

SEC warns merchant banks of failure to cool down market

STAR BUSINESS REPORT

In the wake of bullish trend in stock market, the stock market regulator yesterday warned of actions including cancellation of licence of the merchant banks if they fail to bring in new issues to pull the overpriced stock market down.

"The present market is overpriced, no one will disagree with me, and to cool down the market new issues need to be brought into the market. But, it is not up to the commission, it's up to the stock exchanges and merchant banks," said Faruq Ahmad Siddiqi, chairman of Securities and Exchange Commission (SEC).

"We see the merchant banks are engaged in trading in secondary market rather than bringing new issues," he said, adding that laws will be amended if necessary to force the merchant banks to bring new issues into the market or they will face cancellation of licence.

The SEC chief was addressing the inauguration ceremony of a five-day training on financial derivatives, jointly organised by the Chittagong Stock Exchange (CSE) and National Stock Exchange (NSE) of India, in Dhaka yesterday.

Talking about derivatives, a financial product of the stock

market, Siddiqi said introduction of such products would help prepare the local market operators to get accustomed to new products in the developed markets.

"And this would surely help in bringing product diversification to our market and offer investors with investment options," he said.

The SEC chairman said new financial instruments are increasingly important vehicle for unbundling risks, adding that the instruments enhance the ability to assess and differentiate risk and allocate it to those investors most able and willing to take it.

This unbundling of risk improves the ability of the market to bring about a set of product and asset prices far more calibrated to the value preferences of investors than is possible before derivative markets are developed. The derivatives product and asset price signals enable entrepreneurs to finely allocate real capital facilities to produce those goods and services most valued by investors, a process that has undoubtedly improved national productivity growth and standards of living, the SEC chairman noted.

Ramakrishna Srinivas Lyengar of National Stock Exchange of India, an expert

on financial derivatives instruments, which became popular on the bourses of the foreign countries as a risk management tool, will conduct the training course.

A total 40 participants are taking part in the course to be concluded on June 9.

Speaking at the function, CSE President Nasiruddin Ahmed Chowdhury said there are demands for good instruments in the market with a very limited supply. "As a result, we experience that too many investors running after limited number of securities, leading to an unhealthy price competition in the market," he said.

"Our investors are paying prices for securities that are several times more than what these securities are expected to fetch. The concept of Book Building, however, solve this problem to some extent," he observed.

AB Siddique, chief executive officer of CSE, said the derivative products, which do not exist at all in Bangladesh's stock markets, are the most popular investment instruments for the institutional as well as individual investors in both developed and developing countries such as India and Pakistan.

CSE Vice-President Fakhro Uddin Ali Ahmed also spoke at the function.

15-16pc subsidy in next budget: Aziz

UNB, Dhaka

The amount of subsidy in the upcoming budget will be 15-16 percent of the total budget of about Tk 99,500 crore, said Finance Adviser Dr Mirza Azizul Islam yesterday.

"The subsidy is increasing not only for the fuel oil... it's total subsidy," he told reporters at the Zia International Airport on his return from the annual conference of the Islamic Development Bank (IDB) in Jeddah, ahead of the national budget 2008-09, to be placed at 3 pm on Monday.

Aziz is going to announce the second budget during this caretaker government through radio and television in absence of parliament.

Speaking about the increased subsidy, the finance adviser said: "The budget is for the people. Increasing development expenditure does not mean anything if we've to keep people hungry."

He said the budget would do something for the government employees while the extreme

poor would come under the widened social protection measures.

"I expect that once the government does whatever for its employees, the private sector will come forward to take some measures for their employees," said Aziz.

He added the budget has hardly anything more to do to reduce the prices of essentials.

He, however, expected that the inflation would ease to some extent, likely to go below the double digit level, in the next fiscal with indications that the global price situation would see moderation to some extent, if not decline substantially.

He, however, said that the government wanted to give a minimum time to get feedback from the citizens as the deadline to pass the budget is June 30.

Aziz said the GDP registered a growth of 6.1 percent so far and it would improve further at the end of the current fiscal year as indicators showed further improvement by now.

Bscic project on women entrepreneurship remains suspended for four years

MAHTABI ZAMAN

The country's one of the most successful projects that created thousands of women entrepreneurs across the country remained suspended for the last four years, as the government could not decide on how to continue financing it.

Official sources said 378 members of the project staff, who became jobless since June 2004, are now facing hardship.

