Star BUSINESS

DHAKA SUNDAY JANUARY 2, 2005 E-mail: dsbusins@gononet.com

SEC degrades 2 cos to 'Z' category

BSS, *Dhaka*

The Securities and Exchange Commission (SEC) yesterday degraded two companies to Z category.

The shares of Bangladesh Monospool Paper Manufacturing Co Ltd and Samata Leather Complex Ltd have been degraded to category Z from B with effect from Saturday as the companies declared no dividend in their annual general meetings for the year ending on June 30 last year.

SEC sources said the scrips of IFIC Bank Ltd, Mita Textiles Ltd and Rose Heaven Ball Pen Ltd will be degraded to category Z from category B with effect from January 8 as they failed to hold their AGMs in 2004.

They also said the scrips of Wata Chemicals Ltd, Khaza Mozaic Tiles and Stone Industries Ltd will be degraded to category Z from category A with effect from January 8 as the companies failed to hold their AGMs in 2004.

T-bonds debut on DSE

10 bonds traded on first day

STAR BUSINESS REPORT

The Dhaka Stock Exchange (DSE) celebrated the New Year by welcoming the treasury bonds, which made debut on the bourse yesterday.

Ten bonds worth Tk one lakh each were traded on DSE for Tk 9.50 lakh on the first day of the year.

Treasury bonds worth Tk1,010 crore having five years and 10 years maturity periods have been enlisted on the DSE. The 5-year bonds offer 7.5 percent interest while 10-year bonds offer 8.5 percent.

Of the bonds, five-year bonds are valued at Tk667.70 crore and the 10-year bonds are valued at Tk342.67 crore.

Dhaka City Corporation Mayor Md Sadeque Hossain formally inaugurated the trading of the bonds. Chairman of Securities and Exchange Commission (SEC) Mirza Azizul Islam was also present at the function.

Speaking on the event, the SEC chief said investors should have options to invest in different types of instruments with minimal risks.

The stock markets in Bangladesh have so far been mostly equity-based lacking diversification, he added.

He hoped that not only the institutional investors but also the individual investors will be able to participate in the trading of these bonds.

Although initially the market lot of treasury bonds cost Tk one lakh, steps will be taken to reduce this investment rate to attract small investors, the SEC chief added.

Indicating market depth in the capital market an essential tool for the development of the country, he said, market depth in Bangladesh is less than that of other neighbouring countries.

Pointing to the high tax which the central bank will deduct while making coupon payment, DSE President Ahmed Iqbal Hasan called the capital market watchdog to take steps to reduce the existing 20 percent tax for the treasury bonds for the sake of small investors.

Being a new one, the concept of treasury bond is not yet clear to the investors, Dhaka City mayor said adding the concept should be clear to all.

Citing the example of the 1996 share scam, mayor said the SEC along with the bourses should be alert to prevent such trickery to ensure an investor-friendly environment in the market.

Moreover investors should be provided with maximum information to avoid any confusion about the market, he added.

The DSE Chief Executive Officer (CEO) Salahuddin Ahmed Khan hoped the government bonds would play a significant role to heighten market depth in Bangladesh.

The CEO said, "These bonds will also help the government streamline its debt and fiscal management strategy in a more sophisticated way."

As the present market lacks a good number of good scrips, the bonds will woo investors who look for long-term risk-free instruments, Salahuddin hoped adding the bonds offer guaranteed return on investment.

He also said participation of both institutional and individual investors specially small investors is needed for the success of this new concept.

The DSE will arrange a series of workshops to educate the investors and the bourse members to popularise the bonds.

The primary dealers of the government bonds are Sonali Bank, Janata Bank, Agrani Bank, Prime Bank Limited, Uttara Bank Limited, Southeast Bank Limited, Jamuna Bank Limited, International Leasing and Financial Service Limited and a DSE member National Credit and Commerce Bank Limited (NCCBL).

PHOTO: STAR

Dhaka City Corporation Mayor Md Sadeque Hossain speaks at a function to mark the inaugural trading of treasury bonds on the Dhaka Stock Exchange yesterday. Chairman of Securities and Exchange Commission Mirza Azizul Islam is also seen.

Usmania Glass okays 50pc dividend, 25pc bonus share

STAR BUSINESS REPORT

Usmania Glass Sheet Factory Ltd has announced 50 percent dividend, which includes 15 percent interim dividend, and 25 percent bonus share, said a press release.

At the 18th annual general meeting, the company Chairman Major General (Rted) Imam-Uz-Zaman, also chairman of Bangladesh Chemical Industries Corporation (BCIC), declared the dividend on Tuesday.

