

Stocks

DGEN ▲ 0.37% 2993.21

CSCX ▲ 1.57% 5,919.80

Currencies

Buy TK. Sell TK.

USD 68.10 69.10

EUR 107.00 111.75

GBP 133.79 138.93

JPY 0.64 0.66

SOURCE: STANDARD CHARTERED

Commodities

Gold ▲ \$962.75 (per ounce)

Oil ▲ \$147.27 (per barrel)

SOURCE: AFP

(As of Friday)

More News

ADB urges govt to formulate food policy

The government needs to formulate a national food policy to ensure food security, said outgoing country director of the Asian Development Bank (ADB). "The government needs to formulate a national food policy with aims to increase agricultural productivity, to ensure food security," said Hua Du, country director of ADB.

B-3

AB Bank Foundation's shares in IFIC Bank confiscated

BB asks AB Bank to stop activities of its foundation in three months

STAR BUSINESS REPORT

The Bangladesh Bank (BB) yesterday confiscated 6.12 percent shares of IFIC Bank held by AB Bank Foundation, an arm of AB Bank Ltd.

The BB finds that AB Bank bought these shares through AB Bank Foundation in violation of the banking company laws.

The central bank ordered the cancellation and forfeiture of the shares with immediate effect and asked the AB Bank to stop activities of the AB Bank Foundation within three months.

BB confiscated the shares

following an investigation, which found that AB Bank violated the Banking Companies Act 1991 in purchasing the IFIC Bank's shares in the name of its foundation.

Later, BB issued a show cause notice to the AB Bank asking it to explain why its shares in IFIC Bank should not be confiscated.

The central bank yesterday sent two letters to the managing directors of AB Bank and IFIC Bank in this regard.

"AB Bank's reply is not satisfactory. So, the BB according to the Banking Companies Act 1991 has confiscated the shares and ordered to transfer those to

the BB with immediate effect," the letter said.

The letter also termed the AB Bank Foundation as an illegal organisation as it was not formed as per the existing rules.

According to BB sources, AB Bank and AB Bank Foundation together holds a total of 7,44,237 or 18.31 percent shares in IFIC Bank with AB Bank Foundation holding 6.12 percent shares. The remaining shares are held by AB Bank.

Moreover, AB Bank also owns 99.60 percent shares in AB Bank Foundation. On top of that, eight directors of the foundation were also appointed by

the AB Bank, making the bank and the foundation a single entity flouting the laws.

President and Managing Director of AB Bank Kaiser A. Chowdhury could not be contacted for comments despite repeated attempts.

Earlier in March, AB Bank's merchant banking wing was fined Tk 10 crore by the Securities and Exchange Commission for disbursing around Tk 528 crore loans against its paid up capital of only Tk 57 crore during mid 2007 when stock market experienced an abnormal bullish trend due to liquidity glut stemming from excess margin loans.

Foreign investment in stock market dips 99pc in six months

SARWAR A CHOWDHURY

Net foreign or portfolio investment in stock market dropped by more than 99 percent in the first six months of this year because of profit taking by global funds.

From January to June of 2008, the country's premier bourse received only Tk 3.16 crore in net foreign or portfolio investment against Tk 565.50 crore in the first six months of 2007, according to Dhaka Stock Exchange (DSE) statistics.

The portfolio investment declined heavily as the securities market has been witnessing a volatile situation for the last six months, market sources said.

In this volatile situation the global fund managers have stopped buying shares and increased selling of shares.

During January to June of 2008, the foreign investors bought shares worth Tk 400.54 crore and sold shares worth Tk 397.37 crore, while the amount of shares bought by foreign investors during January to June of 2007 was Tk 715.73 crore and the amount of shares sold by them was Tk 150.23 crore.

DSE Chief Executive Officer Salahuddin Ahmed Khan said foreign investment is necessary for an emerging stock

Monthly foreign trade during January-June of 2008 (In crore taka)

Month	Buy	Sell	Net position
January	115.71	26.53	89.18
February	95.43	3.89	91.54
March	50.01	89.09	-39.08
April	46.51	23.49	23.02
May	64.77	92.51	-27.73
June	28.08	161.85	-133.76

market like Dhaka stock market.

According to DSE sources, the banking sector followed by power, pharmaceutical and cement sectors received the most foreign investment.

Most of the foreign investors are fund managers from the US. A number of fund managers from Europe are also investing here, market sources said.

The sources said many of the foreign investors included the Bangladesh stock market in their 'Frontier Five' group of countries (alongside Kazakhstan, Kenya, Nigeria and Vietnam). Apart from, inclusion of Bangladesh in Goldman Sachs 'Next 11' countries is another evidence for international investors' interest to Bangladesh stock market.

Some experts, however, said the portfolio investment should not be welcomed at the current stage of stock market development and given from the local investment.

"We should not welcome such portfolio investment. In 1996's share scam, a huge profit repatriation from the portfolio investment was taken place," said Yawer Sayeed, managing director & CEO of Asset and Investment management Services (AIMS) of Bangladesh, a local fund management company.

Others said there should be some sort of lock-in system so that the foreign investors cannot sell all the shares at one go as such selling pressure would create negative impacts on the market.

sarwar@thedailystar.net

Govt slaps ban on meat import

JASIM UDDIN KHAN

The government has imposed a ban on import of any kind of meat in a move to keep local export-oriented meat industry free from mad cow diseases.

Fisheries and livestock ministry took the decision as a precautionary measure amid global concerns of mad cow disease, officials said.

"Despite the fact that the amount of import in the country is not very significant the government has slapped the ban to ensure bio security for the local industry," a high official of the ministry said yesterday.

He said if the germ sneaks into the country the local meat processors will risk losing export opportunities.

The local processors export meat to UAE and Kuwait. Moreover, others export animal bone and horn.

Abdul Islam Rony, an exporter of animal bone and horn, said the government took the decision promptly following their call to slap a ban on import of processed meat.

Animal bone exporters are

required to take mad cow disease-free clearance certificates from the World Organisation for Animal Health.

Currently, Bangladeshi importers do not require any permission for meat imports.

Local five-star hotels and fast food chains import a small quantity of processed meat.

jasim@thedailystar.net

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