

International Business News

EU ministers look to building sector to push energy efficiency

European Union energy ministers on Friday vowed to place energy efficiency at the heart of plans to ease the soaring cost of fossil fuels and help meet the EU's goals on climate change.

"Energy efficiency today is the key, it has to become the absolute priority," French Ecology Minister Jean-Louis Borloo told a press conference, summing up the mood at the first day of an informal meeting.

"We have come to a major turning point." "It's the issue on which everyone is agreed," said European Commissioner Andris Piebalgs.

Ministers said they wanted to speed up a range of planned measures proposed by the European Commission to encourage energy-efficient consumer gadgets and lighting, including the replacement of incandescent light-bulbs by long-lasting low-energy substitutes.

They will also ask the Commission to come up with proposals to beef up heating standards in buildings, one of the biggest sources of energy use in Europe, Borloo said.

Vodafone to buy majority share in Ghana Telecom

British mobile phone giant Vodafone said on Thursday it had agreed to buy a 70-percent stake in Ghana Telecommunications for 452 million pounds (566 million euros, 900 million dollars).

Vodafone said in a statement that it would buy the majority stake from the government of Ghana, which will retain a 30-percent holding.

The deal for Ghana's leading fixed line operator values the entire company at 1.3 billion dollars and was expected to complete in the third quarter.

Ghana Telecom is the west African country's third largest mobile phone group with 1.4 million customers or 17 percent of the market.

"Ghana is one of the most attractive markets in Africa with mobile subscribers growing at more than 55 percent per year and mobile penetration around 35 percent," Vodafone chief executive Arun Sarin said in the release.

Credit Mutuel makes firm offer for Citibank in Germany

Credit Mutuel of France has made a firm bid for the German retail banking activities of US giant Citigroup, which operates in Germany under the name Citibank, sources close to the matter said Friday.

They said the sale of the unit, valued by analysts at between three and five billion euros (4.7-7.8 billion dollars), should be completed by the end of July.

Credit Mutuel's chief competitor in the bidding process is Germany's largest bank, Deutsche Bank, one of the sources said.

Another German bank, Commerzbank, has pulled out of the running, sources added.

None of banks in question would comment when contacted by AFP.



Asimo, a robot developed by Honda Motor Co., walks during a display of its basic household skills for visitors inside the futuristic Zero Emissions House at the G8 Summit site in Rusuto yesterday.

IMF sees loss rising to \$242m

The International Monetary Fund on Thursday projected its budget deficit would rise to 242 million dollars in the 2009 fiscal year, after a loss that was not as bad as expected in the past year.

The fiscal year ended this past April closed with a deficit of 89 million dollars, after a series of reorganizational moves that averted a projected deficit of 234 million.

"This improvement stemmed primarily from the strong performance of the Fund's investment portfolio comprising primarily fixed-income securities, the one-time income effects associated with the settlement of overdue charges following Liberia's arrears clearance, and lower expenditures," the IMF said in a statement.

The IMF has eliminated several hundred jobs with 591 opting for voluntary separation program and is also in the process of taking other measures, including the sale of a portion of its gold reserves. But the latest budget projections do not include any income from gold sales.

STOCK MARKET

No paper share...no hassle

SAJIADUR RAHMAN

If only I had known that the share I was investing in was a paper share, I would have never spent good money on it! The paper share was such a hassle that I was ultimately compelled to sell it at a loss. I vowed not to invest in this kind of shares any more.

Pijush Kanti Dey, an investor in the capital market, shared this way his experiences of owning a company's paper shares. However, his case is not the single example. There are thousands of people who face the hassle Pijush is fed up with.

Another investor, Rafiqul Islam, said, "I have to go to Motijheel from Gulshan-2 and spend an entire day if I want to sell my shares of paper certificates. Also, there is the risk of getting those torn or easily being lost. But I can easily sell or purchase any time the shares in other form under the computerised system."

The alternative to trading of paper-based stocks is the Central Depository System (CDS). Under this system, all paper shares have been turned into electronic ones and transactions are also carried out electronically.

