

Call to fix book building flaws

STAR BUSINESS REPORT

Stockmarket experts yesterday advised the regulator to find out the flaws in the newly introduced book building method for IPO flotation, as the price fixing mechanism can be misused to upset the market.

They said the method has both merits and demerits. It encourages the companies to join the market, and also leaves scope for misuse, they added.

"Currently, the book building method is misused because the indicative prices of the shares are not fixed properly under the new system," said former chairman of Securities and Exchange Commission (SEC) Faruk Ahmed Siddiqi at a roundtable.

Bangla daily the Prothom Alo organised the discussion on the stockmarket at its office in Dhaka. Joint Editor of the daily Abdul Quayum moderated the roundtable.

"We should see whether the shares are overpriced under the book building method. We must reduce the misuse of the method," Siddiqi said.

He also asked for credible financial reports by the audit firms for authentic information about the companies.

In some cases, the audit firms



Speakers take part in a discussion on the stockmarket, organised by Prothom Alo, at its office in Dhaka yesterday.

prepare fake audit reports, even of the companies that do not exist. The Institute of Chartered Accountants of Bangladesh (ICAB) should check such practices, he added.

Siddiqi also suggested a strong surveillance system and that the SEC be equipped with quality manpower.

Former finance adviser to a caretaker government AB Mirza Azizul Islam said the stockmarket is still investment friendly.

"The investors should not be panicked. A correction is going on. The market will rebound after the correction. The invest-

tors should not lose confidence," Aziz said.

He suggested participation of all stakeholders in decision making for stockmarket operations.

He stressed the need for demutualisation of stockmarket by separating the bourse management from the shareholders, and the move would make the market more matured.

Former caretaker government adviser Syed Manzur Elahi said industrialisation depends much on the stockmarket, as the banking system alone cannot supply all capital.

"The market is at a correction

now. Only the good companies will survive," he said.

A professor of Economics at Dhaka University, Abu Ahmed, criticised the central bank's contractionary monetary policy, saying such policies will not serve the purposes.

"If we could offload some state-owned enterprises on the stockmarket in the last two years, today's freefall of prices could be avoided to some extent. The investors would have been safe now," he said.

He called upon the government to find the people who bought and sold a large number

of shares between November 15 and December 15 last year to catch the responsible persons behind the fall.

President of Dhaka Stock Exchange (DSE) Shakil Rizvi said the bourse could not hold any meeting with the central bank over the last one year to discuss the overall economy and the stockmarket issues.

He said there are some flaws in the book building method for which many people are misusing the system.

Former chief executive officer of the DSE Salahuddin Ahmed Khan said the central bank's 'flawed' decisions are also responsible for the latest debacle on the stockmarket.

"The market has expanded in terms of investors, not in quality shares," he said, adding that the investment in the real economy over the last few years was not good due to gas and power crises.

President of Bangladesh Merchant Bankers' Association Sheikh Morteza Hossain asked the investors not to lose confidence. "The stockmarket never dies, it falls only. It will make a comeback soon."

Editor of the Prothom Alo Matiur Rahman and Business Editor of the newspaper Shawkat Hossain Masum also spoke.



Ahmed Abou Doma, left, Banglalink chief executive officer, shakes hands with Jerry Mobbs, Qubee CEO, after signing a deal on Tuesday. Qubee users can now pay internet bills through Banglalink connections and designated mobile cash points of the telecom operator.

Banglalink and Qubee launch bill pay service

STAR BUSINESS DESK

Qubee and Banglalink have launched a service that allows people to pay Qubee's internet bills through the mobile operator's connections.

People can also pay the bills from designated Banglalink mobile cash points in Dhaka and Chittagong that are open for non-Banglalink and non-mobile users.

For the service, 219 such points have been selected, and the number will rise to 1,200 by the end of January, Qubee said in a statement yesterday.

Banglalink Chief Executive Ahmed Abou Doma and Qubee CEO Jerry Mobbs launched the service.

The internet bill payment by cellphone is the first of its kind in Bangladesh for any internet service provider, the statement added.

Once users pay their bills, a confirmation notification will instantly be sent to their mobile phones with unique transaction identification numbers.

"The new method is one of the easiest solutions to bill payment," said Mobbs.

"Qubee was in partnership with Banglalink from the very beginning."

Unipay2u smokescreen continues

STAR BUSINESS REPORT

Hundreds of people claiming to have investments in the so-called multilevel marketing (MLM) company Unipay2u urged the government yesterday to safeguard their money through strict monitoring on the company.

A section of people introducing themselves as the members of Traders Forum and Unipay2u claimed the company did not cheat them as they are receiving their investments with regular returns.

However, Traders Forum could not make it clear how Unipay2u generates profits through the funds of nearly Tk 450 crore, deposited by nearly four lakh people in a year.

They made the statements from a chaotic press conference, called by Malik Hasan, operations manager of Unipay2u, at the National Press Club.

None of Unipay2u officials was found at the press meet even though there were repeated queries from reporters about the host. Instead, Traders Forum briefed the media.

"We are not being cheated but it is told that we are," said MA Taher, who claimed himself as the convener of Traders Forum and a member of Unipay2u.

