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SOURCE: AFP (As of Friday)

Banks get new deadline to cut stock investment

REJAUL KARIM BYRON

Bangladesh Bank (BB) has set a fresh deadline for banks to bring down their investment in the capital market within the limit.

The shareholdings by 12 banks in the capital market till August 31 is above 10 percent, and the central bank has asked them to keep their holdings within 10 percent by November. The banks failed to meet the previous deadline in September.

Although the overall holdings of the banks are within the limit, the shareholdings of the 12 private banks range from 10.25 percent to 23.44 percent of their liabilities.

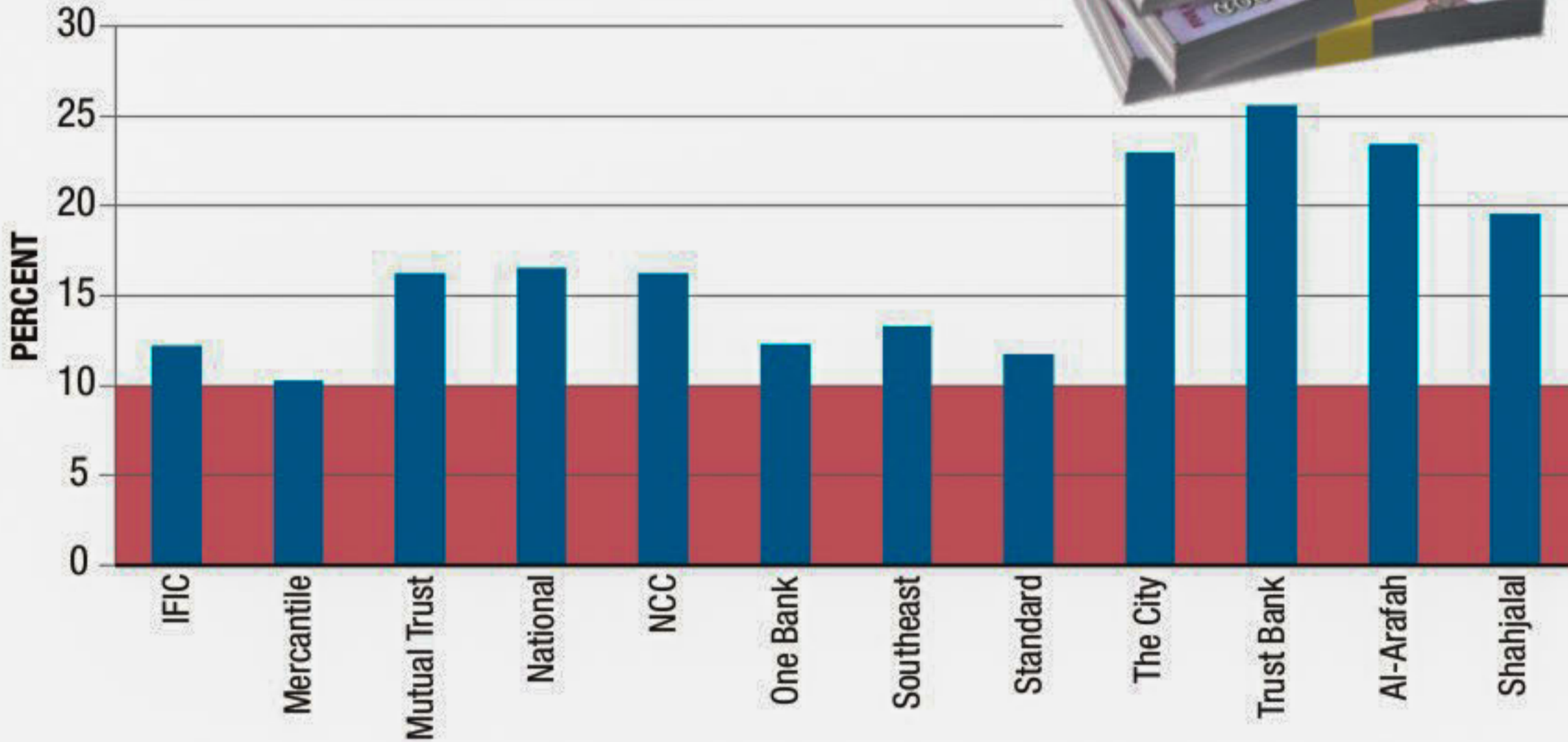
Till August 31, the banks' total holdings in the capital market were Tk 23,664 crore against their liabilities of Tk 3,77,487 crore, which is 6.27 percent of the total liabilities.

BB high official said the capital holdings of a bank cannot cross 10 percent of the bank's liabilities in line with the banking regulations.

