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Asian Markets	
MUMBAI	▲ 0.13% 15,935.61
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SINGAPORE	▲ 0.37% 2,693.62
SHANGHAI	▼ 0.14% 2,935.17

Currencies	
Buy Tk	Sell Tk
USD	68.65 / 69.65
EUR	92.21 / 96.36
GBP	105.74 / 110.08
JPY	0.75 / 0.80

Commodities	
Gold	▲ \$1,070.18 (per ounce)
Oil	▼ \$71.35 (per barrel) (Midday Trade)

News in Brief

Regulator moves to cool GP shares

STAR BUSINESS REPORT

The stockmarket regulator has directed the bourses, brokers and dealers to stop financial adjustment or money-netting facilities for Grameenphone shares from tomorrow, an initiative to hold back the increasing trend in the price of the mobile operator's stocks.

Each Grameenphone (GP) share continued to gain for the sixth consecutive session yesterday, advancing 6.15 percent to Tk 310.60.

"As price volatility in Grameenphone shares has appeared during the last few days' trading, the commission has stopped the financial adjustment facilities to bring back stability in prices of the company," said Ziaul Haque Khondker, chairman of Securities and Exchange Commission (SEC).

The SEC issued a circular in this regard yesterday to Dhaka and Chittagong stock exchanges, Bangladesh Association of Publicly Listed Companies and Central Depository Bangladesh Ltd.

The circular said no person shall be allowed to buy share of Grameenphone against value of sale of other securities within the existing settlement and clearance period until further order.

Axiata chairman due today



STAR BUSINESS DESK

Ghazali Sheikh Abdul Khalid, chairman of Axiata (Bangladesh) Ltd, the owning company of private mobile operator AKTEL, is scheduled to arrive in Dhaka today, said the company in a statement.

During his three-day visit, he will meet the AKTEL management and senior officials and some senior government officials.

Khalid, who served as Malaysian ambassador to the United States in 1999, has been a director of Axiata (Bangladesh) Ltd since March 24, 2008.

SEC's quick change of mind sends wrong signals to market

Analysts say about margin loan decisions

SARWAR A CHOWDHURY

Frequent revisions of the decisions on margin loans by the capital market regulator may create more volatility instead of stabilising the stockmarket, experts fear.

In a span of just two months, the Securities and Exchange Commission, as they pointed out, changed its stance four times in an effort to "cool down the overheated market".

On February 3, the SEC squeezed the ratio of brokerage houses' margin loans to 1:1, down from the 1:1.5 ratio -- a change that came after a short gap. The modification means that the SEC allowed a higher ratio for margin loans first and then backed on it.

Reacting to the latest move, the market plunged by more than 100 points on February 3, but bounced back with a gain of more than 35 points a day later.

heated market, but the ratio should not be changed frequently.

"Instead of fixing the PE at 75 first and then at 50, it would have been better to fix it at 25 or 30 first through which the market could get a clear instruction about the SEC's position," he said.

This time, the SEC has been far from what it earlier practised. Without any prior warning or talks with stakeholders such as bourses, merchant banks and brokers, it has recently made directives to brokerage houses about the margin loan ratio.

Previously, it was observed that the SEC did not impose any decision at initial stage. It first held meetings with stakeholders and warned them of irrational market behaviour.

Mirza Azizul Islam, who had also served as SEC chairman, said the commission could discuss with the market stakeholders before taking decisions.



The rising trend continued yesterday too. The DSE General Index (DGEN) reached its highest at 5,552.85 points.

In a decision on December 9, the SEC allowed investors to get credit for securities with higher PE (price-earnings) ratio, but reduced the ratio -- from 75 to 50 -- in a quick change of mind on February 1.

The step missed the mark. The market jumped some points.

On December 9, the DGEN closed at 4,415.27 points, which rose to 4,437.72 points a day later. The market closed at 5,503.37 points on February 2, up from 5,451.15 points of the previous day.

The regulator's intervention only in margin loans created confusion among investors, market analysts say.