China enacts laws aimed at WTO commitments

AFP, *Beijing*

China enacted 88 new laws on the first day of the New Year that cover a wide range of areas including foreign trade, taxation, advertising standards and supervision of the military, state press said Saturday.

As part of China's accession to the World Trade Organization (WTO), seven laws and regulations took effect on January 1 that lift some restrictions on auto imports and foreign participation in gasoline sales, auctions and insurance, Xinhua news agency said.

The new laws will formally cancel China's auto import quota and allow private and foreign companies to set up petrol stations in China in accordance with China's WTO accession commitments, it said.

A government decree on the import and export of goods also goes into effect Saturday that will bring China's definition of countries or regions of origin of goods in line with WTO standards, the China Daily said.

The new regulation is aimed at curbing the counterfeiting of certificates of origin for export products that have been widely used to circumvent quota tariffs and taxes, especially in the processing and garment trades, the paper said.

Starting from January 1, China will also audit military officers with the rank of lieutenant colonel or higher who are in charge of army finance work, according to a regulation issued by the military, Xinhua said.

DSE welcomes New Year with 1.42pc rise

UNB, *Dhaka*

Stocks on the Dhaka Stock Exchange (DSE) significantly rose yesterday to touch 2000-mark, as the country's main bourse picked up the just-passed year's buoyant trend on the first day of 2005.

The DSE General Index (DGEN) crossed slight above the 2000-line on the board, but corrected a bit low to close at 1999.71 points.

The benchmark index registered 28.40 points or 1.42 percent increase yesterday to embrace the new year from 1971 points on Thursday, the last trading day of the previous year.

The DSE-20 index for selective shares also rose 18.74 points or 0.86 percent to close at 2177 points yesterday.

"The day's rise was nothing but a continuation of the normal uptrend of the previous year," a market analyst said.

The DGEN first crossed the 1900 mark on November 24, 2004, went down below the mark on December 4 following a market correction and the following day it again crossed the mark.

In yesterday's trading, some 3,095,052 shares and debentures worth Tk 363.5 million changed hands, and of the 178 issues traded, 76 advanced, 81 declined and 21 remained unchanged. Market capitalisation stood at Tk 227 billion.

Meanwhile, the Securities and Exchange Commission (SEC), the stock-market regulator, yesterday suspended share trading of two listed companies--Metalex Corporation and Eagle Star --as operations of the companies remained closed for a long period.

The suspension order will be effective from today.

With the new ones, the list of suspended companies rose to eight as the regulators continued their efforts to clean up the non-performing companies from the market.

The other companies having faced suspension were Meghna Pet, Meghna Condensed Milk, Amam Sea, Tripti, Eagle Box and Chittagong Vegetables.

Holcim Easy Wall launched in Comilla

Cement manufacturer Holcim has launched its new brand cement 'Holcim Easy Wall' in Comilla recently.

The new brand is application-based cement especially meant for plastering and bricklaying and is expected to save cost over 8 percent.

The launching programme included retailer meet, unveiling the product, procession and mason meet at Holcim plant at Meghnaghat, Comilla, says a press release.

KS Chung, vice-president (Technical) of Holcim, unveiled the new product and inaugurated the procession. Among others, Ramit Budhraja, managing director, and Niaz Uddin Mahmood, GM (HRD) of Holcim Bangladesh Ltd, attended the functions.

India unveils incentive for textile exporters

Ups duty entitlement passbook rates

PALLAB BHATTACHARYA, *New Delhi*

With the enforcement of quota-free textile regime from yesterday, India has announced a major incentive for exporters by enhancing the duty entitlement passbook (DEPB) rates applicable for a number of textile products.

The increase in incentives would boost the profitability of Indian textile exporters and help them compete in the international market.

The DEPB prices have been revised for 83 product lines including cotton blouses, children's sweatshirt, gents' long coats and jackets and ladies' skirts.

Value caps have been fixed for most categories, a Directorate General of Foreign Trade official said, adding they refer to items with embroidery, metalised yarn or lining.

The enhancement of DEPB rates covers synthetic, blended, woolen and silk textiles, said a statement issued by Indian Commerce Ministry here on Friday.

The increase in incentives followed representations made by the textile industry which have been backed by both Commerce Minister Kamal Nath and Textile Minister Shankersinh Vaghela.

In September this year, DEPB rates for textile products were slashed across the board by 45 percent following excise duty revamp for the cotton textile sector in last year's budget. Yesterday, the government restored half of that reduction.

Reacting to the development, Apparel Export Promotion Organisation Director V Mathur said the industry is hopeful of achieving about 15-18 per cent growth in the months to come after the dismantling of Multi-fibre agreement which came into force ten years ago.