The tenure of project, Women Entrepreneurship Development Programme (WEDP) of the Bangladesh Small and Cottage Industries Corporation (Bscic), ended formally in 2004, but the employees did not get any formal notice regarding the closure. The WEDP was launched in 1981 under the Annual Development Programme (ADP) with financial assistance from USAID.

During the 23-year period (1981-2004), the project created 1,40,078 women entrepreneurs who have established 1,63,800 small and cottage industries and income generating establishments. This project has also created direct employment for 2,74,663 people.

Considering the success and positive impact of the project, first of its kind to develop women entrepreneurship, the Bscic decided to finance it by creating a trust ten months ago.

However, due to the lack of any initiative, the authorities have not yet completed the formalities to set up the trust to revive the project.

"We are finalising the memorandum and articles of this trust and hope to send the final papers to the ministry con-

cerned by mid-June," Bscic Chairman Mahbubur Rahman told The Daily Star.

According to a proposal from the project authorities in 2003, the Monitoring and Evaluation Department of the Planning Commission suggested that the project should be brought under the revenue budget of 2005 instead of placing it under the ADP.

Although this suggestion got endorsement from the ministries of industries and establishment, the finance ministry finally rejected the proposal and suggested on August 2, 2007 formation of a trust for four Bscic projects on self-employment, women entrepreneurship, poverty alleviation and strengthening rural economy.

Had the trust been formed, the finance ministry would have arranged a Tk23 crore fund for the operational and other costs for these projects. "But, such financing is yet to be arranged," a source in the Bscic lamented.

On the ministry's rejection of the proposal with regard to the placing of the WEDP under revenue budget, the Bscic terminated 378 employees of the project in June 2004.

The WEDP, aiming at improving lives of women by developing their entrepreneurship in different small and cottage industries and micro enterprises, started its activities from four upazilas in 1981 in the country. Its activities expanded steadily in four phases. Later, the project was run on its own capital in 50 upazilas of 42 districts.

The size of the maximum loan the women under the project could receive was Tk

60,000 and no collateral money was required for a loan amount up to Tk 20,000. The project provided loan for 39 trades and the interest rate was 12 per cent flat. Loan recovery rate was 95 per cent, according to the project employees.

GP's CellBazaar highlighted at GSMA global summit

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Grameenphone's CellBazaar service was highlighted at the latest summit of GSMA, the global association for the mobile industry, for using technology to boost economic development.

The summit represented 750 mobile phone operators from 218 countries in Atlanta, USA.

Kamal Quadir, CEO of CellBazaar, represented the Bangladeshi innovation at the summit.

Grameenphone's CellBazaar will help developing countries to 'leapfrog' industrialized nations using technology, explained Quadir.

Limited communication technology hinders businesses in developing countries. Traveling great distances is the only way to access market information. Isolated and uninformed, farmers and traders have no bargaining power over middlemen.

Quadir told the GSMA that CellBazaar service provides a birds-eye view of the entire market to the sellers and the buyers.

Citibank offers \$10m credit facility to ASA



Md Shafiqul Haque Choudhury, founder and president of ASA, and Mamun Rashid, managing director and Citi country officer, Bangladesh, sign an agreement on behalf of their sides yesterday in Dhaka.

Citibank, NA Bangladesh and ASA yesterday signed a credit facility agreement for microfinance portfolio expansion in rural Bangladesh, says a press release.

As per the agreement, Citibank will provide US\$ 10 million in equivalent local currency to ASA, one of the world's leading Micro Finance Institutions (MFIs).

Md Shafiqul Haque Choudhury, founder and president of ASA, and Mamun Rashid, managing director and Citi country officer, Bangladesh, signed the agreement on behalf of their organizations. The financing will allow ASA to diversify its funding sources and also disburse more funds to a larger number of micro entrepreneurs, reinforcing ASA's determination in helping the development of the micro-credit sector.

This transaction will mark yet another milestone in the development of micro-finance industry. ASA has also recently received the Financial Times Award for Banking at the Bottom of the Pyramid. According to Financial Times, ASA has a highly efficient delivery model, which they started in Bangladesh and refined and are now migrating it to Africa. "Given Citi's leadership in supporting MFIs globally and expertise in providing exemplary banking solution, we are pleased to tie up with Citibank," said Md Shafiqul Haque Choudhury.

Mamun Rashid added, "These transactions in the microfinance sector are a testament to Citi's strong commitment to deepening financial reach especially through wholesale financing to MFIs in the country."

