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Stocks

DGEN ▼ 1.63% 2,764.53

CSCX ▼ 1.57% 5,468.95

Asian Markets

MUMBAI ▲ 1.84%
14,104.20

TOKYO ▲ 2.98%
13,184.96

SINGAPORE ▼ 0.98%
2,890.66

SHANGHAI ▼ 0.53%
2,846.12

Currencies

Buy TK. Sell TK.

USD 68.00 69.00

EUR 106.79 111.42

GBP 134.50 139.81

JPY 0.64 0.67

SOURCE: STANDARD CHARTERED

Commodities

Gold ▲ \$972.93
(per ounce)

Oil ▲ \$131.10
(per barrel)

SOURCE: AFP

(Midday London Trade)

More News

Poor delivery of food grains creates Ctg port congestion

Poor delivery of imported food grains due to godown shortage and unavailability of transports is creating congestion at the Chittagong port.

Tourism fair begins tomorrow

A three-day tourism fair 'BRAC Bank Bangladesh Travel and Tourism Mart 2008' begins in the capital from tomorrow. "We are arranging the fair with the aim to encourage tourism in the country, as well as to attract the foreign tourists," said Mamun Ashrafi, chief executive officer (CEO) of Amazing Holidays, a travel agency and organiser of the fair, at a press conference in Dhaka yesterday.

B-3

International

In oil-rich Norway, petrol prices sky high



In Norway, many motorists are up in arms over why they have to pay the highest petrol (gasoline) prices in Europe when the country is the world's fifth-largest oil exporter and a recent tax hike has done little to cool tempers. Diesel costs 14.23 kroner (\$2.82) a litre (quarter gallon) and 95 unleaded 13.84 kroner, putting it at the top of the European league, EU figures show.

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Contact Us

If you have views on Star Business or news about business in Bangladesh, please email us at business@thedailystar.net

SEC okays changes in mutual fund rules

Small investors protest; stocks continue sliding

STAR BUSINESS REPORT

As the stock market regulator yesterday approved the proposed changes in mutual fund rules, from now on no closed-end mutual fund can offer bonus share as dividend or offer right issues in a bid to increase their capital base.

The mutual funds will also not be able to issue pre-emptive rights shares or placement shares to the existing unit holders. Pre-emptive rights or placement of shares is the sale of a security to one buyer or a few buyers as opposed to offering the security to the public through a group of dealers.

The approval came at a meeting of the Securities and Exchange Commission (SEC), officials said.

Before finalising the new rules, the SEC published the proposed changes in newspapers for public opinions.

"We received around 2,000 opinions from both individuals and institutions," Farhad Ahmed, executive director of SEC, said adding that the individuals gave opinions against the changes, while the institutions, who are considered major stakeholders in the stock market, welcomed the commission's move to bring changes in the mutual fund rules.



A group of investors demonstrate yesterday in front of DSE building protesting the SEC's approval to changes in mutual fund rules.

Earlier in June 26, the SEC decided to bring the changes in the rules. Following the decision prices of the mutual funds, which were skyrocketing on rumours that some of the funds were going to declare rights or bonus shares to increase their capital base, witnessed a big fall.

Some small investors also took to the streets several times protesting the SEC's proposals.

However, the SEC executive director said the mutual funds have become lucrative security following the introduction of 10 percent quota for mutual funds in every IPO. "The issue of offering bonus or rights shares is not the reason behind the popularity of the funds," he said.

He also said the commission's decision regarding the mutual fund rules has no relation with the current market slide. "When we proposed the changes, the benchmark index of the DSE was at 3011 points on June 29 and the index was at 2993 points on July 13," he said.

However, some general investors still believe that the decision is the main reason behind current downturn in the market.

A group of investors again demonstrated yesterday in front of the Dhaka Stock Exchange (DSE) building protesting the SEC's decision.

A group of the small investors met DSE Chief Executive Officer

Salahuddin Ahmed Khan and expressed their worry about the sliding market, which witnessed fall in the seventh straight day yesterday.

However, both the DSE and SEC urged the investors not to panic for the present slide.

The SEC will sit with DSE, Chittagong Stock Exchange, merchant bankers and leading financial institutions on Thursday to review the current market position.

Yesterday, the DSE General Index fell by 45.82 points, or 1.63 percent, to close at 2764.53 points, while the DSE All Share Price Index declined by 37.84 points, or 1.54 percent, to 2415.29 points.

Brokerage houses need permission for new branches

STAR BUSINESS REPORT

From now on the brokerage houses will need to take permission of the stock market regulator to open a branch office.

The Securities and Exchange Commission (SEC) took the decision yesterday to bring the branches under a uniform framework.

However, only the brokerage houses with paid up capital of Tk 75 lakh or more will be allowed to open a branch office.

"The main objective of the move is to bring the branch offices of any brokerage house under a policy frame work," SEC Executive Director Farhad Ahmed said after the meeting.

He said any brokerage house with Tk 75 lakh as paid up capital will be allowed to open maximum of 15 branch offices.

However, after opening three branch offices, the brokerage house will have to add Tk 50 lakh to its existing paid-up capital to open each of the remaining branches," he added.

Before applying for SEC's permission to open branch offices, the brokerage houses will need recommendations from the Dhaka Stock Exchange (DSE) authorities, the SEC executive director said.

The brokerage houses will have to regularise branch offices that are already in existence by obtaining permission from the SEC to continue with the branches within next four months, Ahmed said.

1.66m new cellphone subscribers in June

Private landline operators woo only 13,000

STAR BUSINESS REPORT

The country's six mobile operators added 1.66 million new customers in June, displaying the high growth of the sector.