However, there are some differences between the banks and the central bank about the concept of shareholdings, and the banks are now trying to convince the BB to relax the definition of shareholdings.

But the BB turned down their arguments and said the banks will have to bring down their shareholdings by November within the limit, or float subsidiary company to participate in the capital market.

12 BANKS THAT EXCEED LIMIT FOR HOLDINGS IN CAPITAL MARKET



In the last one and a half months, the central bank held one-to-one meeting with the banks that have more than 10 percent shareholdings.

The BB held such a meeting with National Credit and Commerce Bank Ltd (NCCBL) last week. The BB officials said the banks were apprised of the deadline at the meetings.

According to the BB explanation, capital holding means own portfolio of the share, share under lien, and share under custody.

The banks during the one-to-one meetings argued that the value of the shares at the time of pur-

chasing the shareholdings was within the limit set by the central bank. But the percentage of their holdings crossed the limit as the present market value was taken into consideration.

The bankers also said the shares in their own portfolios were much lower than the limit, but as the customers' purchase of the shares through their BO (beneficiary owner's) accounts was considered, the shareholdings crossed the limit.

The risk of the banks in case of purchasing this category of shares is very low, the officials said.

However, the BB said it has fixed the ratio of the banks' investment in

the capital market in line with the international best practices, and so it does not want any change to it.

A central bank official said the BB is thinking over a long-term economic benefit. It does not want to see that the banks crowd in the risky short-term investment. The banks' main business should be investment in the industry, trade and export sectors and it also has an impact on employment generation.

A high official of NCCBL said these banks' investment in the stockmarket cannot be brought down overnight. So the banks have requested the BB to extend the deadline.

Energy crisis weighs on tiles makers

SAYEDA AKTER

The ceramic tiles industry is going through a rough patch as an inadequate supply of power has forced many entities to shelve their expansion plans.

Demand for ceramic floor and wall tiles is growing at 15 percent a year, while local manufacturers meet nearly 80 percent of total demand, said industry insiders.

They said demand for ceramic tiles increased manifold in the last seven years, influenced by rising demand in the booming real estate and readymade garment sector.

The industry people said the sales of local tiles did not decline even during the rule of caretaker government, which was the "worst time" for real estate.

However, the sector is now facing the harsh impacts of a scarcity of power in the last couple of years. Many players are thinking of folding their expansion plans.

Syed Ali Abdullah Jami, assistant sales manager of RAK Ceramics Bangladesh Ltd, said his company could not increase its production capacity because of the power crisis.

"Demand for locally made ceramic floor and wall tiles started increasing in step with the growth of real estate and RMG starting in 2004."

"But now, when demand is increasing fast, we cannot increase our production capacity due to the gas crisis," he said.

"It's not that local sales have declined, but we can produce more to meet growing demand, which we cannot, for now," added Jami.

"Demand will grow further because we produce items that meet international standards, and prices are competitive, in comparison to imports."

RAK Ceramics, the UAE-based company, is the market leader with a hold of 35 percent. The company that was set up in 2001 produces 20,000 square metres of tiles a day.

Industry experts estimate the market for ceramic floor and wall tiles to be worth around Tk 1,200 crore, which was previously totally import dependent.

By the end of 2000, local entrepreneurs, who were mainly involved in importing tiles and other housing materials, started thinking about manufacturing the item.

At present, 11 companies manufacture ceramic tiles. Local companies, such as Modhumoti Tiles, Mir Ceramic, Great Wall and China-Bangla hold a 40 percent share of the domestic market.

SM Shahjada, assistant general manager of Great Wall, a fast growing tiles maker, also agreed that the power crunch is holding him back from expansion.

"We doubled our production capacity in 2009. But demand is growing fast and we are capable of producing more. However, we cannot move to expand our plant, just because of the gas crisis," he said.

"The government stopped supplying gas to the industrial units. Until new connections are given out, we have to wait."

Great Wall that began manufacturing in 2006 owns a 15 percent share of the market by producing 1,350 square metre of tiles a day.

In addition, industry insiders also urged the government to reduce the import duties on raw materials.

"The government imposes a 20 to 25 percent duty on raw materials, including China clay, ball clay and silica sand," he said.

"If the government lowers the duty, the production cost will go down and that will help us provide items at much lower prices."

sayedata@thedailystar.net

“Demand is growing fast and we are capable of producing more. However, we cannot move to expand our plant, just because of the gas crisis.”

Ford to sell most of stake in Japan's Mazda

AFP, Tokyo

US carmaker Ford Motor has decided to sell the bulk of its 11 percent stake in Japan's Mazda Motor and invest the money instead in emerging markets.