AB Mirza Azizul Islam, former caretaker government adviser, said margin loan is a tool for the regulator to control an over-

The SEC should also approve the pending IPO proposals to increase the supply side, he suggested, pointing his finger at the low supply side as a major reason for the overheated market.

Salahuddin Ahmed Khan, professor of Finance at Dhaka University, also thinks the SEC measures inappropriate.

"By restricting the loan ratio the market can be calmed for a day or two, but never for a long period of time," said Khan, also the former chief executive officer of Dhaka Stock Exchange.

Merchant bankers echoed these views.

"The frequent changes in decisions have created confusion in the market system," said M Fazlur Rahman, president of Bangladesh Merchant Bankers Association.

Rather, he suggested, the SEC should have a conservative attitude in taking decisions from the very first stage.

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Kuwaiti Parliament Speaker Jassem al-Khorafi (R) accompanies Prime Minister Sheikh Hasina, as she tours the national assembly in Kuwait City yesterday.

Hasina urges investment from Kuwaitis

UNB, Kuwait City

Prime Minister Sheikh Hasina has urged Kuwaiti business leaders and entrepreneurs to import products from Bangladesh and make investment in the country's promising sectors under an attractive package of incentives.

"In fact, there is ample scope for diversifying and increasing our two-way trade. We only need to work together to identify areas of cooperation to harness the existing potential," she told the audience at a luncheon meeting hosted by Kuwait Chamber of Commerce in her honour yesterday.

Hasina arrived here Sunday on a three-day state visit to the oil-rich Gulf state with a wide range of matters of bilateral cooperation on her agenda, especially development assistance, investment and labour issues.

Chairman of the apex trade body Ali Mohammad Thunayan Al-Ganim delivered his welcome address.

The prime minister said Kuwait could import from Bangladesh high-quality garments, ceramics and pharmaceuticals.

The other items she put on offer, which also have equal recognition in an increasingly environment-

conscious world, are finished leather and leather products, furniture, handicrafts, and, particularly, jute and jute products.

Hasina said another important area of immense possibility is investment by Kuwait in Bangladesh. "Our government has been successful in creating an attractive investment climate with liberal fiscal and financial policies."

She listed some of the significant facilities offered to the investors, which include tax holiday, concessionary duty on imported machinery, avoidance of double taxation, remittance of royalty, technical know-how, technical assistance fee, allowing 100 percent foreign equity, unrestricted exit policy, and full repatriation of capital and capital gains in the event of exit.

A huge domestic market of 150 million people, abundant skilled labour, the presence of homegrown entrepreneur class, supportive legal regime, and, above all, commitment of the government are added attractions for foreign investors, the PM told the leading Kuwaiti businesspeople.

She said Kuwait investors could seriously consider investing in power, telecommunications, infra-

structure development, pharmaceutical, textiles, ICT, real estate, gas and energy, leather, furniture and agro-based industry sectors.

She assured the Kuwaiti entrepreneurs that her government would provide all possible assistance and cooperation in doing business.

"With your cooperation in the fields of trade, commerce and investment, both the State of Kuwait and Bangladesh would mutually be benefited bringing greater prosperity to our countries and peoples," Hasina hoped.

At present, the balance of trade is very much in favour of Kuwait.

During 2007 to 2008, Bangladesh's exports to Kuwait stood at \$9.69 million, while the corresponding import figure was many times higher.

The Kuwaiti chamber chief stressed a better communication toward cooperation in the fields of trade and investments in the interests of both Kuwait and Bangladesh.

Labour and Expatriate Welfare Minister Mosharrif Hossain, Foreign Minister Dipu Moni, State Minister for Environment Hasan Mahmud and Principal Secretary MA Karim were also present on the occasion.

Govt to press aid from donors

REJAUL KARIM BYRON and REFAYET ULLAH MIRDHA

Bangladesh will put forward its needs for \$2 billion to \$2.5 billion foreign assistance per fiscal year for budget implementation in the upcoming meeting of Bangladesh Development Forum (BDF), a consortium of donor agencies.

The demand for the amounts for the current and the next fiscal years from the development partners will be placed at the meeting scheduled for February 15-16 at Bangabandhu International Conference Centre in Dhaka.

