STOCKS		COMMODITIES (As of Friday)		ASIAN MARKETS (Friday closings)				CURRENCIES (BANGLADESH BANK)	USD	EUR	GBP	JPY
DGEN	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	BUY TK	71.15	96.67	114.56	0.86
▼ 5.70%	▼ 5.43%	▲ $1,355.00 (per ounce)	▲ $90.94 (per barrel)	▼ 2.39%	▲ 1.08%	Closed	Closed	SELL TK	71.15	96.70	114.60	0.86
6,719.04	12,436.80			18,008.15	10,543.52							

Star BUSINESS

DHAKA MONDAY FEBRUARY 7, 2011, e-mail:business@thedailystar.net

HC upholds freeze on Unipay2u accounts

STAR BUSINESS REPORT

The High Court yesterday upheld a lower court order that directed Bangladesh Bank to freeze 110 bank accounts of Unipay2u, a so-called multilevel marketing company.

The HC bench of Justice AHM Shamsuddin Chowdhury Manik and Justice Sheikh Md Zakir Hossain rejected a writ petition challenging the lower court order.

In response to a petition, filed by the Anticorruption Commission, a Dhaka court on July 6 last year ordered the central bank to freeze 110 bank accounts of Unipay2u Bangladesh.

Md Muntasir Hussain and Shahiduzzaman, two high officials of the company, filed a writ petition with the HC on August 26 last year challenging the lower court order.

After holding the final hearing on the petition, the HC yesterday rejected the petition.

Advocate Anisul Huq and Advocate MA Aziz Khan appeared for ACC, while Barrister Rokanuddin Mahmud and Advocate Shah Monjurul Hoque argued for the petitioners, and Deputy Attorney General ABM Altaf Hossain represented the government.

GMG increases flights from Ctg to Kolkata

STAR BUSINESS DESK

Private carrier GMG Airlines has increased flight frequencies on Chittagong-Kolkata route recently, GMG said in a statement yesterday.

The daily flights will start from Shah Amanat International Airport in Chittagong to Netaji Subhash Chandra Bose International Airport in Kolkata. Earlier there were three flights a week between the two cities.

GMG also operates daily two flights from Shahjalal International Airport in Dhaka to the Indian airport.

"We are delighted to have frequent flights between Chittagong and Kolkata. The higher frequency of GMG flights between Chittagong and Kolkata is the response to a growing demand for enhanced air connectivity in the region," said Shahab Sattar, managing director of GMG Airlines. "GMG is expanding its global flight network to be connected with more destinations."

GMG Airlines, now 50 percent owned by Beximco, started its operations on April 6, 1998. It began with domestic services and launched international flights in September 2004, with flights between Chittagong and Kolkata.

Angry investors protest a 5.7 percent fall on the Dhaka Stock Exchange in Motijheel yesterday. Story on page 20

AMRAN HOSSAIN

State companies face listing warning

REJAUL KARIM BYRON and MD FAZLUR RAHMAN

In a strong warning, Finance Minister AMA Muhith has said heads of state enterprises will be shown the door if they fail to offload shares on the stockmarket by the 'next' deadline.

The government plans to extend the deadline to the noncompliant state-owned enterprises (SoE) for the last time this week, after they defied orders from the highest level to offload their shares.

"I am unhappy with them, as it is not happening. I will call them to a meeting and tell them if 'you cannot do it within certain days you have to resign'," the minister said while speaking to a delegation of Dhaka Chamber of Commerce and Industry at his office.

"I am going to impose the condition that if they fail, their resignations will be effective then and there."

In the last two years, the finance minister held several meetings with the SoEs to increase supply of quality shares to the bourses. But all of them failed to oblige.

His warning came after 34 state-run enterprises repeatedly failed to go public, although the prime minister endorsed the move to shore up bourses amid a crunch of quality shares.

Muhith now plans to sit with the ministries on February 10 in an effort to increase shares of the government-run companies in the stockmarket, which is going through a turbulent period.

The government asked nine SoEs -- Rupali Bank, Bangladesh Shipping Corporation, Power Grid Company of Bangladesh, Dhaka Electric Supply Company, Titas Gas Transmission and Distribution, Meghna Petroleum, Jamuna Oil, National Tubes and Eastern Lubricants Blenders -- to offload 1-17 percent additional shares in the market.

The minister also held a meeting in December last year and set January 15 as the deadline to release the shares, but only Rupali Bank showed some inclination to oblige.

Muhith also sent letters to the related ministries and divisions, asking them to execute the government decision and expressed dissatisfaction over the authorities' procrastination.

"The deadline is set in consultation with the prime minister. No ministry has the jurisdiction to change it. The ministry of energy and mineral resources did not do the right thing," the minister said in a letter sent to the energy and mineral resources ministry after it extended the deadline to offload shares.

Liquefied Petroleum Gas, Bakhrabad Gas Transmission and Distribution Company, Gas Transmission Company, Jalalabad Gas T&T Systems, Paschimanchal Gas Company, Rupantarito Prakritik Gas Company and Sylhet Gas Fields Company, Bangladesh Gas Fields Company -- all under the Energy and Mineral Resources Division -- missed three deadlines in as many years, with the latest on December 31 last year.

Dhaka Power Distribution Company received four time extensions to offload 15 percent additional shares but it failed. The latest deadline expired on December 31 last year.

Rural Power Company also failed three deadlines to go public.

Progoti Industries and Chittagong Dry Dock, both under the industries ministry, breached three deadlines and now have to list on the stockmarket by June.

GEM Company and Bangladesh Blade Factory also could not offload shares despite missing three deadlines, with the latest in December last year.