Bangladesh entered the CDS era in January 2004. Central Depository Bangladesh Ltd (CDBL), the service provider company, operates the CDS and it has been gaining popularity among the investors ever since.

Till May 31, 2008, out of a total of 286 listed companies, 150 companies joined the CDS and about 15 lakh beneficiary owners' accounts (BO) have been opened to assist with the electronic trade. Surprisingly, 136 companies, including some 'A' category companies, still use paper shares to trade in the stock market.

According to the Dhaka Stock Exchange (DSE), as on May 2008, some 88.48 percent of trade came under the CDBL and the remaining 11.53 percent was carried out in paper shares, although a whopping 136 or 47.55 percent of all the companies listed in the market



A file photo shows investors look at the computer screens during trading hours at a brokerage house in the Dhaka Stock Exchange building. Despite computerised system, 136 companies, including some 'A' category companies, still use paper shares in trade in the stock market.

are using paper shares. This shows an evident distaste in the use of the paper shares.

The most popular shares in the market are of the 'A' category companies, who regularly hold their annual general meetings and declare minimum 10 percent dividends. 'A' Category companies like Rupali Insurance and GQ Ball Pen are still applying paper-based shares.

"It is shocking that many companies are yet to come under CDS," said Kazi Firoz Rashid, chairman of Kazi Firoz Rashid Securities Ltd.

"We have to deal with fake shares because those are not demated," he added.

Stock market operators expressed concerns over the tremendous pressures on the

'low capacity of the CDBL hardware' due to the increasing volume of trade of the beneficiary accounts in recent times.

The CDBL capacity was not upgraded even though the number of shares traded on the DSE ascended to 2.19 billion in April 2008 from only a 1 billion in early 2004 when CDBL began operations.

Earlier, the country's two bourses urgently demanded an upgrade of CDBL infrastructure to cope with the growth in transactions of the securities. They also recommended setting up a second generator for power back-up, branch offices in other cities, including Chittagong and Sylhet, technical support to the Depository Participants

(DPs) and a surveillance department in the CDBL.

From October to December last year, the number of shares traded exceeded 60,000 in 13 days out of 54 trading days. When some inconveniences were caused, due to the high volume of trade, a settlement was managed with cooperation from the DPs. However, on October 25, 2007, trade volume increased to a monumental 72,105 and to 71,606 on November 22, 2007 delaying share deliveries to the DPs.

Kazi Firoz Rashid, former chairman of DSE said, "The system disrupted several times since the CDS came into operation in 2004."

"The CDBL may face severe difficulties in the future, if the capacity is not enhanced. The

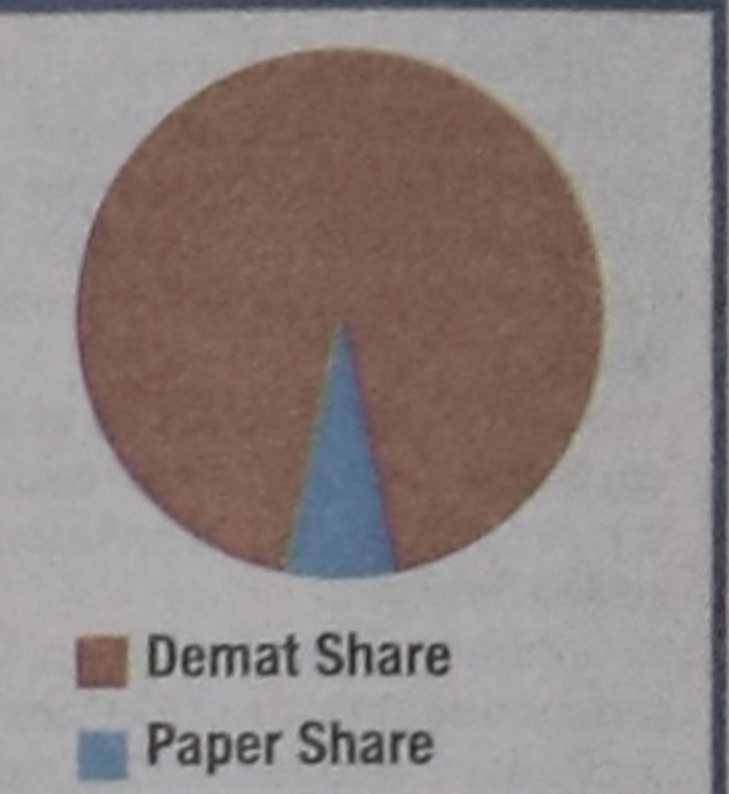
disruptions that occurred last year was only the tip of the iceberg," he added.