Economic Relations Division (ERD) officials said Bangladesh's expectations in various areas will come in a report at the meeting, which is going to be held after a recess of more than four years.

ERD secretary said yesterday no pledge of foreign assistance is made at such meeting of the donors. However, the meeting indirectly helps in getting resources for future.

ERD Secretary M Mosharrif Hossain Bhuiyan and Local Consultative Group (LCG) Chairman and DFID Bangladesh head Chris Austin will co-chair the meeting.

They highlighted different aspects of the BDF meeting at a joint press conference at the finance ministry conference room yesterday.

One of the main topics to be discussed at the meeting is the government's Poverty Reduction Strategy Paper (PRSP) for 2009-2011. The government's financial requirements to implement the PRSP will also be presented.

Prime Minister Sheikh Hasina will inaugurate the meeting.

KEY FACTS

- BDF meeting begins in Dhaka on February 15 after more than four years
- Bangladesh will demand \$2 billion to \$2.5 billion in foreign assistance per fiscal year from development partners
- Poverty Reduction Strategy Paper for fiscal 2009-2011 will be discussed
- The government will present energy and power, transport and communication, agriculture, water resources development, and ICT plans
- The government will place its projected GDP growth at 6 percent for FY2010 and 6.7 percent for FY11 at the meeting

In each of the FY2010 and FY2011 the government will have a total resource gap of \$4.16 billion, of which the government hopes to get \$2-2.5 billion each year from the donors to implement the PRSP.

The government in the report will place its projected GDP (gross domestic product) growth at 6 percent for FY2010 and 6.7 percent for FY2011.

The meeting will discuss six sectors -- development strategies, governance and human development; energy and power; agriculture, food security and water resources; environment and climate change; transport and communications; and Digital Bangladesh and ICT (information and com-

munication technology) -- towards achieving the Millennium Development Goals (MDGs).

In the meeting sessions the government will present the macro-economic situation, the fifth five-year plan, energy and power development plan, transport and communications development plan, agriculture and water resources development plan, and ICT plan.

A 'development fair' will be organised on the sidelines of the meeting where some 40 stalls will showcase Bangladesh's successes in various sectors. Also, there will be stalls from the development partners, non-government organisations and private sectors.

The ERD secretary said representatives from 32 multilateral and bilateral development partners will attend the meeting. India, China, United Arab Emirates and Saudi Arabia have also been invited, as these countries are also partners in Bangladesh's development initiatives in the present context.

Chris Austin said one of the main objectives of the meeting is to know the details of the government's development priorities for the next four to five years.

The government has an ambitious plan to upgrade the country to a middle-income one in near future. So the government is working in collaboration with the development partners to fulfil the commitments and minimise the gap, Austin said.

He said the accountability of the fund is ensured from two sides -- recipient countries and the sources of the funding agencies.

The LCG chairman said the government has to improve the quality of education and healthcare to develop the country. Bangladesh has successfully reduced poverty by 10 percent over the last decade, he added.

Migrants swipe smart card

STAR BUSINESS REPORT

Overseas jobseekers from Bangladesh yesterday started availing themselves of smart cards, a device that eases immigration process and help the government effectively assist the migrant workers.

"A Dubai-bound worker boarding on BG-027, a flight of Biman Bangladesh Airlines, was the first user," said an official of the Welfare Desk of the Bureau of Manpower Employment and Training (BMET) posted at Zia International Airport in the capital.

"When a jobseeker shows the card, we punch it on the card reader and the embarkation card is automatically filled up. It's easy," the official told The Daily Star yesterday evening. The card contains all the information furnished in the passport, a jobseeker's fingerprints and the name and licence number of the recruiting agency so that the authorities can identify all the parties involved in the migration process and take prompt actions.

BMET started providing such cards to the jobseekers from Sunday, according to its Director Dr Nurul Islam. It is on experimental basis, he said, hinting at a change in a week if flaws detected. Around 100 smart cards were issued on the day, while the number reached 500 yesterday.

From now on possessing such cards is mandatory for the migrant workers, the BMET director further said.

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