Outside the press club, hundreds of their peers gathered to demonstrate against what they termed as propaganda of the media against the company. Police dispersed them when they tried to gather there.

The self-proclaimed members of Unipay2u and Traders Forum convened the meeting after Bangladesh Bank and the government cautioned people not to do any business with any MLM company in separate statements.

People at the press meet said they are engaged in business with Unipay2u online. They claimed that they are engaged in trading of virtual gold and have been receiving returns.

Some members of the forum said they became worried about the security of their investments



Tarek Reaz Khan, general manager of retail lending products for Standard Chartered, and Md Sakhawat Sobhan, senior manager (finance and control) of Monico Ltd, sign an agreement through which credit cardholders can enjoy InstaBuys.

ADB okays \$2m for remittance project

STAR BUSINESS REPORT

The Asian Development Bank (ADB) board approved a \$2 million grant to launch a remittance investment project to provide safe, affordable remittance services to thousands of Bangladeshi migrant workers and their families.

The Japan Fund for Poverty Reduction will be used in the project to fund technology linking microfinance institutions and banks. It will give at least 20,000 rural migrant worker households access to formal remittance services for the first time, ADB said in a statement yesterday.

"Currently, many rural migrants and their families are forced to rely on informal remittance outlets which are undocumented and risky," said Mayumi Ozaki, finance specialist (rural and microfinance)

for ADB's South Asia Department.

"This project, using debit cards, points of sale terminals and other innovations will allow people in remote areas to send and receive funds through the formal banking system."

The project will fund remittance and financial literacy training and an awareness campaign to provide guidance to returning migrant workers on investment products and employment opportunities.

The goal is to help each household save, or invest, an additional \$300 a year, ADB said.

The Bangladesh government will contribute \$29,000, with banks and microfinance institutions providing nearly \$386,000, for a total cost of over \$2.4 million. The finance ministry is the executing agency for the project, which will run for three years to 2013.



Sanjay Prakash, chief executive officer of HSBC Bangladesh, speaks at the launch of Young Entrepreneurs Awards at Sonargaon Hotel in Dhaka yesterday.

HSBC launches business plan contest

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HSBC in Bangladesh yesterday launched a business plan competition for undergraduate students.

The contest, Young Entrepreneur Award (YEA) 2011, aims at promoting "creativity and innovation and sharpen the business knowledge of young students beyond their borders".

"YEA will harness creative ideas and provide real-life exposure to the future entrepreneurs of the country," said Sanjay Prakash, chief executive officer of HSBC in Bangladesh, at the launch at Sonargaon Hotel in Dhaka.

Any interested team of two to three members can take part in the contest by submitting a business plan on the

YEA website, www.asiayea.com, by February 10.

Seven teams will be allowed to present their plans to a panel of experts after passing through two levels of screening and workshops on entrepreneurial skills and knowledge, said a statement.

The best team will get Tk 75,000 as prize money. The second and third best teams will be awarded Tk 45,000 and Tk 35,000 respectively.

All the three teams will participate in a study tour in Hong Kong where the winner will compete in the regional grand finale in June.

YEA's winners from Hong Kong, Malaysia, Thailand, Shanghai, Philippines and Brunei will also participate in the finale.

Investment offers bright as confidence buoyant

STAR BUSINESS REPORT

The amount of money local and foreign companies proposed to invest shot up by 188 percent last year, compared to the previous year, official figures show.

In 2010, 1,785 companies were registered with the Board of Investment (BoI) with a combined proposal to spend Tk 65,834.37 crore, which was Tk 22,821.77 crore a year ago, the Press Information Department said in a handout.

The number of local, joint venture and foreign companies proposing to invest in Bangladesh also rose last year to 1,785, which was 1,524 a year ago.

About 448,736 people will get job if all proposals made last year are implemented, according to official estimation.

Last year, 1,600 local companies

took registration to invest Tk43,771.77 crore, while 185 joint ventures and foreign investors got registered to spend the rest Tk22,062 crore.

The rise in proposals, both in terms of number of companies and amount of money, however, does not guarantee actual investment in the country. Local and foreign analysts say the investors' confidence has certainly been buoyed by the prospect of finding a solution to the nagging energy crisis in 2011, thanks to a number of government steps.

The current year could see a number of rental power plants go into production, freeing up much-needed gas for industries, whose production has been stymied by the energy crisis in the last couple of years, largely due to under-investment in the sector for a long time.

Alone in December 2010, 158 companies were registered with BoI to

start business, with investment proposal worth Tk 3,258.53 crore. Of them, local entrepreneurs proposed to invest Tk 2,964.71 crore in 141 industries, while 17 foreign companies including 10 joint ventures, placed proposal to spend Tk293.82 crore.

In the last quarter of 2010, 477 companies took registration, proposing to invest Tk 26,517.30 crore. On the other hand, 431 companies were listed with the state-run entity with a promise to investing Tk 19,347.67 crore in the July-September period.

In last year's proposals, the highest 30.8 percent of the investment was offered for the services sector, while 30 percent for textile, 18.8 percent for chemicals, 7.8 percent for engineering, 6.6 percent for agriculture and 4.4 percent for food and allied sector, according to a government statement.



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