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SEC cancels stock dealer's licence

Failure to settle investors' claims

Star Business Report

The Securities and Exchange Commission (SEC) yesterday cancelled registration of a stock dealer of the Dhaka bourse for failing to settle investors' claims.

Sources said that a number of investors had deposited money with the broker to buy stocks for them. The broker neither delivered the stocks nor refunded the money, the SEC alleged.

SEC officials said the commission launched an investigation after it received a number of complaints against the stock dealer – SPM Ltd.

The investigation found that the broker owed over Tk 50 lakh to various investors.

In reply to a SEC notice, SPM officials said that the payment problem was created as the company went out of operation after the demise of its owner.

The SEC also summoned the SPM for a hearing and the company officials promised to resolve the issue within a month, sources said.

The SEC also advised SPM to engage an auditor for assessing the actual liabilities of the company. But SPM did not do it either.

Meanwhile, in another development, the SEC has imposed Tk one lakh fine on Bangladesh Autocars Ltd for failing to furnish the commission with half yearly financial statement of the company.

American Express Bank, Bangladesh, organised its 3rd Annual Client Workshop in Kuala Lumpur from October 26-29. The clients' group travelled with Emirates and was accompanied by Mario D'Souza, Tour Sales Manager of Emirates-Dubai, and Ismail Bhuiyan, Senior Sales Executive of Emirates, Dhaka. Picture shows them at Hotel Istana, Kuala Lumpur, along with the participants.
– Emirates photo

July-October revenue collection beats target by Tk 114 cr

The National Board of Revenue (NBR) has crossed its revenue collection target in the first four months of the current fiscal realising Tk 5,254 crore, a figure which is Tk 114 crore more than the expected sum, says BSS.

The amount is Tk 935 crore or 21.65 per cent more than that of the corresponding period of the last fiscal, an NBR meeting in the city attended by Finance Minister Shah AMS Kibria was told yesterday.

The finance minister asked the NBR officials to continue their efforts for increased revenue collection, saying that the concerned officials should be rewarded for good performances and punished for failure in job in line with the existing service regulations.

The meeting was informed that the amount of revenue collected in terms of import duty, VAT and supplementary tax during the period was Tk 3005 crore. Tk 1396 crore was realised as local customs duty, VAT and supplementary taxes while another Tk 794 crore was realised as income tax.

The rest amount of Tk 59 crore came from other taxes.

16.09 lakh MT cargo handled thru' Mongla port in Oct

KHULNA, Nov 2: More than 16,09,097 metric tons of cargo were handled through Mongla port during the last month, says BSS.

Of them, 15,09,119 metric tons were import cargo and 109,978 tons were export cargo, port sources said.

They said that imported cargo included food grains, cement clinkers and general cargo while export cargo included jute, jute goods, shrimps and general cargo.

During the period, the port handled five hundred ninety-four container cargo of which two hundred ninety containers were import cargo while three hundred four contaners export cargo. During the same period a total of twenty-one ships called at the port.

ICB declares 5pc dividend

Star Business Report

Investment Corporation of Bangladesh (ICB) has declared a 5 per cent dividend for its shareholders for the fiscal year 1999-2000.

The dividend was approved out of a net profit of Tk 5.94 crore of the same fiscal year.

The Corporation announced the dividend at its 24th Annual General Meeting held at a city hotel yesterday, says a press release.

Hedayet Ahmed, Chairman of the Board of Directors of the Corporation, presided over the meeting.

The profit of the Corporation is 37.50% per cent higher than that of the previous year.

ICB had earlier declared attractive dividends on its eight Mutual Funds and on the Unit Fund, the highest being 125% per cent on the First Mutual Fund. It may be mentioned here that First Mutual Fund has declared the highest cash dividend in the country for the FY 1999-2000.

During 1999-2000, the Corporation has committed a net financial assistance of Tk 14.74 crore to 14 companies in the form of direct underwriting, pre-IPO placement and lease finance.

