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Stocks

DGEN	▲ 0.12%	7,097.38
CSCX	▲ 0.20%	13,335.94

IDLC Index

IDLC 50	▼ 0.04%	7,094.68
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Asian Markets

MUMBAI	▲ 0.57%	20,069.12
TOKYO	▼ 1.99%	9,369.35
SINGAPORE	▼ 0.27%	3,097.63
SHANGHAI	▲ 1.72%	2,655.66

Currencies

	Buy Tk	Sell Tk
USD	69.80	70.80
EUR	93.13	97.67
GBP	108.87	113.78
JPY	0.82	0.88

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold	▲	\$1,312.50 (per ounce)
Oil	▼	\$77.81 (per barrel)

SOURCE: AFP (Midday Trade)

Capabilities stagnant, says Social Watch

STAR BUSINESS REPORT

Bangladesh remains stagnant at 61 in the Basic Capabilities Index (BCI) for the period between 2000 and 2010, according to Social Watch Report 2010 launched yesterday in Dhaka.

The report said other South Asian nations improved a lot during the period.

Social Watch is an international network of citizens' organisations. Research organisation Unnayan Shamannay is the global network's Bangladesh partner that has been publishing the report since 2000.

BCI was designed by Social Watch as an alternative way to monitor the situation of poverty in the world. BCI is calculated on the average value of three indicators -- mortality among children under five, reproductive or maternal-child health and education.

The report said Bangladesh has a lot of challenges, including much needed resources, to achieve the millennium development goals although it has done well in reducing child mortality, primary schooling, and gender parity in primary and secondary level education.

Bangladesh has to pay \$1.5 for every dollar in foreign aid it receives, said the report. "This interest can easily be used for MDG financing."

The report also said Bangladesh is one of the major victims of climate change although the country has no significant contribution to carbon emission.

At the launch, a former adviser to a caretaker government blamed the government for not consulting adequately with the stakeholders before preparing the report on MDGs submitted recently at a global summit.

"The report had gaps, mainly because of no consultation at the national levels," said Rasheda K Choudhury.

"We have success stories, particularly with gender parity at primary and secondary education, in achieving the MDGs. We have failed to highlight the success at the UN summit in New York," said Rasheda.



Taxpayers flock to different stalls to pay taxes on the concluding day of Income Tax Fair at Bangabandhu International Conference Centre in Dhaka yesterday. The National Board of Revenue extended the deadline for tax return submission to October 7 on 'special consideration' following a strong demand from leading business chambers.

STAR

BB runs 'health test' on non-banks

SOHEL PARVEZ

The central bank has run the first-ever 'health check-up' on 29 non-bank financial institutions, officials said yesterday.

Three of the institutions may be cautioned by Bangladesh Bank to improve their performances by year-end.

After conducting a composite CAMEL rating, BB found that the three institutions fell short of 'expected' performances.

The CAMEL rating hinges on five pillars: capital adequacy, asset quality, management soundness, earning and liquidity.

"All financial institutions came

under this rating, which aimed at improving the condition of such firms," said a central bank official, preferring anonymity.

The rating, according to the official, will help reduce the risks of financial institutions. It will also help the central bank monitor and regulate the sector better.

The non-banks have come under such rating for the first time, as the sector has been growing by the year.

Total assets of the non-banks grew 28.2 percent to Tk 9,020 crore in June 2008 from Tk 7,040 crore in the same period a year ago, according to a Bangladesh Bank publication.

If a financial institution has been rated No. 1, it is considered strong,

while No. 2 means satisfactory, No. 3 fair, No. 4 marginal and No. 5 unsatisfactory.

The central bank found none of the non-banks 'strong'. Of the total institutions, 17 were rated 'satisfactory' and nine 'fair'.

The central bank initiative to carry out a rating for the financial institutions comes at a time when the banking industry around the world undergoes stress tests in the backdrop of recession.

As part of the move to ensure sustainable growth of the financial market, the central bank in August provided an action plan for the non-banks to take preparation to implement Basel II

accord by 2012.

It also asked them to keep their investments in stockmarket equal to 25 percent of their capital. The institutions that have already invested an amount above the ceiling were directed to bring the investment down to the level allowed by the year-end.

"We're taking these steps to ensure sustainable growth of the financial sector by helping them address risks and ensure prudent management," said the official.

On the time stipulated for the institutions found as 'marginal' performers, he warned against any lapse in improving their condition by December.

25 companies fail to make e-shares

SARWAR A CHOWDHURY

Twenty-five listed companies have failed to convert their paper shares to electronic ones within the stipulated time period, and so the premier bourse has delisted the firms from the main trading board.

It means no paper shares will be traded on the main board of the stock exchanges from Sunday.

However, these companies can trade on over-the-counter market, a separate trading floor for junk companies that do

not comply with the securities rules.

Yesterday was the last date, as set by the Securities and Exchange Commission (SEC), for converting the paper shares into electronic scrips.