Furthermore, the operations of CDBL remained suspended for an entire day due to technical faults on July 26 last year. Spot trading of seven top companies on the Dhaka bourse was also halted for almost all the trading hours on August 1 last year due to the disruption in the CDBL.

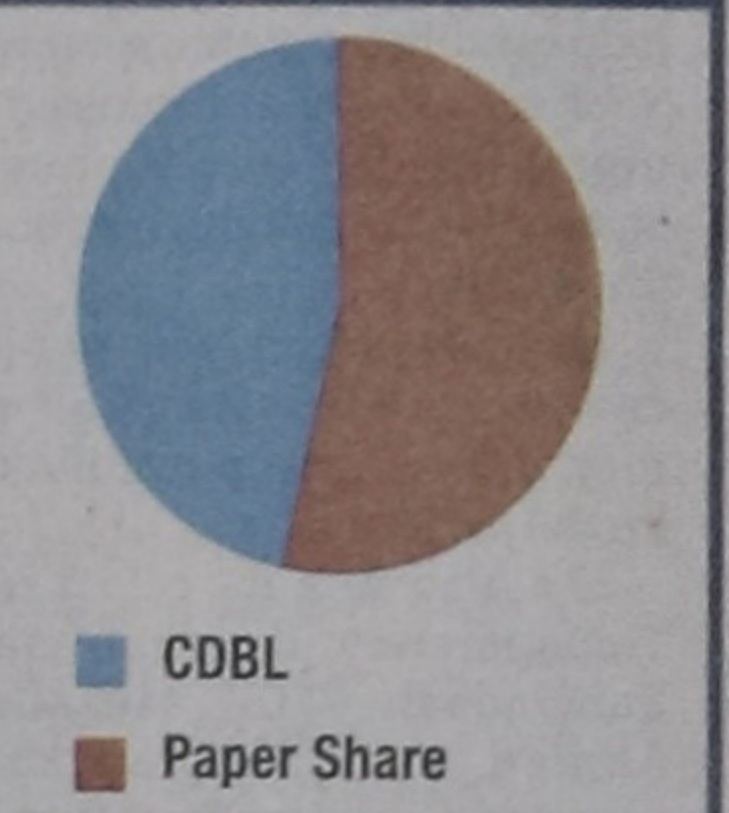
Another DP said that it was ridiculous how the stock market expects large companies to float shares even though the poor capacity of the existing CDS operating company is not at all adequate to run the system.

The good news is that the CDBL plans to increase its capacity by three times.

Market capitalisation of demat and paper share



Companies under CDBL



"CDBL's capacity will be enhanced in the next couple of months," its head of system support told The Daily Star.

Sources in the Dhaka Stock Exchange (DSE) said the bourse is also mulling to set up a CDS for itself to cope with the growing pressures in the market.

"A category shares have to demat its shares after January 2009," said Salahuddin Ahmed Khan, the DSE chief executive officer.

Although there is no time boundary for getting enlisted in the CDBL system, there is good news for investors like Pijush Kanti Dey because he will no longer to require to hold paper shares of 'A' category companies from early next year.

sajjad@thedailystar.net

COLUMN

HABIBULLAH N KARIM

Bangabhaban on sale! Do you wanna buy?

