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## DSE modernisation an urgent need, say experts

By Rafiq Hasan

"Modernisation and expansion" of the Dhaka Stock Exchange (DSE) is urgently needed to sustain the recent boom in the share market and cope with enthusiasm among the investors.

The share brokers, experts and persons related with the capital market noted that the existing facilities in country's two stock exchanges are not enough to meet the demand of the general investors.

The Dhaka Stock Exchange (DSE), located at Motijheel, the busiest area of the city. Although DSE has a 9-storey building between series of high rise buildings, it lacks open space in and around the complex.

So, a large number of investors are always seen exchanging shares and debentures standing on the pavement opposite to the DSE building.

Hundreds of small investors gather in front of the DSE building everyday creating serious traffic congestion in the busy Motijheel Commercial area.

Talking to The Daily Star a number of DSE members admitted that the share market went up beyond their expectation.

The rush of the people to the stock market is so large that we can not provide them proper service, said Hasan Farouq Khan Jinnah a member of the DSE.

He said people are coming with huge money but we can not execute their orders properly due to lack of accommodation facilities.

"We have to do share business in a very small room where we even can not tell a client to sit down," he mentioned.

A total of 208 securities are allowed to be traded at the DSE which was established in 1954 with only 9 enlisted companies. Out of these the number of companies is 190 while there are 11 debentures and 7 mutual funds.

Although, 192 enlisted brokers can take part in the trading, a number of them are inactive. As a Public Limited Company, the expansion of the membership is restricted.

**Certificate Award for computer courses**

Soft & Hard Computer Services Ltd. (S&H) held a certificate award ceremony recently for two computer courses — FoxPro Programming and Computer Basics, says a press release.

Aftab Ul Islam, Chairman of S&H distributed the certificates to the participants. Kallol Kanti Dutta, Managing Director and Nazmul Huda Choudhury, Sr. Vice President were present among others.

**'Iraqi oil pipeline to reopen soon'**

ISTANBUL, Oct 2: Turkish Deputy Prime Minister and Foreign Minister Tansu Ciller said on Tuesday UN Secretary General Boutros Boutros-Ghali had told her that the Iraqi oil pipeline would be reopened in a few weeks under a UN plan, Anatolian news agency reported, according to Reuter.

"UN Secretary-General Ghali said the Herkuk-Yumurataklak pipeline will be opened in a few weeks," she was quoted by the agency as telling reporters on her arrival from an official visit to the United Nations General Assembly.

She gave no further details.

The UN plan, agreed on May 20, was to allow Iraq to sell oil worth two billion dollars to buy food and medicine for its people who have been suffering under a UN trade embargo since the 1990-91 Gulf crisis.

But the deal was suspended by the United Nations early in September, when Iraqi forces attacked the Kurdish held north of the country where the pipeline passes and disrupted plans to place UN oil monitors who would ensure that oil sales were implemented in line with the UN plan.

**BNCCI team calls on BSCIC chairman**

A two-member delegation of Bengal National Chamber of Commerce and Industry (BNCCI), India called on Mohammad Abdus Samad, Chairman, Bangladesh Small and Cottage Industries Corporation (BSCIC), at his office yesterday, reports BSS.

A BSCIC press release said the delegation invited BSCIC chairman to participate in the coming "10th Industrial India Trade Fair," to be held at Calcutta from December 21 to 31 this year.

The delegation discussed various aspects of the fair with the BSCIC chairman. The press release said, about 450 Indian business firms and organisations will participate in the fair which would provide an excellent opportunity to promote sale of products, services and technologies of the exhibitors.

The Indian delegation was led by BNCCI President S P Saha.

Now, obtaining a membership reportedly costs about Tk two crore.

The All Share Price Index of the DSE has almost been doubled within only 9 month period. The price index which fluctuated between 790 to 830 points at the beginning of this year, crossed 1650 mark recently.

The market capitalisation of the bourse also surged during the period from around Tk 5,300 crore to more than Tk 11,000 crore.

The Chittagong Stock Exchange, the second bourse in the country which started functioning since October last also experienced buoyant trading during the period pushing its price index and market capitalisation to 695 points and Tk 6982 crore respectively.

Commenting on the recent development of the capital market, Abu Ahmed, a teacher of the Dhaka University said that country's two stock exchanges performed excellent recently and need expansion as early as possible.

He said the money mobilisation through capital market can help a lot in industrialisation of the country.

The stock market became an alternative source of financing for setting up new mills and factories in the country, he observed.

Abu Ahmed expects that the crisis in industrial financing due to mainly lack of proper financing institutions in the country will be minimised through share market.

Nowadays, it is not difficult for a good entrepreneur to raise more than Tk 50 crore from the stock market through floating shares of the company which was almost impossible 10 years back, Ahmed noted.

