

Stocks	
DGEN	▼ 2.51% 7,292.54
CSCX	▼ 2.59% 13,708.64
IDLC Index	
IDLC 50	▼ 2.15% 7,307.81
Subject to Conditions contained in www.Idc.com	
Currencies	
Buy Tk	Sell Tk
USD	69.65 / 70.65
EUR	94.89 / 100.63
GBP	109.01 / 114.95
JPY	0.83 / 0.90
SOURCE: STANDARD CHARTERED BANK	

News in Brief

Hasina: TCB to be strengthened

UNB, Dhaka

Prime Minister Sheikh Hasina yesterday opted to strengthen the state-owned Trading Corporation of Bangladesh (TCB) to break the evil nexus of syndication that keeps hostage the masses.

The government, she said, has taken numerous steps to reactivate the TCB that was quarantined by the previous BNP-led four-party alliance.

Hasina made the remarks during a meeting with the Privatisation Commission led by its Chairman Mirza Abdul Jalil at her office. PM's Press Secretary Abul Kalam Azad briefed reporters after the meeting.

"We've to strengthen the TCB, otherwise, we'll not be able to free ordinary people from the nexus of the syndication," Azad quoted the prime minister as saying.

Hasina said the government has already taken effective steps reviving the TCB to intervene in the market.

"Otherwise, we'll not be able to control the prices of essentials," she said.

The government is trying to free the market mechanism from the grip of the evil nexus, she added.

She noted that business monopoly cannot be accepted, and the government has to have a tool to intervene in the market.

Hasina said the government has planned to increase production by running agro-based industries under its management as well as proper utilisation of arable lands.

She criticised the move of the previous BNP-Jamaat government for shutting down Adamjee Jute Mills. "This move caused irreversible loss for the nation," she said.

Carbon penalties may route to \$100b

REUTERS, Oslo

More penalties on greenhouse gas emissions could help raise \$100 billion a year from 2020 to enable poor nations to slow global warming, despite austerity in many rich countries, Norway's prime minister said.

Jens Stoltenberg, who will co-chair a UN advisory group about climate financing in Addis Ababa on Tuesday, said raising \$100 billion a year was "feasible" but one of the hardest issues in talks on a new UN climate deal.

Rich nations agreed at December's UN summit in Copenhagen to give poor countries an annual \$10 billion in aid for 2010-12, rising to \$100 billion from 2020, to help them curb emissions and cope with the impacts of global warming, such as floods, heat waves or rising seas. But they did not say how.

Big blow to stocks

SC upholds SEC decision on share credit

STAR BUSINESS REPORT

Dhaka stocks yesterday suffered the biggest fall since July.

The drop was mainly because of the combined effects of some moves, market insiders said.

One of the factors was a Supreme Court (SC) verdict that went in favour of the stockmarket regulator's decision on share credit.

The SC yesterday stayed a High Court (HC) order that halted a Securities and Exchange Commission's (SEC) decision directing merchant banks and stockbrokers to follow a net asset value (NAV) based calculation for credit disbursement and loan maintenance.

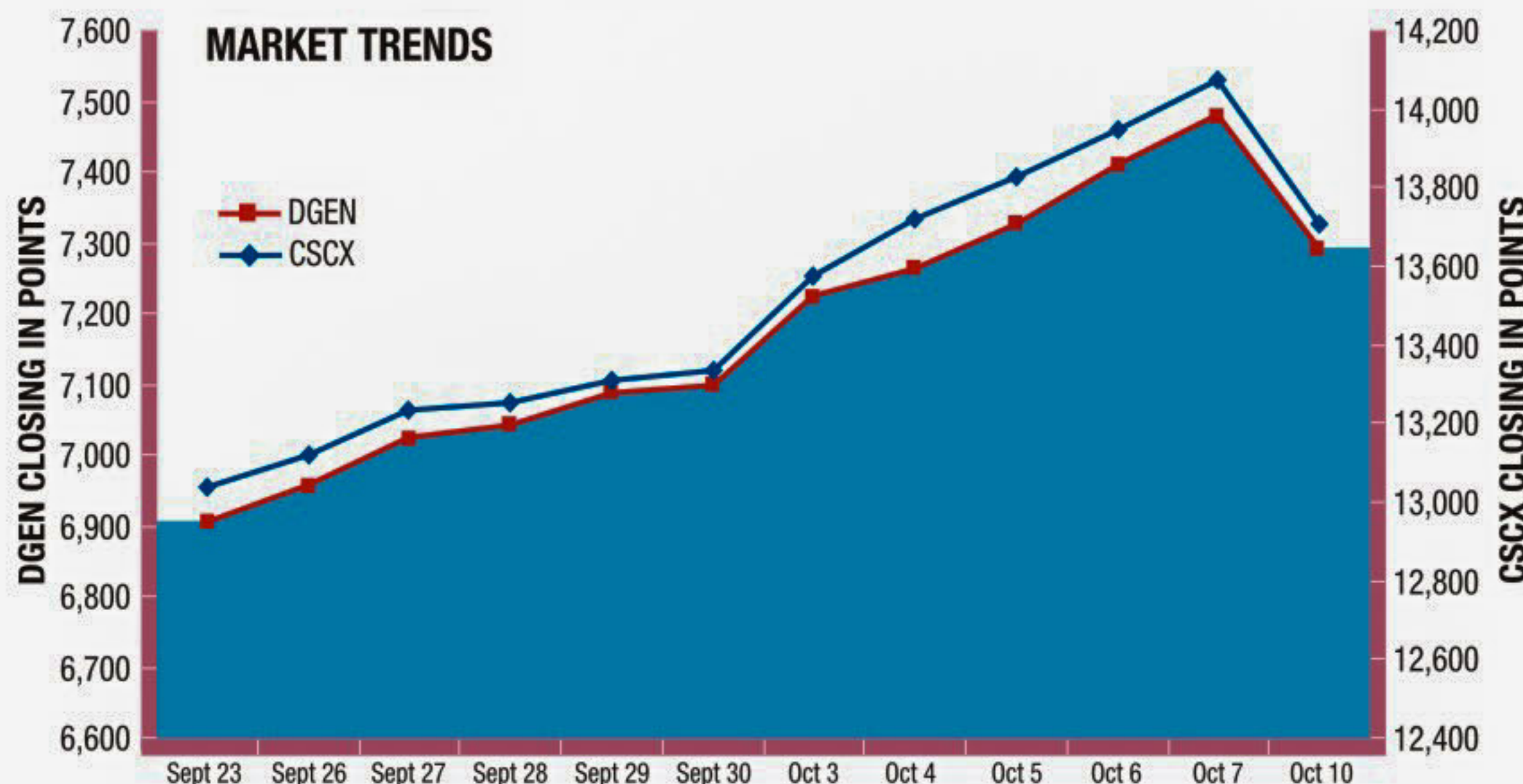
The SC ruling, passed by a three-member Appellate Division bench, spread across the market and prompted a panic sale, stockbrokers said.