Although paper shares take up less than 1 percent of the total market capitalisation on Dhaka Stock Exchange, these scrips create problems, as the system now goes electronic, said an SEC official.

"To bring the highest level of transparency to the trading system, the commission directed that all scrips should be traded in electronic form," he said.

The SEC on June 1 this year in a notification said no paper share will be allowed to trade on the main boards of the stock exchanges from October 1, and the companies with paper shares will have to dematerialise their shares by September 30.

In the notification, the stockmarket regulator also said no companies having paper shares will be allowed to trade in B-category from July 1 this year, instead these will be downgraded to Z-category, an area of junk stocks.

In line with the SEC instruction, the Dhaka bourse downgraded 26 companies from B-category to Z-category on July 1.

An earlier step halted the trading of paper shares in A-category in January this year.

From July to October, 21 companies -- out of 46 -- joined the electronic trading system by dematerialising their paper shares, while the rest failed to do so.

The electronic trading system has been in place since January 2004, with the introduction of the central depository system (CDS).

Central Depository Bangladesh Ltd operates the CDS and has already gained popularity among investors, as the electronic trading settlement system eliminates the risk of fake or spoiled shares.

sarwar@thedailystar.net

BB cuts interest rate for exporters

STAR BUSINESS REPORT

Bangladesh Bank has revised the rate of interest on loans taken by exporters from the Export Development Fund, according to a circular sent to all banks yesterday.

If an exporter takes loans worth up to \$1.5 million, the rate of interest will be the six-month London Inter Bank Offer Rate (LIBOR) plus 1 percent. If the loan amount is more than \$1.5 million, the rate of inter-

est will be the six-month LIBOR plus 2.5 percent.

Earlier, the rate was LIBOR plus 2.5 percent for any loan amount.

Retrospectively, the new rates will apply to all loans from January 1, 2010.

Central bank officials said the finance minister took the decision after a recent meeting with the business community.

An exporter can take a maximum of \$10 million loan from the fund.

CONVERTING BUSINESS TIME TO MONEY



Marco Polo Caravan

What is the prime difference between Marco Polo and a business traveler from Bangladesh? Marco Polo could afford to spend six months traveling from Europe to China but a business traveler from Bangladesh cannot even afford to think about Marco Polo for a minute! The sad matter is that a Fortune 500 business traveler has more in common with Marco Polo than our exhausted Bangladeshi traveler. They have managed to do away with many of the financial stresses and administrative burdens associated with traveling, enabling them to maximize travel to build relationships and elevate their business.

So, why is this important and how do they manage it?

In today's global economy, businesses are increasingly working with suppliers and customers that operate beyond their homelands. This is also very true in Bangladesh. The only difference is that other countries have already created expense management programs to better assist their company's financial administration around these travels. Bangladesh is yet to capitalize on this to date.

Onion prices spring up

SOHEL PARVEZ

Local onion prices are soaring because of a rise in the cost of imports of the commodity from India.

India is increasing the minimum export price (MEP) for onions in a bid to discourage exports, to calm food inflation in its domestic market.

India hiked the MEP for onions by another \$75 a tonne for October, India media reported yesterday, in a move yet to affect local markets here, where its prior hikes are already being felt.

Local retailers sold onions at Tk 30-37 a kilo yesterday, up from Tk 20-26 a month ago -- a 45 percent jump.

"A reduction in the volume of imports has affected its price on the local market," said Narayan Shaha, co-owner of Nabin Traders at Shyambazar, one of the main wholesale centres in Dhaka.

Onion prices began to climb sharply in early September, after India raised the MEP for many export destinations. On August 31, India fixed the MEP for Bangladesh at \$325 a tonne.

On September 13, the agri-cooperative National Agricultural Cooperative Marketing Federation of India Ltd (NAFED) increased the MEP for onion exports to Bangladesh another \$75 to \$400 a tonne.

Shaha said local importers imported onions at \$250-270 a tonne prior to August 31.

India is discouraging exports to curb domestic onion prices, which nearly doubled in the past year. Increasing supplies will help, though the floods and crop losses in Pakistan add to rising demand and prices, according to Indian media.

Onion price rises in Bangladesh occurred despite growers bagging more than 14.2 lakh tonnes of last season, up from 8.5 lakh tonnes the previous season, according to estimates by Department of Agricultural Extension.

After staying at Tk 15-22 a kilogram in April-June, onion prices began to rise slowly in early July. In about three months, it rose nearly 81 percent, Trading Corporation of Bangladesh data shows.

Shaha said even though production was high this year, "it was not adequate".

"If local production was adequate, why did prices go up when imports were suspended?" he asked.

Idris Ahmed, owner of a wholesale store called Dhaka Banijjalaya at Shyambazar, said a reduction of supply due to a decline in the number of importers led to the rise in onion prices.

"Demand is higher than supply," said Ahmed, adding that prices might not decline until fresh onion harvests hit the markets in December.

sohel@thedailystar.net