ICB has introduced reforms in operational strategies and business policies in accordance with changes in the capital market scenario. Greater emphasis was laid on recovery of dues/over dues of project loan. As a result the Corporation recovered loans of 6.68 crore during 1999-2000 which was 40 per cent higher than that of previous year.

It has adopted a number of measures to enhance the quality of services in investor's scheme.

ICB has adopted some measures to rehabilitate the sick investment accounts with a view to making them viable and protecting the interest of the investors in the stock market.

It may be mentioned here that the ceiling of the margin loan for investment accounts has been increased from two lakh to three lakh at a loan margin ratio of 1:2.

Under the investor's scheme, an amount of 5.44 crore were received as margin deposit during 1999-2000 fiscal year. An amount of Tk 9.23 crore was invested in listed securities on behalf of the investment account holders during the year, resulting in a net investment of Tk. 441.06 crore up to 30th June, 2000.

During 1999-2000, ICB Unit certificates were sold for Tk 30.33 crore. The cumulative net sale of Unit Fund up to 30th June, 2000 stood at Tk. 528.08 crore.

Oil slips on Israel-Palestine steps to end fight

SA calls for more OPEC supply

SINGAPORE, Nov 2: Sky-high oil prices retreated today, finding some relief as Israel and the Palestinians took concrete steps to end more than a month of bloody conflict, says Reuters.

US benchmark NYMEX crude futures slid 59 cents to $32.66 a barrel at 0653 GMT after a top Israeli official said the leaders of Israel and the Palestinian Authority would publicly announce an end to violence.

Rumbling Middle East tensions sent oil prices rocketing to 10-year peaks in early October and continued to underpin prices after an earlier US-broker truce faltered.

Oil traders have been worried that the Israeli-Palestinian unrest might spread to nearby countries and disrupt crucial oil supply lines in the region, which holds the majority of world petroleum reserves.

The market is particularly sensitive to any hint of supply disruptions because fuel stockpiles, especially in the United States, are running at low levels as the northern hemisphere heads into winter.

This has stoked concerns of possible shortages if temperatures should fall severely.

Fresh evidence that US crude inventories continue to head south and new concerns over Iraqi oil exports sent prices hurtling upwards on Wednesday.

Oil continues to roam above $30 a barrel above which is widely deemed as a threat to global economic growth.

The Organisation of Petroleum Exporting Countries (OPEC) announced on Monday an immediate two per cent hike in crude output, its fourth production increase this year to try and stem the relentless price rally that has notched up the highest levels since the 1990 Gulf War.

Traders' nerves were jangled again on Wednesday by the prospect of another potential dispute between maverick producer Iraq and the United Nations.

Industry sources told Reuters that Iraq wanted to sidestep United Nations control of its exports by selling its crude via a pipeline through Syria.

The pipeline is expected to reopen within the next two or three days and such shipments would be outside the UN's humanitarian oil-for-food programme.

But UN diplomats in New York said sanctions bound Baghdad would need approval before it could open the route.

Iraq, which accounts for five per cent of world oil exports, sent a shiver through oil markets a week ago when it threatened to cut off supplies in early November if it did not get the go-ahead for its proposal to receive oil payments in euros instead of dollars.

Meanwhile another report from Johannesburg says oil import-dependent South Africa yesterday urged OPEC to again turn up its taps to alleviate acute fuel price increases in consumer nations, says Reuters.

The government called on OPEC to act as Pretoria sanctioned yet another increase in pump prices, adding to the burden of motorists and industry which have had to endure a 30 per cent increase in fuel prices since the start of the year.

"Production of crude oil has not increased significantly enough -- it is still below the required levels," Minerals and Energy Minister Phumzile Mlambo-Ngcuka said in a statement.

"Through diplomatic channels, government has persistently engaged OPEC to increase its production," she said.

OPEC announced on Monday its fourth output rise this year but this has done little to bring crude back to below the $30 a barrel mark.