Chief Justice ABM Khairul Haque headed the bench.

The benchmark index of the Dhaka Stock Exchange -- DSE General Index (DGEN) -- nosedived 187 points, or 2.51 percent, to 7,292. Earlier on July 25, the DGEN lost 204 points, suffering the steepest fall since the crash in 1996.

The key index of the Chittagong Stock Exchange -- CSE Selective Categories Index -- also plummeted by 364 points, or 2.59 percent, to 13,708.

The Dhaka and Chittagong bourses' warning of a disaster in



the stockmarket also fuelled yesterday's downturn.

The two bourses said on Saturday that unless the market calms down immediately, it may face a big disaster anytime and the exchange authorities will not take the responsibility for it. They also sought the prime minister's intervention in offloading government shares as a short-term measure to cool down the market.

"The bourses' concern left an impact, at least for the time being, on the secondary market," said a stockbroker.

Moin Al Kashem, managing director of Prime Finance Asset Management Company, said: "The correction in share prices was needed."

But such a correction will not have a long-term impact on the

market, he added. "We need a correction that will come from increasing the supply side."

However, many saw the correction as a relief in the market that rallied for 11 consecutive sessions.

"After a long rally, it is natural for the share market to take a breather, and it is the nature of financial markets to go up and down," said Hasan Imam, chief executive officer and managing director of RACE Asset Management.

However, after the SC order, which asked both sides to dispose of the rule, merchant banks and stockbrokers will now have to follow the NAV-based calculation in providing and maintaining margin loans.

Barristers Rokanuddin Mahmud, Fazle Noor Taposh and Abul Kalam Azad moved for the

petitioners, while Attorney General Mahbubey Alam for the state.

On September 27, the HC stayed the SEC directive on share credit and loan adjustment, after two investors -- Morshadur Rahman and Shahnewaj Jewel -- filed a petition challenging the SEC directive.

Both the bourses lost yesterday in all sectors. Losers outnumbered gainers 212 to 25, with three securities remaining unchanged on the DSE. Losers also beat advancers on the port city bourse 151 to 25, with six unchanged.

The DSE traded more than 13.56 crore shares and mutual fund units worth Tk 2,364 crore, while the CSE traded more than 1.62 crore shares and mutual fund units with a turnover of Tk 217 crore.

Halal food certification board on cards

JASIM UDDIN KHAN

The government has moved to form a high-profile committee to recommend ways to establish a board for certification for halal foods after repeated appeals from processed food exporters.

The traders have set a target to grab a portion of the \$660 billion global market for halal products. In the last six months, around a dozen processed food traders received about \$250 million of export orders on condition that the products must be accredited with an authorised halal certification body.

Halal foods are foods that are allowed under Islamic dietary guidelines.

Commerce Secretary Md Ghulam Hussain said various Muslim and non-Muslim countries are now increasingly demanding halal products from Bangladesh.

Meanwhile, Malaysia's Department of Islamic Development, which is currently preparing a list of halal certification bodies from Muslim countries, has officially sought a name from Bangladesh.

"We received export orders for halal processed meat and chicken to Malaysia and China. The orders are worth no less than \$25 million. But we could not start production before getting certification from an authorised body," said Rafiqul Islam, chief executive officer of Modern Abattoir, one of the five companies that demanded a certification body.