Ford plans to slash its current equity stake of 11 percent to three percent or less, the Nikkei business daily said without naming its sources.

Bangladesh to speak for Asian migrants



PORIMOL PALMA

Bangladesh wants the Asian labour exporting countries to have a common stance on migrant workers' rights, including a minimum wage ceiling and a reduced cost of migration to the countries, mainly in the Gulf region and Southeast Asia.

Contemplating a concept like this, the government has planned to hold bilateral meetings with the ten other labour exporting Asian countries, said Minister for Expatriates' Welfare and Overseas Employment Khandker Mosharraf Hossain.

The initiative comes ahead of a meeting of the Colombo Process, an alliance of 11 Asian labour exporters, which launched its journey in 2003. Bangladesh, the chair of the group, will host the fourth ministerial in Dhaka in April 2011. Its theme is "Migration with Dignity".

Afghanistan, Bangladesh, China, India, Indonesia, Nepal, Pakistan, the Philippines, Sri Lanka, Thailand and Vietnam are the members of the Colombo Process. Nine labour importers -- Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates, Yemen, Malaysia and Singapore -- will be invited as observers.

The process aims at facilitating dialogues among the member states and the labour importing countries to strengthen migration management both in the Asian region and in the labour markets, according to the alliance website.

Khandker Mosharraf Hossain, present chair of the process, has planned to meet some of the member countries on the sidelines of Global Forum on Migration and Development (GFMD) to be held in Mexico in November.

If it is not possible to hold a bilateral meeting with any member country in Mexico, the minister will visit those countries and try to reach a consensus on the

issues crucial to ensuring rights of the migrants, the minister said.

"We found our workers bearing exorbitant costs to go abroad for jobs. In the bilateral meetings, we will discuss how the costs can be reduced. We will also see if we can set a minimum wage ceiling for the Asian migrants," Mosharraf Hossain said.

"We will learn from each other and then try to have a common stance on certain issues necessary to protect our workers' rights abroad."

An estimated 70 lakh Bangladeshis now work abroad, and most of them are in the Middle East, Malaysia and Singapore. They send home over \$10 billion a year, which remains a vital source of income for the country.

According to estimates, more than 2.5 million Asian workers leave their countries every year under contracts to work abroad.

In the case of Bangladesh, high cost of migration, which ranges from Tk 2 to Tk 5 lakh for each person, is a major concern, as many of the workers selling their labour for low wages fail to recover what they spend for going abroad, experts said.

Also, cases of unemployment or non-payment of wages at times create tension among the workers abroad, they said.

Bangladesh will also suggest that the foreign employers pay salaries to the migrants regularly and through banks to make sure that there is no dispute over wages and, if any, may be settled on the basis of banking documents, said Ashadul Islam, joint secretary of the expatriates' welfare ministry.

Paying wages through banks is mandatory in the United Arab Emirates, he said, adding that this practice can be replicated in other countries.

"We will also try to build consensus on migrants' health and work environment," Islam said.

India's growth to moderate

REUTERS, Mumbai

India's economic growth is on track to accelerate in 2010/11 on the back of monsoon rains but expectations for growth in the following year have moderated slightly, a quarterly Reuters poll shows.

Analysts raised their expectations for how far the Reserve Bank will lift rates in the fiscal year to the end of March 2011, reflecting signs that demand pressures, especially for consumer durables, are building in Asia's third-biggest economy.

A survey of 21 economists produced a median forecast that the economy would grow 8.4 percent in the year ending March 2011, unchanged from a similar poll conducted in July and up from growth in 2009/10 of 7.4 percent.

They projected growth of 8.3 percent in 2011/12, slightly below 8.5 percent forecast in July.

"Rising cost pressures and global uncertainties are likely to have a sobering impact on India's growth momentum," said Rupa Rege Nitsure, chief economist at Bank of Baroda.

Ctg port speeds up

STAFF CORRESPONDENT, Ctg

Container and cargo handling sped up at the prime port in the last five days, with the improvement of law and order after army deployment last Wednesday, the Chittagong Port Authority secretary said yesterday.

"I hope the turnaround time of vessels will come down to three days in a week," said Syed Farhad Uddin Ahmad at a press conference.

He said 4,498 TEU containers, including 1,604 for imports and 2,894 meant for exports, were handled in the last 24 hours to 8am Sunday, while the figure was 3,219 two days back.

Most dockworkers returned to work, he said.

Major Shahariar Morshed, coordination officer of the army security cell at the port, said the situation returned to normal.

A fresh deployment of 185 army personnel took the number to 315, who have been put on duty at 13 different points. Six teams are patrolling the area every day.

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