OPEC states Saudi Arabia, Iran and Nigeria are South Africa's main crude suppliers and these purchases represent Pretoria's single largest foreign exchange expenditure despite a homegrown synthetic fuel industry.

Picture gives a partial view of the 24th AGM of Investment Corporation of Bangladesh (ICB) held on Thursday at a city hotel under the chairmanship of Hedayat Ahmed, Chairman of the Board of Directors. Md Ziaul Haque Khondker, Managing Director of the Corporation, is also seen in the picture.
– ICB photo

IT helped shed India's image of snake charmers

Wipro chief says at IT.com expo in Bangalore

BANGALORE, India, Nov 2: India's IT boom has helped shed the tired image of an exotic land of snake charmers, leaving complacency as the only obstacle to entrepreneurial growth, the chief of infotech giant Wipro said yesterday, reports AFP.

"It has transformed India from a land of snake charmers and elephants. We have to recognise this as a start of the challenge," Azim Premji told delegates at a five-day 'IT.com' expo in the southern city of Bangalore.

Premji – one of the richest men in the world – called for a "shared vision" combining industry, government and educational institutions, to foster fresh entrepreneurial talent.

India has set a revenue target of 100 billion dollars from the IT industry by 2010. Software exports surged 57 per cent to 171.5 billion rupees (four billion dollars) in the year to March 2000.

"Though we are doing well now it cannot mean we will be successful in the future. India cannot afford to be complacent. It needs to build a nation of entrepreneurial spirit," Premji told the delegates.

The Wipro chief also urged the richer elements of Indian society to leverage their wealth to benefit the poor.

"We require much more than raw talent. We need courage and perseverance... and to be unrelentless in our pursuit.

"Decades after India was looking for others to help, the IT industry has helped it to be self-sufficient. Over the next five years we can build a better India ... what lies ahead is much more exciting," Premji said.

K C Pant, deputy chief of India's Planning Commission, told delegates the IT sector could serve as a model for India's competitiveness in the new world economy.

"If the growth rates stay in the 50 per cent region for the next five years, Indian software exports will account for over six per cent of global software revenue in 2005," Pant said.

The advances of the IT revolution should be taken to their "next logical phase" and help spur 100 per cent literacy, more employment, entrepreneurship and economic growth.

"The government alone cannot tackle the digital divide. All sections of society including IT professionals have a role to play here," Pant said.

Bangalore, the IT capital of India, is home to many blue chip technology companies such as Texas Instruments Motorola, Siemens, Philips, National Semiconductors and Lucent Technologies.

More than 350 companies, including foreign firms from the United States, Britain and Germany, are showcasing their technology at the "IT.com" event.

Kuwait shares hit 11-week low on ME tension

KUWAIT CITY, Nov 2: The Kuwait Stock Exchange (KSE) dropped 1.3 per cent in the week ending yesterday on the back of heightened tension in the Middle East and internal political problems, brokers said, reports AFP.

The KSE index closed at 1,376.3 points, its lowest level in 11 weeks, down 4.5 per cent on the final trading day of 1999, and a staggering 51.5 per cent below its all-time record in November 1997.

During October the market dropped 4.5 per cent and market capitalisation decreased 2.3 per cent from 21.3 billion to just 20.8 billion dollars.

The value of average trading rose slightly to 10.1 million dollars from last week's 8.6 million dollars but remained well below the 30 million dollars throughout August.

Brokers said the rise in tension in the Middle East and the possibility of a regional military action negatively affected the market.

The resignation of the information minister Saad bin Teflah al-Ajmi and threats to grill a number of ministers by MPs assisted the slide, which also affected blue chips.

Confidence levels on the market had been boosted over the past months by high oil prices, the settlement of billions of dollars of bad debt and the introduction of regulations.

But investors are disappointed because none of the promised reforms has been implemented.

