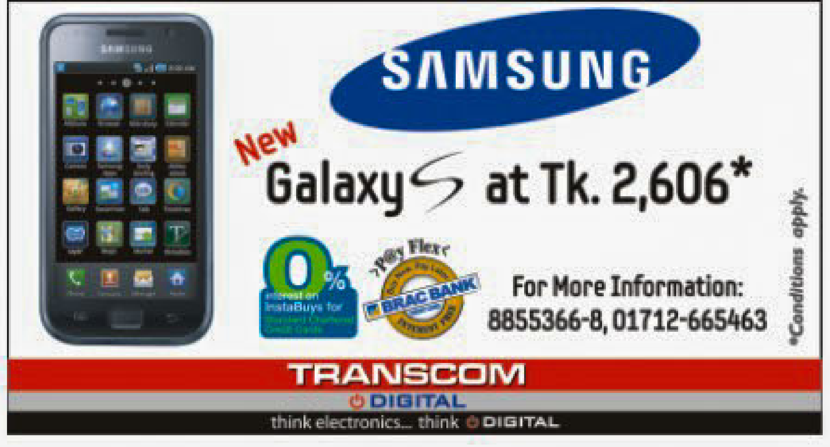
Star Business

DHAKA SUNDAY DECEMBER 5, 2010



Stocks

DGEN	▲	1.43%
		8,838.10
CSCX	▲	1.49%
		16,015.14

(Week-on-week)

Indian institute offers training on stockmarket

STAR BUSINESS REPORT

Pearl Institute of Financial Market, an India-based training organisation in the field of share, commodity and currency market, started Bangladesh operations yesterday.

In association with a local company, Alliance Capital Asset Management Ltd, the Indian institute will train the employees of banks, stockbrokers, merchant banks, fund managers and asset management companies to develop professional skills.

Students and jobseekers willing to build up career in the capital market, and individual investors can also get training from the institute.

Shakil Rizvi, president of Dhaka Stock Exchange, inaugurated the operations of Pearl at Bangabandhu International Conference Centre in Dhaka.

The DSE president said many new investors have no adequate knowledge or information about the capital market.

Managing Director of Alliance Capital Wali-ul-Maroof Matin said: "Alliance Capital has teamed up with an Indian institute and opened a branch at Dhanmondi to train the investors as well as jobseekers in this sector."

Pearl will initially offer three courses -- a 12-week certificate course on stockmarket trading, a 12-week equity research and portfolio management course, and a 4-week fundamental course.

Ankush Garg, chief executive officer of Pearl, said: "We have plans to start operations in other Asian countries such as Sri Lanka, Indonesia, Cambodia, Thailand, Malaysia and Vietnam."

AMRAN HOSSAIN

A man weaves a *jamdani* sari at a five-day handicrafts fair at the National Museum in Dhaka yesterday. The exhibition brings together 24 artisans from around the country in an effort to popularise indigenous craftworks.

BB spots new cases of loan diversion

REJAUL KARIM BYRON

The central bank has identified two more incidents of diverting loans to the stockmarket.

Of Tk 42 crore borrowed and ultimately invested in the stockmarket, Tk 37 crore was sanctioned to Loadstar Fashion Ltd as industrial credit by the Motijheel branch of Exim Bank in a period between May and June, according to Bangladesh Bank (BB).

The BB in its drive last month also found that Cosmos Enterprise diverted Tk 5 crore loans in the same period.

The drive detected that Loadstar made its stockmarket investment through brokerage house Anchor Securities Ltd in 12 bank cheques.

Fakhrul Islam Securities Ltd was Cosmos' brokerage firm through which it invested the Tk 5 crore in capital market, though the loanee in its loan proposal showed it as industrial credit for working capital.

Earlier, the same bank's Gulshan branch was caught in the BB lens. The central bank monitoring team detected such investment of Tk 30 crore borrowed by three firms from the branch.

The three firms are Kazi Erfanur Rahman, Loadstar Packaging, and B&B Sales and Marketing.

The investigation team in its reports described such incidents as sheer violations of bank rules and feared its adverse impact on the country's industrialisation and economy.

When asked, the managing director of the bank admitted to procedural deficiency.

"We're facing social stigma and we must bring about procedural changes so that such incidents do not occur in future," said Kazi Mashiur Rahman.

In connection with these incidents, the central bank on November 30 issued a letter to the Exim Bank MD warning him against non-compliance with banking norms.

Bangladesh Bank also asked him to adjust the loan in one month.