There is an old joke that anyone can sell you the Bangabhaban! How come? Well, in the old days (read just 5 years ago or earlier) the seller of a property did not quite need to prove ownership, to be able to sell. No matter how stupendous that sounds, the government blissfully allowed the imperfect system to continue for more than 50 years, since the colonial rulers left in 1947.

The completely insular systems of land sale registration, ownership title amendments (called 'mutation'), and land records keeping are so archaic that they really have no parallels in the modern world. Although the land sale registration procedures to verify ownership claims have been changed somewhat to be a bit more methodical, the fake sale deed registrations have gone on unabated notwithstanding since 2006.

Today if you want to buy a piece of land or property you have to first register the sale deed at the registry office, which is administered by the Inspector General of Registration, an office that is accountable to the Law Ministry. This establishment has no direct access or relationship with the office of land administration, which falls under the district administrations run by the deputy commissioners accountable to the Establishment Ministry.

After registration of the land sale deed you have to go to the office of the

Assistant Commissioner (AC) Land for mutation of the land-ownership record to insert your name in place of the previous owner. This is where you will also need to pay your annual land taxes and collect duplicate carbon receipts (DCR).

However, when it comes to immutable land records, charting the ownership changes since time immemorial (not quite) along with land survey records, the responsibility falls under the directorate of land records (DLR), which is accountable to the Land Ministry.

The DLR, from time to time, conducts countrywide land surveys to verify and update ownership changes and land delimitation changes mainly due to fragmentations, land-use changes, river-course changes or other topographic changes.

The Cadastral Survey (CS) of 1887-1940 is considered the Holy Grail of all land records, which was followed by the Revised Settlement (RS) survey of 1960-2000, State Acquisition (SA) survey of 1962-1969, and Zonal Settlement Surveys of 1986-date. The output that you need from the DLR is a record showing the plot number and your share of ownership (100% if you own singly), also known as 'parcha'.

Why am I bothering with this tutorial on the idiosyncrasies of our land ownership and maintenance system? Well, you get the picture, land sale registration, land revenue adminis-

The completely insular systems of land sale registration, ownership title amendments (called 'mutation'), and land records keeping are so archaic that they really have no parallels in the modern world.

tration and land records management are like three recalcitrant goats on a single leash, the three want to move in three different directions without a care for the others. If you are holding the leash you don't know which way to go and most likely will run amok in no time!

Taking advantage of this complex system is a whole phalanx of crooks and 'no-gooders' who have made it their vocation to forge papers through duplicitous means and prey on millions of unsuspecting land-owners. According to sources in the administration and judiciary, up to 80 percent of all litigations can be traced to land ownership disputes. The enormous hassle this entails and the staggering loss of national productivity and income on account of this is unbelievably huge.

With such overwhelming evidence staring us in the eye, why are we not taking care of this anomaly? For lack of political will for one and for our general lack of penchant for change, any change, good or bad.

While we have been keeping our head buried in the sand on this issue for long, many international organisations kept prompting the government to look at other countries which have developed greatly simplified and highly efficient land administration systems.

Six years ago, an Asian Development Bank funded project of the government came up with a plan to bring the three entities related to land sale registration, revenue administration and records management under a unified system called the certificate of land ownership

(CLO). Similar systems are already in place in western countries such as Canada and Australia and in regional countries such as Thailand and India, places where land-ownership is so simple and straight-forward that you buy and sell land like share certificates in the stock market. Unfortunately due to a lack of commitment from the top on such much needed restructuring in our administrative system, such measures went unheeded, despite untold sufferings of the general masses.

In this backdrop, I was pleasantly surprised when I received an invitation from the DLR office last week to attend a brain-storming session on how the DLR can upload their computerised land records on the web for the benefit of the citizens. The fact that the DLR on their own are looking at ways to become more citizen-centric and make their precious records available for free to the public, speaks volumes for the service-centric attitude that hopefully will permeate throughout the whole state administration in no time.

The writer is a software entrepreneur and can be reached at hnk@karim@gmail.com.

In the previous column written by Habibullah N Karim, the term 'knowledge society' was mistakenly referred to as 'knowledgeable society'.