The new addition raised the total number of cell phone users to 43.70 million, according to telecom regulator's statistics.

The private landline operators, on the other hand, added only 13,000 new customers to their networks, Bangladesh Telecommunication and Regulatory Commission (BTRC) data showed.

Around 44 million (4.4 crore) people, out of a population of about 150 million (15 crore), now using phone services including 1.28 million landline users.

Industry insiders said the telecommunication sector witnessed remarkable growth led by the introduction of mobile telephony in 1993.

However, the landline operators are yet to get satisfactory response from the customers, even after the introduction of private landline services in 2005.

"Easy access and mobility in communication make mobile services more popular than landline," said a high official of a leading mobile operator, adding that the ongoing price war among the mobile phone operators reduces customers' cost and encourage people to own the wireless technology.

Nevertheless, operators blamed the regulator's discriminatory policy for the less

than satisfactory growth of landline phone business.

While preferring anonymity, a high official of a leading private landline operator said the private landline operators have lost their competitive edge, as they are not financially able at the moment to match the lowest tariff rate of the state run landline operator. "As a new entrant in the sector, I am not ready to charge as low as that," he said, adding that such policy may force private operators to shut down.

Grameenphone holds the top position in the market with 20.31 million customers, followed by Egyptian Orascom Telecom's Banglalink with 9.46 million and Aktel, Telekom Malaysia International being its major stakeholder, with 7.85 million customers as of June.

The number of customers Warid Telecom increased significantly to 3.31 million in June, whereas number of customers of the oldest and only CDMA operator Citycell's reached 1.70 million in June.

The lone state run mobile operator TeleTalk's customer base rose to 1.07 million in June.

On the contrary, customer base of the state run BTCL landline subscriber remained almost static in June at 8.72 million customers. RanksTel, the private landline operator till June holds its top position with 0.144 million, followed by Telebarta's 56,000 and Peoples Telecom's 42,000 customers.

Emerging economies stand firm against rich countries at WTO

AFP, Geneva

Emerging economies challenged rich countries to prove their goodwill on Tuesday at crucial World Trade Organization talks, which were hamstrung by the absence of the Indian trade minister.

Ministers from about 35 key nations are meeting in Geneva this week to break seven-year deadlock over a new global trade deal.

But so far, emerging markets have expressed frustration at the lack of concrete moves

from big developed parties such as the United States and the European Union.

An attempt by EU Trade Commissioner Peter Mandelson to jolt the talks into movement on Monday with a proposal to extend EU tariff cuts on agricultural products to 60 percent from 54 percent, looked like a damp squib on Tuesday.

Even Mandelson's fellow EU commissioner Mariann Fischer-Boel said the offer was "nothing new", and Brazil dismissed it as "propaganda".

A central point from the EU standpoint is an offer of concessions by emerging countries in such fields as industrial protection to compensate for any cuts in support for EU farmers.

But Paraguay Foreign Minister Ruben Ramirez Lezcano said on Tuesday that negotiations could not advance without substantial proposals from the United States and the European Union.

"It's difficult to discuss because they are not putting on

the table a concrete proposition. We will see how they will do today," he said.

Another member of the Latin American Mercosur grouping, Argentinian negotiator Nestor Stancanelli, saw "real negotiations" as beginning only today, but pointed to so-called NAMA text -- or text relating to industrial products as a main sticking point.

"The NAMA text, for many of us, does not reflect the positions of many members... The NAMA text is presented as if it were already a result," he said.

World Trade Organisation (WTO) Director General Pascal Lamy (L) speaks with Norwegian Foreign Minister Jonas Gahr Store at the second day of trade talks at the WTO headquarters yesterday in Geneva. Crucial trade talks resume after a first day slammed as "totally useless" by Brazil and with diplomats saying the absence of a key Indian minister continues to fuel uncertainties.

Dhaka urges WTO not to undermine LDC demands

UNB, Dhaka

Bangladesh has urged the developed and developing countries not to undermine the specific demands of the LDCs for better market access of their products and services under any circumstances.

Commerce Adviser Dr Hossain Zillur Rahman made the call on Monday at the WTO mini-ministerial meeting of trade ministers of 35 key nations on conclusion of the Doha Round, according to a message received here yesterday.

"We all know how urgent the conclusion of this round of negotiations is. We, the LDC delegates, also believe that the call for concluding the round will not undermine the very specific demands of the LDCs in any way," he told the meeting.

"LDCs want better market access for their products and service providers. This is very much in line with the spirit of the WTO principles," Zillur said.

Bangladesh made the call at a time when the European Union and the United States are putting pressure on the developing nations to open up their market to make the seven-year Doha Round successful.

The adviser said the trade ministers at the Hong Kong Ministerial meeting had made it clear that all the LDCs would be provided with the duty- and quota-free market access facility in all products category.

He urged the meeting to reflect on the point in a more specific way to ensure that the members concerned implement their commitment in a time-bound manner, adding

that the issue should be included in the text in a clearer language with a timeline for implementation.

The Chairperson of the meeting, Pascal Lamy, circulated a text on the Doha Round negotiation before the ministerial.

Zillur demanded for further clarity of the proposed mechanism for monitoring the preferential rules of origin.

"The monitoring mechanism should be finalised at the earliest, and we should not wait for the final schedules of members for implementing the mechanism," he added.

The commerce adviser appreciated the proposed mechanism such as Enhanced Integrated Framework (EIF) and Aid for Trade for the LDCs, and said the EIF would be important for supply side capacity building of the LDCs.



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