Rahman told The Daily Star that the bank followed rules in sanctioning the loans.

However, he said it is the bank's responsibility to monitor where the borrower uses loans, which his bank has somehow failed to do.

"We'll strictly do it in future," he expressed his determination, pointing out that the bank did not overlook the matter intentionally.

Citing an example, he said the bank can invest Tk 900 crore in the share market against its deposit, but it invested only Tk 200 crore.

On the central bank letter, Rahman said the bank has already asked the borrower to adjust the money on time.

An investigation into any lapses shown by any bank official now goes on, the Exim Bank MD said further.

IMF seeks data on banks' stock investment

REJAUL KARIM BYRON

The International Monetary Fund (IMF) may impose new conditions on the $1 billion loan to Bangladesh, limiting investment by banks in the stockmarket to mitigate risks in the financial sector.

An IMF mission will start talks with the government to finalise the conditions for its new loan and make a yearly evaluation of the overall economic condition of Bangladesh.

The mission put forward some 50 queries, including data on the investment made by the banks in the stockmarket.

They asked for the latest monthly data on share holdings and capital market exposure of each commercial bank. A Bangladesh Bank (BB) official said IMF sought the data to analyse the banks' risks in the share market. Such conditions might be included in banking supervision and reforms, he added.

Another BB high official said the central bank took several steps to render the banks risk-free before receiving any instruction from the IMF.

In November, a draft of the conditions to be imposed in the new IMF credit programme indicated that a bank-by-bank financial soundness indicator has to be set from before. Sources said autonomy of the Securities and Exchange Commission and tightening the stock market regulations may be included as conditions.

The IMF conditions are also likely to include formulating new laws on value added taxes and income tax, minimising loss in the state-owned enterprises (SOEs), and further tightening budget expenditure.

The mission requested the government to send them information regarding the amount of bank loans of the SOEs, their foreign loans and the amount of losses they incurred.

The fuel-based rental power plants would increase government losses if the power tariffs were not adjusted. IMF sought data on how much fuel the government imported in the past and how much would have to be imported in future.

The mission also wanted to know what the current break-even costs for energy and electricity are and what changes in these products' pricing are expected to take place in the current and next fiscal year.

Knitwear may get Japan's zero tariff

REFAYET ULLAH MIRDHA

Bangladesh is likely to get zero tariff benefit in knitwear exports to Japan next year, as rules of origin (RoO) on apparel imports from least developed countries are expected to be relaxed by Tokyo.

Earlier, EU relaxation of such rules for LDCs, to be effective from January 1, has widened the path for the country's exports to the European trade bloc.

"The relaxed RoO might come into force in April," said Takashi Suzuki, representative of Japan External Trade Organisation in Dhaka yesterday.

The Japanese government will bring down the three-stage formulation to two-stage formulation in the imports of knitwear to give LDC members a duty-free access, the Jetro official added, pointing to Bangladesh's greater benefit after the proposed changes in line with generalised system of preferences (GSP), as an LDC member.

Once the new formula is in place, knitwear makers will be able to export to Japan, even if the item is made of imported yarn.

Under the current three-stage formulation, knitwear exporters have to make garments from the fabrics manufactured from locally spun yarn, although raw cotton is imported.

A 17 percent duty on the imports of knitwear items from the countries beyond LDC is now in place to protect the age-old Japanese knitwear industry. But the LDCs have long been enjoying duty-free facility in woven exports to the Japan market.

Habibur Rahman, a vice-president of Bangladesh Knitwear Manufacturers and Exporters Association, also pointed to the fact that Tokyo government has agreed in principle to relax rules in the bilateral trade talks during Prime Minister Sheikh Hasina's recent visit to Japan.

Rahman was on Hasina's entourage.

"I hope the proposed move will help raise knit exports to Japan, a very potential market for us," he said.

Apparel exporters are eager to get a foothold in the market worth more than $35 billion a year, the BKMEA leader pointed out.

Meantime, Japanese apparel importers have been shifting to Bangladesh for apparels since 2008 when Tokyo adopted China+1 business policy.

Japan is keen on reducing its dependence on China, the largest supplier of apparel items globally, Rahman said.

Garment exports to Japan maintained roughly a 175 percent growth between 2008 and 2010, according to the Export Promotion Bureau.

Even with the duty, Bangladesh registered a 231 percent rise in knitwear exports to $60 million in the first 10 months of the past fiscal year and earned $90 million from woven garment exports -- 121 percent growth over the same period a year earlier.

reefat@thedailystar.net