

Commentary

# Year-end review brings no hope for stock market investors

Abu Ahmed  
Guest Columnist

1992 is over. The investors in stock market received yet another blow in the middle of the year in the form of capital loss from the sudden tumble of prices. Investors' confidence surged in May-July period from further liberalisation of Bangladesh economy and certain fiscal concessions. The market suddenly saw a boom all around.

Some scrips went up as high as 100 per cent, which of course were few in number, and traditionally were depended upon by the investors. This sudden rise in stock prices did not last long. By the end of July the market started falling and now almost levelled to the previous level.

A new phenomenon added to the sudden market surge last year. That was foreigners' participation in our stock market. Some foreign firms from Hong Kong showed interest in our stock market for the first time. They initially bought the stocks at a run-way price. In the milieu, the local investors further tightened their grip on the supply of the stocks and the market caught a further bullish trend for a short period. The investors who sold their stocks in that period were lucky. Who waited for a further rise were the losers.

Once the foreign firms understood the functioning of our stock market they decided to go slow. They are now buying stocks just like a local investor. In this brief hay-day of stocks, the daily turn-over on the floor of the Dhaka Stock Exchange was about Taka 60 lakhs on average. It was Taka 10 lakh on average before this period, which is now again the average daily turnover.

Investors were badly shaken by the frequent stock market tumbings in Bangladesh. Wherever they turned to they were made to lose money by various manipulations. Both the companies and the regulatory authorities are accountable for their sufferings.

In reality companies are not accountable to anyone, though company law provides for their accountability, foremost, to the investors. Regulatory bodies are supposed to be there to ensure this, but this is not so in Bangladesh.

Now the investors even do not know who are the regulators of stock market because the Board of Investment (BOI) has taken over some works of the Controller of Capital Issues without any mutual understanding. Many investors silently closed their investment accounts with the ICB. They are simply disgusted with this organisation, it never served them as expected.

Though the Bangladesh economy is experiencing one of its lowest inflationary rates since independence, the real saving did not go up, simply because the investors do not have the opportunity to save. A promising capital market could have lured them to save more or divert their spending away from land and other real estates buying. But the situation seems to be grimmer. Not only that we could not come up many alternatives for saving, we also did things which shook investors' confidence to save more.

ICB was created to help develop capital market of the country. It instead ruined investors' confidence. It used innocent investors' accounts to buy some stocks of some compa-

nies which it provided with long-term capital and which did not withstand any criterion for investment.

It provided money to some companies in the form of share and debenture purchases which did not go into production, and whose financial performance in no way show any ability to repay the liability against these instruments. ICB did all these simply because the money it had belonged to the government and the investors. When public money falls in private hands the latter is bound to be misused, at least in this society. So, ICB better sell itself to the private sector and then manage its portfolio in whatever way it likes.

Stock exchange reforms need not be further talked about. When a privately managed stock exchange takes over the national responsibility of stock trading, it must then behave in a way which gains investors' trust. An investor would hardly find a government anywhere in the world which is so indifferent to the rules of investment.

In Bangladesh, the government runs after many other issues but seems to be least concerned to the woes of investors. It is so simply because a section of the government is ignorant about the need of a stock market and its role in a market economy.

The small investors cannot reform the market by themselves. The companies play many tricks with them which they will find hard to understand. The companies very often come up with balancesheets showing no profit or hardly any profit, not enough to pay dividend to the investors. There is no mechanism here to question the work of auditors. Almost anything can get certified from the auditing firms. In such a situation, small shareholders cannot do anything except complaining in the meetings.

In the absence of trust in auditing practices, the investors started trusting the company managements themselves. And now trust in the companies is the only thing left to the investors. Some companies suddenly reduced their dividend offerings to the investors, and they were found to be heavily indebted to DFIs. Such companies always suffer from a tendency of not declaring dividend, lest they are to pay back the loan to the DFIs.

