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DHAKA TUESDAY JANUARY 25, 2011, e-mail: business@thedailystar.net

Furnace oil price goes up 34pc

STAR BUSINESS REPORT

The government has raised the price of furnace oil by 34 percent or Tk 9 per litre to Tk 35 at the consumer level, from today.

However, the price adjustment is for an interim period, said a statement yesterday.

The price of furnace oil was last increased to Tk 26 on March 29, 2009.

Power ministry officials said the rise in prices will increase the tariff of the newly-installed and under-implementation furnace oil-fired plants, and the government will have to buy electricity from those

Reform the regulator

Ibrahim Khaled asks for punishment to 1996 scamsters

MD FAZLUR RAHMAN

The government must restructure the Securities and Exchange Commission (SEC) as part of its moves to salvage the sinking stockmarket and restore investors' confidence, said former Bangladesh Bank deputy governor Khondkar Ibrahim Khaled yesterday.

"This SEC will not be able to rescue the market. All problems are rooted in the regulator; there is no way but to restructure it," he said in an interview with The Daily Star.

His comments come as the government on Sunday announced a number of steps including forming a high-profile committee to probe the allegations of stockmarket manipulations.

Khaled said the country's stockmarket has expanded tremendously in the last few years. "About 33 lakh people are on the market now. A huge number of university graduates have also thronged the market, as jobs are scant, solving unemployment problem to some extent."

"These are all good signs. If we help it survive, it will create employment and develop the economy. But a syndicate is disturbing the market's normal operation again and again. This syndicate has caused harm in 1996. Now the severity of damage is more intense."

He said 15 cases were filed against suspected market manipulators in 1996, but none was punished. There are stay orders against all of them. "Even, the lawyer who took initiative to revive the cases on the part of the SEC was removed."



Khondkar Ibrahim Khaled

"Irrespective of the political governments in power, the syndicate has been able to control the SEC," he alleged. "The main problem lies here. The SEC should control the stockmarket. The market will never be stable if the SEC runs on the advice of the syndicate."

The solution lies in the restructuring of SEC. If the government reconstitutes it, the steps taken Sunday will work, said Khaled, also the chairman of Bangladesh Krishi Bank.

Although he declined to give hints about the possible masterminds behind the stockmarket collapse, he said: "The government has to be careful about accepting advice from political advisers. The authorities should sit with professionals before taking any decision."

PART TWO ON B3

Circuit breaker redesigned

Mobil Jamuna, MI Cement IPOs stay the course

STAR BUSINESS REPORT

The stockmarket regulator has revised the disputed circuit breaker system which controls the prices of individual shares from going up or down by a certain limit.

The upward or downward price-limits on individual securities were reduced to half in an effort to check any abnormal rise or fall in share prices on a single trading day.

The new limits, decided by the Securities and Exchange Commission, will be effective from today, as the markets resume.

Also, SEC decided not to cancel or postpone the initial public offerings of Mobil Jamuna Lubricants Bangladesh and MI Cement Factory that are using the book building method

suspended by the government.

In consultation with the government, the regulator took the decision yesterday, as sponsor directors of the companies promised to buy the shares back, if the prices go below offer prices within the first 30 days after listing.

Earlier, the twin IPOs attracted criticism from market experts, analysts and stakeholders, who said the companies inflated their IPO prospectus figures and made the indicative prices higher.

According to the revised circuit breaker system, a share worth up to Tk 200 cannot rise or fall by 10 percent (not exceeding Tk 17.5) on a single day, which was earlier 20 percent (not exceeding Tk 35).

For shares ranging between Tk

201 and Tk 500, prices cannot go up or down by 8.75 percent or Tk 37.50, instead of 17.50 percent or Tk 75.

The limit is 7.5 percent or Tk 112.50 for shares with prices between Tk 501 and Tk 1,000, which previously was 15 percent or Tk 125.

Stocks with prices ranging between Tk 1,001 and Tk 2,000 cannot increase or decrease by 6.25 percent or Tk 100, as against previous 12.5 percent or Tk 200.

The price cannot rise or fall by 5 percent or Tk 187.50, instead of 10 percent or Tk 375, if share value ranges between Tk 2,001 and Tk 5,000.

The limit is 3.75 percent or Tk 300 for shares worth Tk 5,001 and above, which previously was 7.5 percent or Tk 600.

Stock trade resumes today

STAR BUSINESS REPORT

Stock trade resumes today after a two-day shutdown amid hopes for a rebound in share prices.

Regulators suspended transactions for Sunday and Monday in an effort to allow the markets some relief from fallout from the market crash.

The twin bourses reopen as usual at 11:00am to continue to 3:00pm.

Both institutional and retail investors are optimistic about a comeback of the market. "I hope the market will start recovering after it reopens," said an investment banker.

"With efforts underway, there is a possibility of a turnaround of the market," said Zakirul Karim Imran, a

BAILOUT STRATEGY FOR STOCKMARKET

The finance ministry yesterday published a bailout package spelling out steps it is going to take to protect the troubled stockmarket.

The decisions include:

- Index breaker will be withdrawn
- Circuit breaker of any share will be trimmed in consultation with bourses
- Probe committee will be formed within two weeks to assess recent developments in the market
- A comprehensive guide line for share placement will be prepared
- The SEC advisory committee will be restructured, and Bangladesh Bank will have representation into the body
- Share buyback will be allowed after reforming company laws
- Frequent meetings by SEC and Bangladesh Bank to discuss their policies
- SEC will not intervene in case of margin loans and will prepare a long-term policy
- More training programmes should be arranged for investors
- SEC will set PE ratio considering market situation
- BB will take a flexible approach to financial institutions' investment to capital market
- Institutional investors such as banks, financial institutions and merchant banks will reinvest a portion of their profits from stock trading into stockmarket

NOTICE

Star Business brings out only four pages today, instead of eight, because of a lack of stock data.

The stockmarket remained shut yesterday, according to a decision by the Securities and Exchange

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