According to him new financing is not a problem if the project is viable.

The recent boom in the capital market can only be sustained if government provides adequate support to industrial sector of the country, said an economist.

If industries run properly and make profit then the investors will be encouraged to



Aftab Ul Islam, FCA, Chairman of Soft & Hard Computer Services Ltd. addressing the participants for just completed computer courses in the certificate award ceremony. Sitting at right Kallol Kanti Dutta, Managing Director and at left Nazmul Huda Choudhury, Sr Vice President.

**Strong demand marks Ctg tea auction**

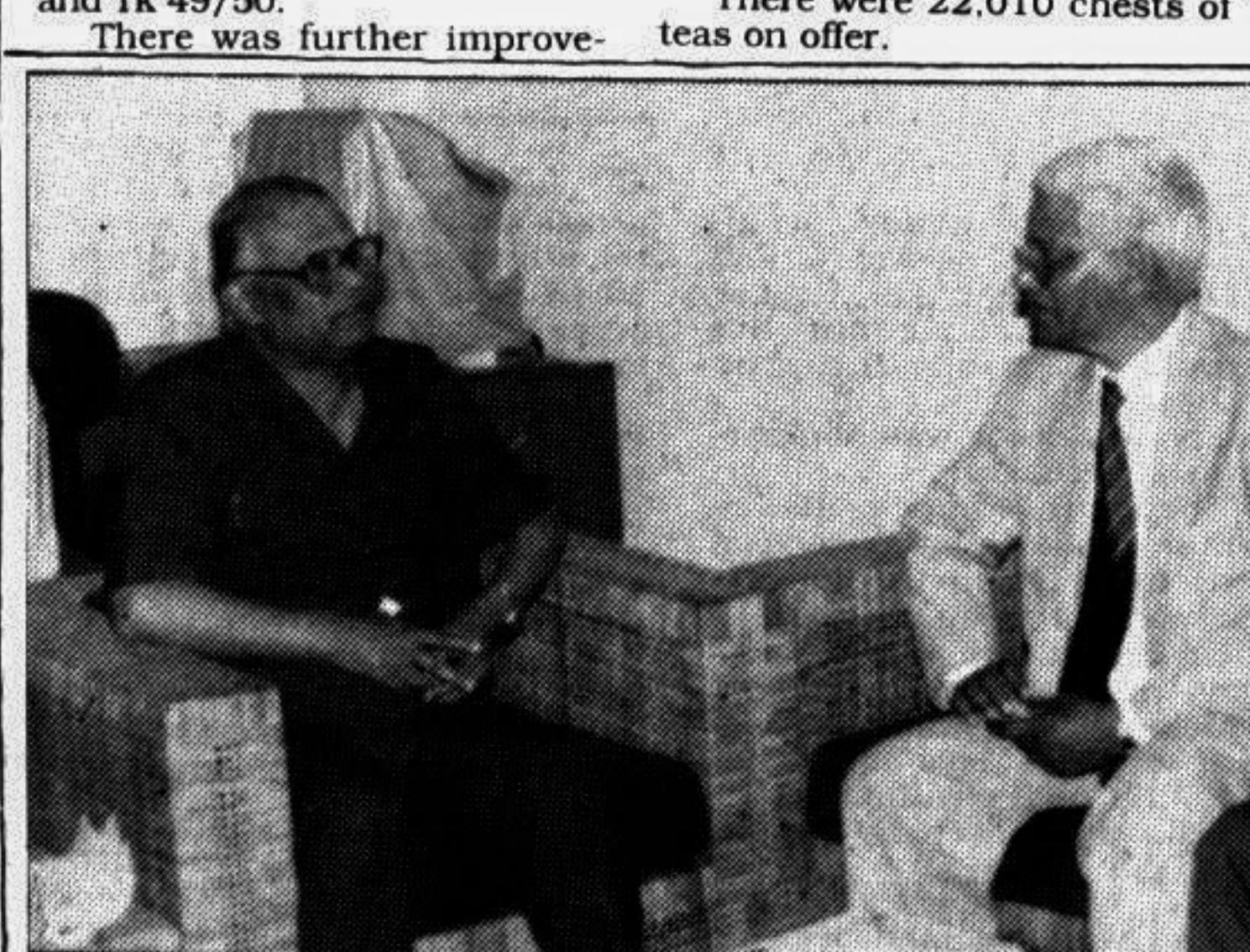
CHITTAGONG, Oct 2: The weekly tea sale held here yesterday was marked by a fairly strong demand for almost all grades of teas at generally dearer rates, market sources said.

Pakistan and internal buyers, particularly the blenders competed strongly for good liquoring, small brokens and fanning with prices generally moving in sellers' favour. Poland absorbed the bold and large brokens at slightly lower levels.