The other food processors are Bengal Meat, Premier Abattoir, Meghna Food Industries and Bangladesh Organic Food Processors.

Mostafizur Rahman, Bengal Meat's CEO, said. "We've a huge market for processed halal meat mainly in the Middle East and South East Asia. But we're failing to tap the potential because of some legal barriers."

The United Arab Emirates and Kuwait are the export destinations of Bengal Meat, Bangladesh's pioneering halal meat processor.

On the barriers meat processors now face, Rahman said being an exporting country Bangladesh has no certification from any other importing countries than Kuwait and Dubai. Obtaining such certification from any importing country is mandatory for an exporting country, as the country concerned is to satisfy the importer that the product exported does not contain any hazardous elements and germs.

The vice chairman of Export Promotion Bureau will head the committee, with representations from the ministries of fisheries and livestock and religious affairs, Bangladesh Islamic Foundation, Bangladesh Standards and Testing Institute, Bangladesh Council for Scientific and Industrial Research, Bengal Meat and Meghna Condensed Milk.

This body will take necessary steps to form a halal certification board. Its main task will be to monitor and issue certificates ensuring safe, genuinely certified and diversified halal products.

The fisheries and livestock ministry has already prepared a guideline on such certification and sent it to the Islamic Foundation for its perusal.

The Foundation now awaits the opinion from the religious affairs ministry on the issue, according to a high official.

Premium Halal Abattoir, a local company, has signed a deal to export halal meat to Malaysia, as the local processor plans to grab a portion of \$50 billion global halal meat market. Under a memorandum of understanding with Barakah Import of Malaysia, Premium will export 50 tonnes of meat a year, with industry people demanding more government supports to explore the potential market.

Another meat processing company, Peninsula Abattoir, is in talks with buyers to export processed meat to European countries.

Apart from demanding a testing agency, the meat processors are seeking government help in establishing a lab for meat processing to meet international standards.

"As establishment of such a lab is very costly, the government should help entrepreneurs in this regard," said Sahedul Islam Sadi, proprietor of Peninsula Abattoir.

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Abdulatif Al-Houti, managing director of Kuwait Petroleum Corporation, meets Prime Minister Sheikh Hasina at her office in Dhaka yesterday.

Credit raters say banks hem, CEOs haw

SAJJADUR RAHMAN

Bangladesh is relatively a new to corporate credit ratings, and the recent acquaintance so far has involved strained smiles on all sides.

Before this year, corporate-lending banks have not rated big corporate houses, let alone done it with their smaller individual companies. Nor -- until now -- have CEOs had to open their books to the credit raters, let alone pay for the intrusion.

They are often none too happy about it, in part, because of double bookkeeping, the assessors say. "They are afraid of rating," said Muzaffar Ahmed, chairman and

CEO of CRISL, one of the two firms rating corporate creditworthiness.

"Enterprises maintain different type of accounts, such as one for bank borrowing and another for income tax."

The BB made credit ratings for the banks' corporate clients mandatory as of last January, to abide by the capital adequacy ratios and risk management provisions of Basel II.

Since then, each bank has asked its individual corporate clients to conduct a credit rating of their enterprises before getting another loan.

According to assessors, a large enterprise pays about Tk 5 lakh for their rating, but medium and

smaller ones less.

"As a cost is involved, clients are not taking the rating move positively," said Hossain Shaheed Shorowardy, company secretary of Credit Rating Agency of Bangladesh (CRAB), another rating agency.

The rating firms advised each banks to subsidise the ratings of its clients, as banks will benefit from the rating.

A bank has to keep 125 percent provision for a loan without credit rating, vs just 50 percent for rated firms, according to a Bangladesh Bank (BB) order.

"Some banks are following the Bangladesh Bank directive meticulously, but not all," said Ahmed of

CRISL. Given the many thousands of companies, it is a large understatement.

According to the two rating firms, just 572 have completed the rating test. CRISL rated 426 clients of banks with an exposure of Tk 11,700 crore during the first three quarters of 2010. CRAB rated 146 enterprises.

Bankers called the number of rating agencies here inadequate to rate hundreds of enterprises. The regulator has licensed two firms to compete with CRISL and CRAB.

CRISL did 84 exposure ratings in the first quarter, 230 in the second and 112 in the third quarter. This rating involved Tk 11,700 crore.

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IMF told to toughen scrutiny of rich powers

REUTERS, Washington

Emerging powers won a battle on Saturday for heightened IMF scrutiny of rich countries' economic policies as world financial leaders sought to defuse mounting tensions over currencies.

The International Monetary Fund's 187 member countries gave voice to long-running frustrations of emerging economies, which say the Fund has traditionally not been tough enough on its biggest shareholders, led by the United States.

Now, with the US and Europe in the doldrums, and emerging economies providing the major growth engine for the world, the tables appear to be turning.

"Stronger and even-handed surveillance to uncover vulnerabilities in large advanced economies is a priority," the IMF's steering committee said.

The statement reflected the arguments of developing countries that weak finances and sluggish growth in the United States are a fundamental cause of imbalances in the global economy.

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