Caste poses main hurdle to India's IT ambitions

BANGALORE, India, Nov 2: India must pull down its caste barriers to evolve as an information technology superpower, a senior government official said today, reports AFP.

"The biggest factor that made India a land of knowledge into a land of illiteracy and backwardness is our social caste systems," said Sudheendra Kulkarni, Communications and Research Director in the Prime Minister's Office.

"We must remove those hurdles."

Kulkarni told delegates at an international "IT.com" conference here that a vast portion of India's one billion population was being denied education due to the hierarchical caste system.

"I believe the objectives of IT and social justice go together. They are not separate worlds. We must look at them as one common set," Kulkarni said.

For India to obtain IT superpower status will require a profound commitment from all political parties to ensure that the infotech revolution is not confined to a few islands of excellence.

"The truth is that a very small portion of the nation's potential is so far realised," Kulkarni said, warning of the digital divide between corporations moving at "net speed" while other sections of the community continued at "snail speed."

He also defined a problem peculiar to India where companies doing work for global clients were paying huge salaries which state-owned corporations could ill-afford.

"This problem needs to be addressed and we need a bifocal vision. One for global and the other for local corporations," Kulkarni said.

Sudip Banerjee, chief executive of operations and staffing at infotech giant Wipro Ltd., said India's main IT advantage – a skilled but relatively cheap labour pool – needed to be combined with product innovation.

"We have a competitive edge in the age of survival. But the cost-effective talent will not hold unless we rapidly gear up and move ahead of the value – chain," Banerjee said.

"We have to create our own products," he said.

AmEx CEO due in city today

W Richard Holmes, President and Chief Executive Officer (CEO) of American Express Bank Ltd, will arrive in the city today.

During the visit, he will meet senior executives of the corporate and correspondent bank clients of AmEx, says a press release.

Construction of KEPZ faces problems

CHITTAGONG, Nov 2: Development and construction works of the proposed Korean Export Processing Zone (KEPZ) on the bank of the river Karnaphuli, five kms off MA Hannan International Airport here, are delayed because of disturbances created by some organisations and individuals, says BSS.

Sources close to KEPZ, requesting unanimity, said some "private associations" formed recently and some "locally-influential people" had come up with new demands though the land owners had already been given compensation amounting to Tk 64 crore.

The government has demarcated 2,526 acres of land for KEPZ and the boundary pillars have been put up, but some associations are creating disturbances while the KEPZ authority is about to start development and construction works.

The ground breaking work of KEPZ was inaugurated by Prime Minister Sheikh Hasina on October 30, last year and the KEPZ authority has taken preparations to start development and construction works during the current month.

Farmers of three villages grew paddy during past three seasons on the KEPZ land without paying any rent and they now insist on continuing cultivation of paddy hindering development works, the sources added.

BKB opens its Mujibnagar Branch

MEHERPUR, Nov 2: The Mujibnagar branch of Bangladesh Krishi Bank (BKB) was inaugurated at Kaderganj Bazar under Mujibnagar Upazila recently, says BSS.

The branch was inaugurated by Moqbul Hossain, MP, as chief guest.

The inaugural function was presided over by Regional Manager of BKB, Meherpur. Gopal Chandra, Deputy Commissioner M Kamrul Islam and Superintendent of Police, Monzur Kader Khan were present at the function as special guests.

According to an official source, the bank has taken up a programme to disburse Tk 12 crore as loan through its seven branches in the district during the current financial year.

Tough economic choices await next US president

WASHINGTON, Nov 2: Managing the much-awaited slowdown under way in the US economy will be a key challenge for the next president – and keeping the record expansion alive without fanning inflation is going to be no small feat, says Reuters.

After ten years of uninterrupted growth, Americans' living standards have risen to levels never before seen. Unemployment is low, incomes are high, and consumers are spending windfalls generated by rising wages and stock prices at a record pace.

The booming economy has presented both contenders for the White House, Democratic Vice President Al Gore and Republican Texas Governor George W Bush, with what seems like a heavenly gift: Trillions of dollars in potential government surpluses.

