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Big fund for share purchase

STAR BUSINESS REPORT
The Investment Corporation of Bangladesh (ICB) and six other state-owned enterprises yesterday decided to create a big fund to go for bulk buying of shares to contain the recent bearish trend in the stockmarket.

The decision came at a meeting between the ICB and senior officials of Sonali, Janata, Agrani and Rupali banks, Bangladesh Development Bank, and

Sadharan Bima Corporation.

The state enterprises will use the fund in buying fundamental shares, whose price earning ratio is low and have big market capitalisation, said I C B M a n a g i n g D i r e c t o r Fayekuzzaman.

The state enterprises have already made a list of such fundamental or quality shares, he added.

Private companies will also be able to take money from the fund to buy

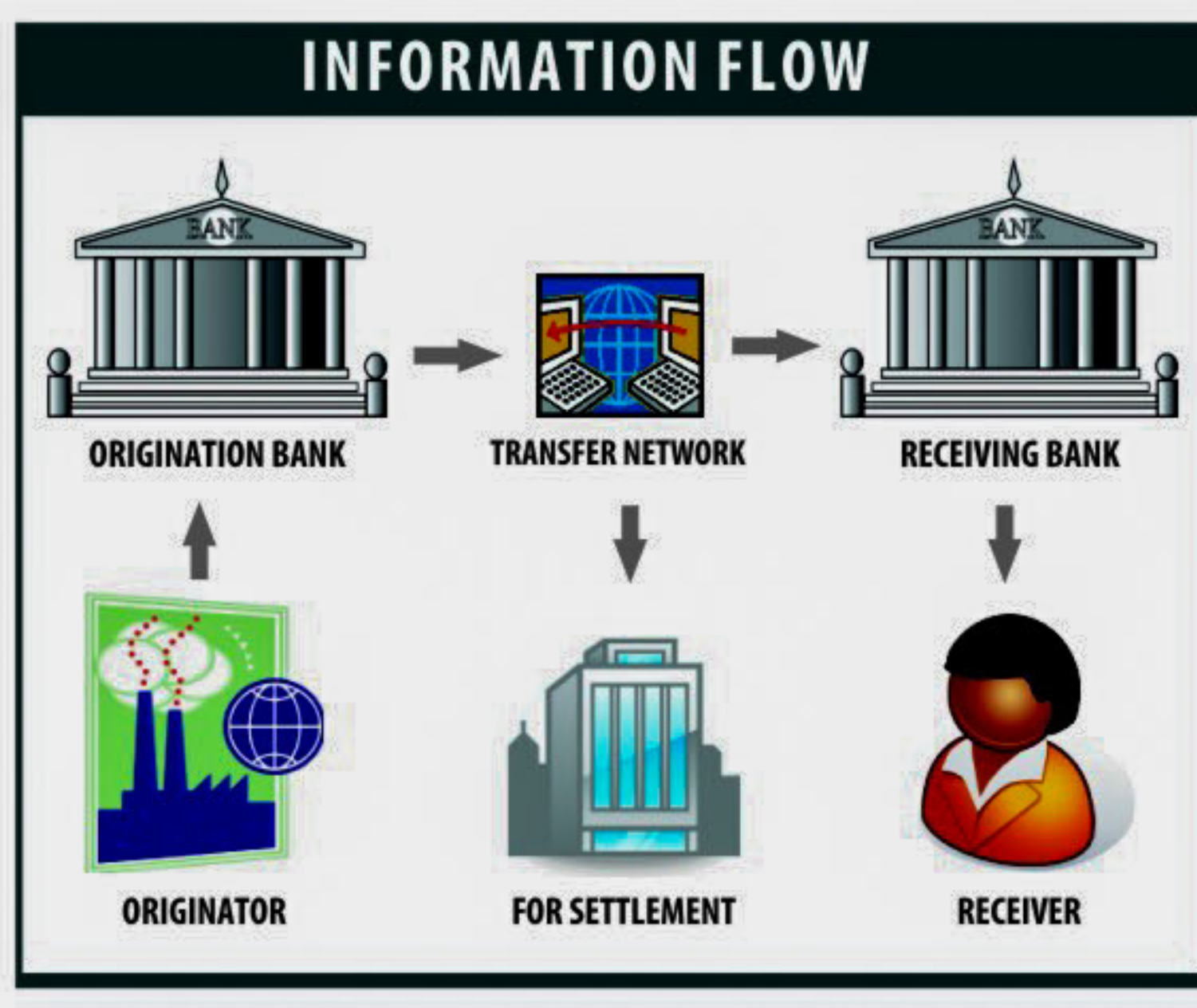
shares.