According to a study, Indian textiles and apparel industry can reach 85 billion dollars by 2010. The industry has already witnessed investment of about Rs 50,000 crore in the last few years and has ramped up capacities to meet the challenges in the post-Multi Fibre Agreement hoping to cash in on the additional business to be generated in post-quota international textile regime.

While welcoming the revision in DEPB rates, Apparel Export Promotion Council Chairman A Shaktivel said this would help the Indian textile industry compete strongly in international market.

He, however, said, there are disappointments at the same time as cotton fabrics and garments have not been given these due benefits.

Since cotton textiles account for nearly 70 percent of India's total textiles and garments exports of over 12 billion dollars, the Council would request the Finance Ministry to consider increase in DEPB rates for cotton textiles as well, Shaktivel said.

The Indian government is looking at a target of around 50 billion dollars in the next five years even though the Indian textile industry has been facing bottlenecks like poor infrastructure, inadequate Foreign Direct Investment flows and the need for flexible labour laws.

A study conducted by the Associated Chambers of Commerce and Industries (ASSOCHAM) has cautioned that India can lose its share of the global textile and apparel market to China and Pakistan if measures are not taken for massive reforms and modernization of the domestic textile sector.

ASSOCHAM President Mahendra K Sanghi said in a statement here that China is the biggest producer of cotton and man-made fibre (25 percent of global fibre) and largest exporter of textiles (16 percent) and apparel (23 percent) and has the largest spinning, weaving capacity and largest garment factories.

He said, Pakistan with low labour costs, a raw material base in both cotton and man-made fibres and an estimated four billion dollar investment in the last four years is "another threat".

Sanghi said Thailand too could emerge as another major competitor to Indian textile industry as "there is every possibility that the proposed India-Thailand Free Trade Agreement could provide scope for dumping cheap textile goods into India from a third country."

It suggested a five-pronged strategy to improve the competitiveness of the Indian textile sector, including flexible labour laws.

China has invested 60 billion dollars in the last ten years to improve its textile sector infrastructure and Indian companies need to invest in a big way quickly to live up to tough global competition, textile industry sources say.

Customs union for East African states enter into force

AFP, *Nairobi*

Kenyan President Mwai Kibaki on Saturday announced that a common customs union treaty designed to free up trade and harmonise tariffs on goods entering Kenya, Uganda and Tanzania, has come into force.

"I am happy to note that the customs union, which is the entry point of the integration process, comes into effect with the New Year," Kibaki said.

The East Africa Community (EAC) Customs Union treaty, which was signed last March, "will enable businessmen to freely access an enlarged market of over 90 million people and a combined GDP (gross domestic product) of 30 billion dollars," he added.

"It will also enable investors in the region to enjoy economies of scale and reduce costs of production. Furthermore, the union will enhance the competitiveness of our products in international markets," he added.

Presidents Kibaki, Yoweri Museveni of Uganda and Benjamin Mkapa of Tanzania signed the protocol on the Customs Union in the northern Tanzanian northern town of Arusha last March.

A common currency and bank are due to be installed before 2010.

The deal, which took four years to negotiate, calls for the elimination of duties on goods within the EAC, which is home to some 90 million people with an estimated annual market of some 90 billion dollars.

Concretely, Kenya will not levy duties on goods imported from Tanzania and Uganda, while duties on certain goods heading from Kenya to her two partners will fall from 10 percent to zero over five years.

On goods entering the EAC from outside, three tariff bands will be imposed, zero, 10 and 25 percent, depending on the nature of the shipment.

Next year, due to that tax harmonisation, Kenya will lose about 80 million dollars and Uganda 45 million, official statistics showed. But in the long term, rewards are expected in the form of increased regional trade and investment, according to officials in the three countries.

Bangla-German chamber AGM held

BSS, *Dhaka*

Germany became the second biggest export market of Bangladesh products, a meeting here was told recently.

The 2nd annual general meeting (AGM) of Bangladesh German Chamber of Commerce and Industry (BGCCI) which was held here on Thursday was informed that by now Germany is the 2nd largest buyer of Bangladesh -- more than US$ 1.2 billion in the year 2003, a press release said.

Chaired by President of the chamber Ruhul Amin, the members present at the AGM emphasised boosting the mutual trade between Bangladesh and Germany.

The AGM also called for developing even better congenial relationship between the two friendly countries and said over the years Germany has emerged as the second most important market for products from Bangladesh.

German consumers have learned to appreciate clothes and fabrics, ceramic items, leather ware, seafood, handicrafts and other goods from Bangladesh, some of them in outstanding quality, members said.

With a tradition of highest quality and precision machinery, however, German companies have become suppliers of crucial equipment for the Bangladesh economy.