But uncertainty over the size of projected surpluses has many on Wall Street and on Main Street worried about budget proposals made by each side – will the funds really be there in the end to pay for all those tax cuts and spending plans?

Couple that with questions over who gets the key economic posts in the new administration, and how those choices will influence US relations with the rest of the world, and the election really comes down to who can best ensure the United States' status as the world's number one economic superpower.

The nonpartisan Congressional Budget Office forecasts the federal budget surplus at $4.6 trillion over the next decade.

Bush has proposed an ambitious tax cut plan that he says costs about $1.3 trillion over ten years. Gore has proposed a more targeted tax cut of about $500 billion, but added spending plans bring his 10-year total to well over $1 trillion, too.

As charges of "fuzzy math" fly from one side to the other and questions persist over the minutiae of each candidate's plans, economists have raised a much more fundamental issue: Will the projected surpluses actually be there in the future?

"One of the key challenges is going to be to slow down the mushrooming government spending," said Sung Won Sohn, chief economist at Wells Fargo Bank in Minneapolis. "If you add either Gore's or Bush's programme on top of additional spending that is being passed by Congress, we'll be back to a deficit."

Federal Reserve Chairman Alan Greenspan has long warned that it current rates of government spending continue into the future, the forecast surplus – which assumes that entitlements or mandatory spending rise no more than the rate of inflation – may turn out to be little more than a pipe dream.

The Republican-led Congress and the White House have yet to agree on a $1.8 trillion budget for next year that many economists say already eats into the surplus projections.

Plans to increase government spending and cut taxes come against the backdrop of a still-robust economy. While growth slowed to 2.7 per cent in the July-September quarter from a scorching 5.6 per cent pace in the second quarter, interest rate strategists at the Fed warn that higher oil prices and the extremely tight labour market still pose inflation risks.

From their perspective, added fiscal stimulus could make those risks even more pronounced. But then, of course, it may never come to that point: Should either candidate be faced with an opposition majority on Capitol Hill, the fiscal reality may turn out to be quite different from the campaign promises.

Much will depend on whether Bush's Republicans can retain control of the Hill or whether Gore's Democrats take away either the House of Representatives or the Senate, or both.

"Financial markets always overestimated the impact of an election," said Mickey Levy, chief financial economist at Bank of America Securities in New York. "The elections comes and goes, and then you get back to the real issues."

Rising oil prices and fickle financial markets could well pose the biggest risk to the economic expansion, analysts said. With those dangers looming large, experienced hands at both the Treasury Department and Federation Reserve will be crucial.

As far as the Fed goes, the next president may well be able to shape monetary policy through the appointment process: Up to five seats on the Fed's powerful Washington-based board – normally made up of seven governors – could be up for grabs over the next year or so.

At Treasury, Secretary Lawrence Summers is keen to keep his post under a President Gore, even though Gore may want a new face to show he's his own man. Potential Bush choices that have been named include several Wall Street financiers, Texas oil executives, and his chief economic adviser Lawrence Lindsey.

The Treasury choice could have important consequences for international economic policies. Republicans have been sharply critical of the International Monetary Fund's multibillion dollar bailouts during the world financial crisis.

"A Bush administration would try to rein in the IMF and the World Bank," said Sohn. "A Gore administration would probably be willing to go down a similar road, but to a lesser extent."

That could also have implications for the US response to renewed upheaval in emerging markets.

A decision by major economies to pool their resources and intervene in currency markets last month to stop the euro's relentless decline did not sit well with Bush adviser Lindsey.

But both camps are likely to uphold the long-standing US strong dollar policy, even amid some fears in financial markets that a strong dollar is starting to squeeze corporate margins.

"If the dollar is going to be the premier currency for the planet, then we have a responsibility to forswear talking down the dollar," Lindsey said earlier this month. Gore advisers have been clear that they, too, plan no change on the dollar.