The government in February gave the ICB Tk 200 crore to go for big buying of shares, but the move failed to stabilise the market.

Market insiders said the fund was not enough.

The government should make a big fund to increase the buying power of the state enterprises, because most of them are faced with a credit crunch, they said.

BB offers online fund transfer



vide internet and mobile banking facilities if they want, the governor added.

BB Deputy Governor Ziaul Hasan Siddiqui said the system will also quicken remittance transfer.

He said 30 percent of the remittance recipients are the clients of the banks of the network and the rest 70 percent are of other banks.

Siddiqui said, through the EFT the clients of other banks will also get remittances quickly.

BB Deputy Director Ali Kamran Al Zahid, who presented detailed information of the EFT to the journalists, said cheques and other paper-based payments are expensive and have increasing fraud risks, but electronic payments are more secured, fast and less expensive.

STAR BUSINESS REPORT
Employees of different organisations and firms now can draw their salaries from their bank accounts under an electronic fund transfer (EFT) network of 40 banks that the central bank introduced yesterday.

Bangladesh Bank (BB) Governor Atiur Rahman formally inaugurated the paperless system at the central bank premises after the introduction of an automated cheque processing system last year.

The new system will enable any corporate customer to pay salaries to its employees through accounts in different banks.

The central bank governor said the step is a milestone in making the banking sector of Bangladesh more technology-

dependent, automated and customer friendly.

In the first phase, credit transaction has been introduced, while the debit transaction will start later, BB officials said at the inaugural function.

Rahman said, with the introduction of Bangladesh Electronic Fund Transfer Network (BEFTN), the customers will be able to do various transactions including electronic process payment of salary, overseas and local remittance and utilities' bill payment and government tax payment through the 40 banks.

He also said the system will be quicker and cost-effective compared to paper-based clearing system.

The banks will be able to pro-

Stocks dip to a year-low

STAR BUSINESS REPORT
Hundreds of small investors took to the streets in front of the country's premier bourse yesterday protesting a fall in share prices for the fifth day.

At the end of four-hour trading, the General Index of Dhaka Stock Exchange nosedived 260 points, or 4.7 percent, to 5,203, hitting the lowest level in the last one year. The general index has lost 1,184 points in the past five days.

The demonstrations halted traffic from the Ittefaq crossing to Shapla Square for three hours until the police stepped in.

The investors chanted slogans against the government and claimed that the initiatives of the government have failed to halt the stock fall.

Positive and clear steps are needed from the government and the central bank to prop up the market, they added.

Experts said the continuing downfall shows a total lack of confidence prevailing in the market for a sustained period. Negative comments from the finance minister also fuelled the downtrend, they added.

Finance Minister AMA Muhith in parliament on Sunday termed retail investors as "fatkabazari" (opportunists), and said the government would formulate a law to stop speculative investments in the share market.

Most of the fresh investors now seem reluctant to participate in the market after the minister's comments, said market operators.

"I have lost all my money as the share market continued to fall for five days," said a small investor. Most of the investors decided to leave the market as panic sell-offs continued, he added.

Market analysts said the state-run banks do not have enough buying power at present, as most of the state

owned enterprises (SoE) are facing a credit crunch.

Saifur Rahman, executive director of Securities and Exchange Commission (SEC), said anyone can participate in trading with confidence.

Rahman said, in a bid to protect the small investors the commission has asked the merchant banks not to go for forced sales while the SoEs buy shares to stabilise the market.

"I have no statistics on what volume of shares the state owned companies will buy from the market," he added.

He requested the investors not to listen to any rumours. The market will be normal again soon, he claimed.

Akter H Sannamat, a market analyst, said the government should create a special fund to support the state companies to go for big buying of shares.

He also said that SEC could permit more than ten mutual funds to increase credit flow in the capital market.



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