December is the month of holding annual general meetings (AGMs) of the shareholders. This year about fifty companies held their AGMs in this month; out of these fifty companies, twentyone paid no dividend at all to the shareholders, six companies reduced their dividend rates and only five companies raised their dividend rates albeit by very little. There were some in these fifty companies which were not paying dividends for years, yet they remain listed on the DSE.

Companies always find some excuses, sometimes food, sometimes govt's import policy—sometimes loan repayment and sometimes war abroad—not to pay dividend. They have a system working for them which pays not to declare any dividend. Only a package reform programme can put the whole affair straight, and till such time small investors will be reluctant to get involved in the capital market in any big way.

## Co-ordinated efforts for semi-intensive shrimp culture underscored

DEBHATA (Satkhira), Jan 10: Speaker of Jatiya Sangsad Shaikh Razzaque Ali has underscored the need for co-ordinated efforts of all concerned to re-activate shrimp cultivation by availing of the bright prospect of the semi-intensive shrimp culture in the coastal areas like Khulna and Satkhira belts so as to ensure valuable foreign exchange earnings and job opportunities at the rural areas, reports BSS.

Shaikh Razzaque Ali said with the use of modern techniques, semi-intensive shrimp cultivation could yield upto 2000 kilograms of shrimp in place of the present production of 70 to 100 kg per acre.

Addressing a meeting of the concerned officials at Satkhira Zilla Parishad Bhaban the Speaker said that necessary logistic support and cooperation would be provided for development of semi-intensive shrimp culture in the coastal areas to improve the financial condition of local people and to accelerate the pace of self-reliant economic advancement.

## Dhaka Stock Prices

At the close of trading on January 10, 1993

**Business slumps**

Business on the floor of Dhaka Stock Exchange (DSE) fell heavily on Sunday. Both the turnovers declined. Volume fell to 3980 from 6443, showing a decline of 38,228 per cent while value dropped from Taka 709240.00 to Taka 371615.00, a fall of 47,604 per cent.

The DSE index also dropped from 369.1251 to 367.9709, a decrease of 1.154 point.

A total of 34 shares was traded on the day. Of them, only six shares gained while 20 lost and other eight shares were traded at previous rates.

### DAY'S TRADING AT A GLANCE

DSE Share Price Index	367.9709
Market Capitalisation (Tk)	10,518,438,895
Turnover in Volume	3980
Turnover in Value (Tk)	371615.00

Company	Previous Price Tk	Closing Price Tk	Change (Absolute) Tk	Change (% over price) sold	Number of Shares/Deventures
<b>Gains (06)</b>					
Shares:					
National Oxygen	94.00	98.00	4.000	4.255	50
Modern Dying	30.00	31.00	1.000	3.333	10
Howlader Pvc	97.00	100.00	3.000	3.093	210
Cig vegetables	78.00	80.00	2.000	2.564	10
Rahman Chemicals	34.00	34.30	0.300	0.882	50
Afiah Automobiles	181.25	182.00	0.750	0.414	10

Company	Previous Price Tk	Closing Price Tk	Change (Absolute) Tk	Change (% over price) sold	Number of Shares/Deventures
<b>Losses (20)</b>					
Shares:					
Rupan Oil	5.00	4.60	0.400	8.000	100
National Bank	104.00	97.78	6.220	5.961	90
Eastern Cables	74.00	73.25	0.750	0.750	80
City Bank	280.00	270.00	10.000	3.571	10
B Autocars	56.00	54.00	2.000	3.571	40
Eagle Star Textile	18.46	18.00	0.460	2.492	100
Shaham Textile	78.00	77.00	1.000	1.282	50
2nd ICB M Fund	162.00	160.00	2.000	1.236	52
Chittagong Cement	275.00	271.98	3.020	1.098	215
Savar Refractories	93.00	92.00	1.000	1.078	10
Karim Pipe	98.00	97.00	1.000	1.014	100
Dhaka Vegetables	81.40	80.67	0.730	0.897	150
Tamjuddin Textile	151.25	150.00	1.250	0.826	130
B Oxygen	63.50	63.00	0.500	0.787	200
Aziz Pipe	215.50	214.00	1.500	0.696	10
Talru Spinning	98.66	98.00	0.660	0.669	100
Pharma Aids	157.50	156.50	1.000	0.635	20
Beximco	18.10	18.00	0.100	0.552	1000
Singer Bangladesh	793.00	790.00	3.000	0.378	15
GQ Ball Pen	84.78	84.50	0.280	0.330	280

