government move to simplify project procedures came against the backdrop of donors' observation that the projects in Bangladesh undergo a very complicated and time consuming procedure that also creates scopes for corruption.

In May this year, the donors at the Bangladesh Development Forum raised questions about the slow pace of project implementation.

The rate of implementation of the projects under ADP hardly exceeds 70 per cent. The government usually revises the ADP at the end of financial year to show a higher implementation rate that often reaches 90 per cent.



Securities and Exchange Commission (SEC) Chairman Mirza Azizul Islam and Dhaka Stock Exchange Chairman Ahmed Iqbal Hasan, among others, are seen at a meeting held between the SEC and the DSE officials in Dhaka yesterday.

US still facing pressures despite end of steel tariffs

AFP, Washington

The US move to drop controversial steel tariffs eases fears of an imminent global trade war, but several other skirmishes loom with Europe, China and other trading partners, analysts say.

These disputes, if not resolved, threaten to hinder US leadership in efforts to build a freer global trading system and could spark a protectionist spiral, say global trade experts.

"The unfortunate situation is that the US has resorted to a strategy of Chinese water torture for global trade," said Stephan Richter, president of the Globalist Research Center, a Washington think tank devoted to globalization issues.

President George W. Bush's decision to rescind the steel tariffs imposed in March 2002, said

Richter, "removes one US-inflicted torture mechanism, but the US has completely reversed its earlier role as a positive leader on free trade. ... Now it is a negative influence, if not a spoiler."

Looming on the trade front are several other battles.

The EU has threatened to press ahead with duties on US goods starting from 200 million dollars next March unless Congress repeals the tax breaks under the Foreign Sales Corporation (FSC) law.

Friction is also rising between the United States and China after Washington imposed quotas on Chinese lingerie under a special clause in the World Trade Organization, a move aimed at protecting US textile makers.

Concurrently, many US trading partners are angry with the United

States for a bill providing domestic farm subsidies of 173.5 billion dollars over 10 years, undermining efforts to drop trade barriers.

"I've been concerned about the Bush administration pandering to special industries, whether it's steel or textiles," said Joseph Quinlan, economist at Bank of America in New York.

"When you yield to one special interest group, the others start knocking on your door."

Quinlan said that although Washington is not the only nation enacting protectionist measures, "the US should be leading the way."

Nonetheless, he said the Bush administration averted what could have been a catastrophic spate of retaliatory measures on steel.