The civil aviation and tourism ministry also failed to meet two deadlines for offloading shares of Bangladesh Services Ltd (Sheraton Hotel) and Hotel International Ltd (Sonargaon Hotel). Sonargaon Hotel has been allowed extension for the third time until June 2011 to go public.

The post and telecommunications ministry could not offload shares of mobile operator Teletalk and Bangladesh Telephone Company Ltd although they were given deadlines three times.

Under the same ministry, the deadline for offloading shares of Bangladesh Cable Industries and Telephone Shilpa Sangstha expired last year.

The health and family planning ministry could not honour the government order either, as the deadline for offloading 25 additional shares of Essential Drugs Company expired twice.

The shipping ministry also missed two deadlines for offloading 17.5 percent additional shares of Bangladesh Shipping Corporation.

Muhith: Energy crisis is Achilles' heel for Bangladesh

STAR BUSINESS REPORT

Finance Minister AMA Muhith yesterday likened the energy situation to Achilles' heel and said he is tired of speaking about the crisis, a deadly weakness of the country.

"I do not want to talk about the energy crunch as I have become tired mentioning it. It is an Achilles' heel not of this government, but of the country. There must be an improvement in the near future," he said while addressing a team of business leaders in his office at the secretariat in the city.

The minister's remarks came when a delegation of Dhaka Chamber of Commerce and Industry (DCCI) led by its president Asif Ibrahim called on him.

The minister said some of the rental power plants would be up for production this year, ruling out claims that many of them would not be ready in time. "Some may fail to come into operation in time. But the 2011 programmes are almost certain, more or less."

Muhith said efforts are on to give the public private partnership (PPP) framework a serious boost. "The PPP thing has not developed and blossomed although the strategy is there."

"There are some issues involved with it, which we are trying to fix. Meanwhile, work on some PPP projects are going ahead."

The finance minister said the Direct Tax Act would be up for discussion in the next session of the Parliament, not during the ongoing session.

On tax holidays, he said: "My stance on the tax holiday is clear -- I do not want any tax holiday. I want taxation, but initially the process should kick off with low taxation in order to help people develop the habit of paying taxes."

"I think we will do that. We have gone for this type of arrangements with some companies and they have not come up with any complaints against it. We will give them low rate for a period of time."

Earlier, Asif Ibrahim in his speech urged the government to expedite completion of projects such as the Padma Bridge, four-lane Dhaka-Chittagong road, elevated expressway and big flyovers as measures addressing infrastructure barriers.

"We would also propose to increase budgetary allocations for infrastructures in 2011-2012."

Ibrahim said the current energy and power scenarios are serious concerns faced by the industry proponents, urging the government to use the PPP concept to solve the nagging energy crisis.

He said there should be an integrated effort from the Securities and Exchange Commission (SEC), Bangladesh Bank, the Ministry of Finance and the two stock markets to ride out the problem the bourses are facing.

He said share prices of many Z category companies are increasing although they do not declare dividends or hold annual general meeting regularly. "They should be brought under control and their shares should not be more than 10 percent of the total shares."

The DCCI chief said there should be strong regulations for the institutional investors who are the dominating players in the market, as sometimes banks are more interested in trading rather than funding industrial development.

Ibrahim said access to quality and credible corporate information is still a major issue in the market. "Investors, without bothering much about underlying fundamentals, went on buying shares at exorbitant prices. For a healthy capital market, corporate information should be authentic and credible."

He said the regulator should accurately monitor whether companies manipulate information. "If such cases arise, exemplary punishment has to be meted out."

He said high corporate taxes could be one of the reasons for banks and financial institutions to have a fascination with the trading sector. Existing level of corporate tax can be reviewed in line with the present needs.

He said those who received windfalls should be requested to reinvest at least portions of their profits in the market to enable all find a way out of the situation.

38 projects to lose fund from foreign aid

Padma Bridge sees 21pc cut in allocation

REJAUL KARIM BYRON

The government will cut financing from foreign aid in its 38 projects including the much-talked Padma Bridge by 12-100 percent, as the agencies concerned may fail to reach the spending target.

The decision was taken yesterday at a special review meeting of 13 ministries and divisions chaired by M Musharraf Hossain Bhuiyan, secretary to Economic Relegations Division (ERD).

The ERD also reviewed problems that are holding back the agencies in using the fund from the foreign aid. It also urged the ministries and divisions to reach the revised targets of the foreign component of the projects.

An ERD official said the finance minister would sit with the ministries and divisions soon to speed up the implementation of the projects.

Of the 38 projects, the top-priority Padma Bridge saw the funding from foreign aid cut by 21 percent to Tk 720 crore in the current fiscal year. The original allocation was Tk 908 crore.

The communications ministry attributed the failure to reach the spending target to a delay in starting works such as floating tender, mainly due to the conditions tagged by the World Bank, officials said.

They had to start afresh the prequalification procedure due to the World Bank recommendations. The ministry also informed that they would be able to finalise contractors in July this year. As a result, they will not be able to spend the allocated fund from the foreign aid, the officials said.

The power division topped the list with 10 projects, which saw fund allocation cut by 53 percent to 100 percent, although electricity generation is the top priority for the government.

The ministry has informed the ERD that they would not be able to spend as high as 99 percent of the money allocated for Sirajganj and Siddhirganj power plants, funded by World Bank and Asian Development Bank.

Another power sector project, Town Power Distribution System Development Project, funded by three development partners including ADB, will have its full allocation unutilised when the fiscal year ends on June 30.

In the current fiscal year, the amount of project aid was Tk 15,300 crore, which has been cut by Tk 3,000 crore overall due to underperformance of the ministries and divisions in spending money.