Traded at previous rates (08)

Shares: 3rd ICB M Fund (85), 4th ICB M Fund (250), 5th ICB M Fund (140) 6th ICB M Fund (40), BGIC (150), Bengal Food (28), Modern Industries (15), Padma Textiles (180).

### DSE SHARES AND DEBENTURES

Company	FV/ML Tk	Shine Pakur Jute	100/5	100.00
<b>BANKS (09)</b>				
Al Baraha Bank	1000/1	890.00		
A.B. Bank	100/5	185.00		
City Bank	100/5	270.00		
LFJC	100/5	175.00		
Islamic Bank	1000/1	1700.00		
National Bank	100/5	97.78		
Pubali Bank	100/5	100.00		
Rupali Bank	100/10	80.00		
U.C.B.L	100/5	122.00		
Uttara Bank	100/5	100.00		
<b>INVESTMENT (08)</b>				
ICB	100/5	80.00		
1st ICB M.Fund	100/5	370.00		
2nd ICB Fund	100/5	160.00		
3rd ICB M. Fund	100/5	147.00		
4th ICB M. Fund	100/10	147.00		
5th ICB M. Fund	100/10	93.00		
6th ICB M. Fund	100/10	63.10		
ICB Unit Cert.				
Sales Price		115.00		
Re-purchase		110.00		
<b>INSURANCE (04)</b>				
NGIC	100/10	152.00		
Green Delta	100/10	153.00		
Peoples	100/10	172.00		
United	100/10	171.00		
<b>ENGINEERING (19)</b>				
Afiah Automobiles	100/5	182.00		
Atlas Bangladesh	100/50	45.00		
Aziz Pipes	100/5	114.00		
Bangladesh Autocars	100/5	54.00		
Bangladesh Lamps	100/5	175.00		
B. Thai Aluminium	100/10	80.00		
Bengal Carbide	100/5	265.00		
Bengal Steel	10/50	20.00		
Eastern Cables	100/5	73.25		
Howlader PVC	100/10	100.00		
Karim Pipe	100/5	97.00		
Matalex Corp.	100/5	49.00		
Morino Stafflers	100/5	155.00		
Monno-Jutez	100/5	255.00		
National Tubes	100/10	69.00		
Panther Steel	10/50	8.00		
Quasem Drycells	10/50	8.50		
Renwick Jaggeswar	100/5	87.00		
Singer Bangladesh	100/5	790.00		
<b>FOOD &amp; ALLIED (23)</b>				
A.B. Biscuit	100/5	200.00		
Alpha Tobacco	10/50	46.00		
Aman Sea Food	100/5	20.00		
Apex Food	100/5	685.00		
Aroma Tea	100/5	60.00		
Bangs	100/5	180.00		
B.D. Plantation	100/5	500.00		
Bengal Food	100/5	130.00		
B.L.T.C.	100/5	500.00		
B.T.C.	10/50	60.00		
Cig. Vegetable	100/10	80.00		
Dhaka Vegetables	100/5	80.87		
E.L. Camella	100/5	1040.00		
Frogleg Export	10/50	2.25		
Gemini Sea Food	100/5	100.00		
Hill Plantation	100/5	550.00		
Modern Industries	100/5	185.00		
N.T.C.	100/5	190.00		
Rabeya Flour	10/100	NT		
Rupan Oil	10/100	4.80		
Tulip Dairy	100/10	60.00		
Yousuf Flour	10/50	NT		
Zeal Bangla Sugar	10/50	8.87		
<b>FUEL &amp; POWER (04)</b>				
BD Oxygen	10/50	63.00		
Eastern Lubricant	10/50	14.00		
National Oxygen	100/10	98.00		
Padma Oil Co.	10/50	48.00		
<b>JUTE (13)</b>				
Ahal Jute	100/10	NT		
Anowara Jute	10/50	NT		