HK suspends British poultry imports

AFP, Hong Kong

Hong Kong said Thursday it was suspending all imports of poultry from Britain following a bird flu outbreak there.

The southern Chinese city's Centre for Food Safety said the processing of all applications for importing poultry and poultry products from the United Kingdom would be halted with immediate effect.

"The decision was taken following confirmation of an outbreak of highly pathogenic avian influenza H7 on a farm in Oxfordshire," a spokesman said.

Hong Kong imported about 4,300 tonnes of frozen poultry products from Britain in 2007, it said in a statement.

The move follows Japan's suspension of imports and comes after the British authorities confirmed that avian influenza had been discovered in chickens in southern England, although it was not the virulent H5N1 strain that sometimes claims human lives.

Preliminary tests were positive for the H7 strain, which

poses a low risk to humans, the British Department for Environment, Food and Rural Affairs said in a statement posted on its website.

Swedish firm to recruit Bangladeshi consultants

IFS, a Swedish global enterprise applications company, has announced that it will recruit consultants from Bangladesh's ICE Technologies and Services Ltd for its World Service Team (WST).

Speaking at a press conference in Dhaka recently, MBM Poorna Bandara, manager of consulting service of IFS R&D, said IFS this year has selected ICE Technologies to recruit consultants and business analysts for its rollout across the globe.

Rubaiyat Jamil, CEO of ICE Technologies, said ICE Technologies will send 10 Bangladeshi engineers for IFS World Service Team who will be trained in IFS R&D Centre, Sri Lanka, and will take part in global IFS implementation.

গণপ্রজাতন্ত্রী বাংলাদেশ সরকার. রোগতত্ত্ব, রোগ নিয়ন্ত্রণ ও গবেষণা ইনস্টিটিউট (আইইডিসিআর). মহাশালা, ঢাকা-১২১২. নং আইইডিসিআর/সিডিসি প্রজেক্ট/২০০৭-৮/৫১৪৫ তারিখ: ২-৬-০৮ইং. দরপত্র বিজ্ঞপ্তি. রোগতত্ত্ব, রোগ নিয়ন্ত্রণ ও গবেষণা ইনস্টিটিউট (আইইডিসিআর), মহাশালা, ঢাকা-১২১২ অফিসে ২০০৭-২০০৮ অর্থ বৎসরে সিডিসি/ইউএসএ প্রজেক্টের আওতায় বরাদ্দ ও ছাড়কৃত অর্থে মেডিকেল এন্ড সার্জিকেল যন্ত্রপাতি ও ক্যামিকেল রি-এজেন্ট (এম এন এস আর) এবং Web Based Disease Surveillance স্থাপন/ক্রয়ের নিমিত্তে প্রকৃত আমদানিকারক/প্রতিষ্ঠানসমূহের নিকট হতে সীলমোহরকৃত বামে দরপত্র আহ্বান করা যাইতেছে।

নির্বাহী প্রকৌশলীর কার্যালয়. অঞ্চল-১ (সাদোদাবাদ). ঢাকা সিটি করপোরেশন, ঢাকা. দরপত্র আহ্বান বিজ্ঞপ্তি. দরপত্র নং-১৮/২০০৭-২০০৮. ১) মন্ত্রণালয়/বিভাগ : স্বাস্থ্য ও পরিবার কল্যাণ মন্ত্রণালয়। ২) প্রকল্প : রোগতত্ত্ব, রোগ নিয়ন্ত্রণ ও গবেষণা ইনস্টিটিউট (আইইডিসিআর)। ৩) সিডিসি, আটলাল্টা, ইউ এন এ। ৪) (a) Supply and Installation of Medical & Surgical Requirements with Chemical & Reagent (MSR) and (b) Establishment of Web Based Disease Surveillance (Software Development, Computer & Accessories, Connectivity etc). ৫) নং আইইডিসিআর/সিডিসি প্রজেক্ট/২০০৭-৮/৫১৪৫ তারিখ: ২-৬-০৮ইং ৬) খোলা দরপত্র পদ্ধতি। ৭) Identification of Packages: SI No. Name of Items Package No Tender security/earnest money Time for completion 1. Supply and Installation of Medical & Surgical Requirements (MSR) IEDCR-CDC-1 3,50,000/- 60 days from the date of contract signing 2. Establishment of Web Based Disease Surveillance (Software Development, Computer & Accessories, Connectivity etc). IEDCR-CDC-2 2,00,000/- 60 days from the date of contract signing