Bold and large brokens met with more demand and were readily absorbed at a drop of upto 50 paisa per kg medium and smaller brokens were a good market and were generally sold at around last levels but the few good liquoring smaller brokens met with more competition and were often dearer by 50 paisa per kg, popular types also sold well between Tk 46/00 and Tk 49/50.

There were 22,010 chests of teas on offer.

There was further improve-



A two-member delegation from BNCCI, India led by its president S P Saha called on Md Abdus Samad, chairman, BSCIC, yesterday.

# The Daily Star BUSINESS

DHAKA THURSDAY, OCTOBER 3, 1996

**HYUNDAI**

CARS THAT MAKE SENSE

## Romania keen to invest in joint venture projects

Romania is interested to invest in Bangladesh on increased rate through joint venture projects and help boosting up the country's economy, reports BSS.

Romanian Charge d'Affaires in Bangladesh Peter Stamascu expressed the keen interest of his country to State Minister for Jute and Textiles A K Faezul Huq while he called on the latter at his office.

The Romanian envoy also said his country was eager to buy increased volume of goods from Bangladesh.

During discussion the State Minister for Jute assured Stamascu of cooperation to the Charge d'Affaires in the process of buying raw jute from Bangladesh. He requested Romania to buy more jute and products from Bangladesh.

The process of exporting raw jute worth of over Taka eight crore to Romania has already started.

## Mongla handles 11442 MT cargo a day

KHULNA, Oct 2: Mongla Port has handled a total of 11442 metric tons of cargo the last 24 hours, reports BSS.

Of the total cargo handled 9,795 metric tons were import cargo while 1,647 metric tons were export cargo.

Major export cargo included jute and jute goods and other non-traditional items while import cargo included cement, clinkers, fertilisers and general cargo. There are 21 ships anchored at the port awaiting discharge of import cargo and loading of export cargo.

The 21 ships waiting at the Mongla Port, 11 ships will load export cargo while ten ships will discharge fertilizer, salt, cement clinkers, cement and general cargo.

During the period one ship has sailed off the port and one ship is expected to call on at the port.

## BKB to disburse Tk 25.45 cr loan for Rabi crops

JHENIDAH, Oct 2: Bangladesh Krishi Bank would disburse a total of Tk 25.45 crore as loan for Rabi crops in 10 south-western districts of the country in the current fiscal year, official sources said, reports UNB.

The loan will be distributed among the farmers of Jhenidah, Jessore, Magura, Narail, Khulna, Bagerhat, Satkhira, Kushthia, Chuadanga and Meherpur districts.

Of the total, Tk 7 crore will be disbursed for boro paddy, Tk 22 lakh for wheat, Tk 8.51 crore for potato, Tk 8.79 crore for vegetables and Tk 51 lakh for other crops.

Disbursement of the loan will start soon and it will continue upto next January, BKB sources said.

## Tehran Int'l Trade Fair opens

TEHRAN, Oct 2: Iranian President Akbar Hashemi Rafsanjani on Tuesday inaugurated the 22nd Tehran International Trade Fair, saying that his country is trying to promote international cooperation and exchanges, reports Xinhua.

Some 1,500 foreign companies from 53 countries are participating in the fair despite the latest tough sanctions by the United States.

Rafsanjani said that 2,500 Iranian firms along with the foreign companies are participating in the trade fair, which occupies an area of about 200,000 square metre at the permanent grounds for trade fairs in uptown Tehran.

"We don't just want to facilitate trade by hosting the trade fair. We want the fair to provide a forum for cultural and scientific exchanges," he said.

He said, "we hope a lot of information will be exchanged between the south and the north and the south and the south. Our other goal is to contribute to world peace and understanding."

## Musical instrument exhibition at Sonargaon Hotel

Sonargaon Hotel authority has arranged a month-long exhibition of local musical instruments at the lobby of the hotel in observance of the tourism month, reports BSS.

An official handout said State Minister for Youth, Sports and Cultural Affairs Obaidul Quader inaugurated the exhibition yesterday.

About 100 local musical instruments are on display in the exhibition. The instruments include various kind of harmonium, dugi, tabla, ekta, dotara, ghanta, Kather ganta, bongo, nupur, dhol, bangla, dhol, surmondal, zipsi, behala, chutti and sanai.

## London-based merchant banker observes

# Global investment in DSE depends on proper regulatory framework

By Staff Correspondent

The country's main bourse, the Dhaka Stock Exchange (DSE) needs to establish transparency in the trading of equity through introducing the latest technologies to get a significant part of the global equity fund that pours into Asia, a London based merchant banker observes.

Foreign investment will come depending greatly on whether the country has proper regulatory framework that encourages access to the equity market by foreign investors, and a modern trading system," said Ilias Khan, Managing Director of Namura Intl. Plc the investment Banking arm of Namura securities who was in Dhaka last week.