Delta Jute	10/50	8.50		
Ganessa Jute	10/50	NT		
Islam Jute	100/5	60.00		
Jute Spinner	100/5	80.00		
Mutual Jute	100/5	105.00		
Northern Jute	10/50	NT		
Shamser Jute	100/5	100.00		
Specialised Jute	10/50	NT		
<b>PHARMACEUTICALS &amp; CHEMICALS (18)</b>				
Ambec Pharma	10/50	12.00		
Bangla Process	100/5	60.00		
BCI	100/10	205.00		
Beximco Infusion	100/00	198.00		
Beximco Pharma	100/5	425.00		
Glaxo	10/50	125.00		
I.C.I.	10/50	100.00		
N Polymer	100/10			
Kohinoor Chemical	100/5	75.00		
Petro Synthetic	10/50	11.10		
Pfizer	100/5	450.00		
Pharma Aids	100/5	156.50		
Pharmaco	100/5	42.00		
Progressive Plastic	100/5	60.00		
Reckitt & Colman	10/50	110.00		
Rahman Chemicals	100/10	34.30		
Therapeutics	100/5	78.00		
The Bostan	100/10	101.00		
Wata Chemical	100/20	106.00		
<b>PAPER &amp; PRINTING (06)</b>				
Eagle Box	10/50	13.00		
Monospool Paper	100/5	56.00		
Paper Converting	100/5	110.00		
Paper Processing	100/10	35.00		
Padma Printers	10/50	50.00		
Sonali Paper	10/50	51.87		
<b>SERVICE (08)</b>				
Bangladesh Hotel	10/50	12.00		
Bd. Service	10/50	NT		
<b>MISCELLANEOUS (17)</b>				
Apex Tannery	100/5	360.00		
Aramit	10/50	37.00		
Bata Shoe	10/100	38.00		
Beximco	100/100	18.00		
B.S.C.	100/5	50.00		
Chittagong Cement	100/5	271.98		
G. G. Ball Pen	10/50	84.50		
High Speed	100/5	80.00		
Himadri Ltd.	10/100	6.00		
Milon Tannery	100/5	16.00		
Monno Ceramic	100/5	334.00		
New Dhaka Refic	100/30	95.00		
Phonix Leather	100/5	90.00		
Savar Refractories	100/5	92.00		
The Engineers	100/5	100.00		
Texpack Ind	100/10	100.00		
Umaria Glass	100/5	285.00		
<b>DEBENTURES (04)</b>				
Beximco	1000/1	2000.00		
Beximco Infusion	1500/2	1475.00		
(17% 1998)				
Beximco Pharma	1428/1	1145.00		
(17% 1998)				
Quasem Silk	1500/1	1415.00		
(17% 1994)				

Note: FV = Face Value ML = Market Lot NT = Not Traded AL = Allotment Letter

## Storms close biggest oilfield of North Sea

OSLO, Jan 10: Storms virtually closed the biggest North Sea oilfield on Saturday, slashing about a quarter from Norway's output of 2.3 million Barrels Per Day (BPD), reports Reuters.

State oil firm Statoil said it was producing less than 200,000 BPD at the giant Statford field, which usually pumps about 700,000. The linked Snorre field, which produces 100,000 BPD, had also cut output to a minimum.

Oil storage tanks in the hollow concrete legs of the three Statford platforms, with capacity to hold about a week's output from Statford and Snorre, are virtually full.