"In Bangladesh, the first precondition is prevailing, that is the market is open to be invested with a satisfactory regulatory framework in place. But it has to develop transparency in trading," said Khan. "If the trading is transparent with latest technologies, the fund managers and brokers can watch the current stock price constantly on Reuters, teletext, Bloomberg screen, the real price time of script at any time. This will put them in a very comfortable position regarding his decision of buying and selling."

Khan started his career with a British merchant bank, Schroders, and then joined the CitiCorp in 1987 as Syndicate Manager based in London. He

was later posted to Hong Kong operation and moved to UBS before joining Namura as Managing Director this year.

Commenting on the DSE, he further added that the short trading time i.e. counter wise trading for each scrip distorts the market.

"Any given scrip can not be traded through out the day. You have to be present at the market at the right moment to sell or buy a scrip. This results in the variable prices of a scrip. Trading for any scrip should be allowed through out the trading hour," observed Khan.

Giving a global view of the capital market, he said the OECD markets at this moment are very buoyant and two weeks ago, the clocked record highs. On the other hand, the bond market is going stable. US interest rate is low, and oil price is flat.

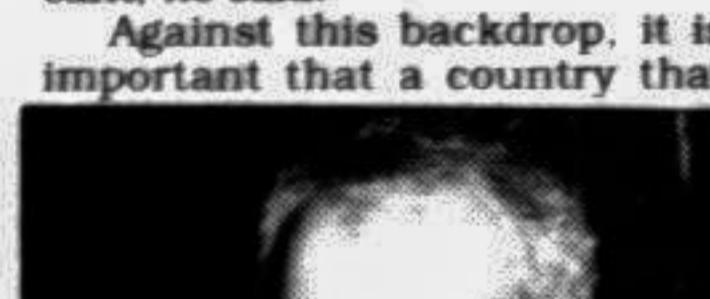
"Otherwise, a nice environment for investment is prevailing right now," said Khan. "As an impact of these, investors are interested to invest in their own markets, mainly in Europe. That is why investors' attention to Asia has been less focused now than in 1993 when every one was mad about the Asian markets."

The regional overview is also marked by these features till now, he maintained.

There is a shortage of capital for Asia right now. Because of a stiff competition for capital in

the region, each country is fighting for a piece of the pie," he added. In comparison, more than 20 billion dollars of equity was raised by Asian countries in 1995 from foreign investors although the portion of which Bangladesh was very insignificant, he said.

Against this backdrop, it is important that a country that



Ilias Khan needs to attract foreign funds must improve its trading and regulatory system to give confidence to the investors. Khan stressed.

"Also important is the perception of the country," he continued. "Malaysia, Indonesia and Korea spent a huge amount of money and effort in image managing of their countries

through trade shows, trade conferences, advertisements and other means. Bangladesh also needs to market its positive sides to attract the investors."

But perception alone can not be adequate. Behind perception there has to be some fundamentalist like earning growth, quality of management political stability, transparency and continuity as well as consistency of government decision making, he noted.

Asked about his outlook for the Asian markets, Khan said if US interest rates, it will have a negative impact on the Asian markets.

"On the other hand if the US and UK equity markets see some profit taking and interest rates do not rise, then the outlook for the Asian market is good as investors will divert from the western markets to Asian like in 1993," he maintained.

Because of the buoyant western market, there are less interest on potentially emergency markets for the last 18 months, he said.

"We do not expect US interest rate to rise," continued Khan. "There are still some uncertainty about the US economic outlook after the election. The result of these two is that investors are divided about their markets strategy and they are indecisive about the next steps."

## Workshop on 'In search of enabling environment'

# FBCCI identifies 9-point agenda

The Federation of Bangladesh Chambers of Commerce and Industry has identified a nine-point agenda which the government should carry out to create an enabling environment for accelerating private investment, reports UNB.

The nine issues requiring urgent action to pave the way for investment were presented at a day-long workshop, titled "In Search of Enabling Environment," at the FBCCI conference centre in the city yesterday.

The apex chamber body has given priority to three major problems — industrial credit, power supply and administrative reforms — which are holding back private sector growth and need to be addressed immediately.

De-regulation and regulatory reforms, collaboration between government and private institutions, legal framework, customs, trade promotion, law and order, and labour relations are the other areas on which FBCCI also made a number of recommendations.

Commerce and Industries Minister Tofael Ahmed inaugurated the workshop, saying that the government was doing its best and working hard to create an enabling environment for the private sector.

At the same time, Tofael said, the government was pursuing a policy that the real businessman irrespective of his political identity would be given all out cooperation and assistance to operate his business establishment.

"I can assure you that in business, investment and development of the country, policies to make the economy robust and vibrant.