


COMMODITIES		ASIAN MARKETS		CURRENCIES			
DGEN	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI
2.16%	2.17%	\$1,417.00 (per ounce)	\$99.07 (per barrel)	1.47%	10.55%	2.80%	1.41%
6,318.15	11,508.63			18,167.64	8,605.15	2,946.08	2,896.26
STANDARD CHARTERED BANK							
BUY TK	USD	EUR	GBP	JPY			
72.15	72.15	98.46	114.24	0.87			
SELL TK							
73.15		103.86	119.88	0.95			



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STAR BUSINESS

DHAKA WEDNESDAY MARCH 16, 2011, e-mail:business@thedailystar.net

Stakeholders propose buyback guideline

STAR BUSINESS REPORT

Stockmarket stakeholders yesterday decided to send a proposal to the law ministry on how to implement a new regular buyback system in an effort to contain the bearish trend in the market.

The stakeholders discussed the guideline for the proposed new regular buyback system at a meeting at the Securities and Exchange Commission.

By definition, a buyback means a repurchase of outstanding shares by a company to reduce the number of shares on the market. Companies buy back shares either to increase the value of shares by reducing supply, or to eliminate any threats by shareholders who may be looking for a controlling stake. In Bangladesh, the government moved to introduce the system in a bid to prop up the stockmarket.

Ziaul Haque Khondker, SEC chairman, Shakil Rizvi, president of Dhaka Stock Exchange, Fakhor Uddin Ali Ahmed, president of Chittagong Stock Exchange, and Salman F Rahman, president of Bangladesh Association of Publicly Listed Companies, participated in the discussion.

In line with the proposal, a company would not be able to buy back shares worth more than 25 percent of its paid-up capital by using 10 percent cash of free reserve, said people who attended the meeting.

The company could buy back shares by using the money of security premium and free reserve, said a participant of the meeting.

Before going for a buyback, the company will have to publish a disclosure for the shareholders mentioning why the company has decided to go for a buyback and which shares and in what quantities it would like to buyback.

The disclosure will also mention the importance and the duration of the buyback period.

If a company decides to buy back shares, it will need the decision to be approved by its shareholders in a general meeting.

According to the proposal, a company would not be able to go for a buyback more than once within a 365-day period.

Recently Finance Minister AMA Muhith said at parliament that a buyback system would be introduced to prop up the stockmarket.

Earlier, during the public offer of MJL Bangladesh, the regulator decided that if the market price of MJL goes below the offer price -- Tk 162 -- within the first 30 days of trading, the company must go for a buyback of shares of the general investors intending to sell their shares at the 'offer price'.

"We discussed the Indian context and situations in other countries," said a meeting source.

The source said it will be a new buyback system, which will address more than a company's share price fluctuations.

Usually the purpose of a buyback is to utilise the unused cash, raising the earnings per share, increasing internal control over the company and obtaining stocks for employee stock option plans or pension plans.

Ex-GB employees protest slur against Yunus

STAR BUSINESS REPORT

A group of retired employees of Grameen Bank yesterday alleged that a few former top officials of the microfinance institution have been instigating demonstrations and spreading slurs against Prof Muhammad Yunus.

They also alleged that the former senior officials are financing the demonstrations under the banner of Grameen Bank Nirjatito Karmi Parishad (a forum of repressed employees) against the microcredit pioneer.

"We have observed that some former officials launched a hate-campaign against Prof Yunus. These officials lost their jobs for a breach of rules," said Bhuiyan Nazrul Islam, introducing himself as a retired Grameen employee.

In a statement to newsmen at Dhaka Reporters Unity, Nazrul said Yunus did not repress anyone. Nearly 50 of his former colleagues were present on the occasion to show their support for Yunus.

Nazrul said they are shocked by the 'disgraceful' way the government is trying to force Yunus out of Grameen.

Protests and counter-protests hit a buzz after Bangladesh Bank made an attempt to remove Prof Yunus from Grameen that boasts



Bhuiyan Nazrul Islam, a retired Grameen Bank employee, speaks to the press at Dhaka Reporters Unity yesterday. He is accompanied by his former colleagues of the microfinance institution.

more than 80 lakh borrowers. The central bank said Yunus had been holding his position beyond the retirement age of 60, without its prior approval.

"We are very shocked. It's sad that the person who brought so much honour to the nation has to leave in a shameful manner,"

Nazrul said in the written statement.

"Prof Yunus was not only the managing director, but also the guardian of the institution," he said. Nazrul said Grameen's regular activities are going on as usual but feared that a sudden exit of Yunus might put the bank

in trouble. He urged the government to ensure an honourable exit of Prof Yunus, and change the leadership of Grameen taking the suggestions of the Nobel laureate into account. Two other retired officials of Grameen, Oli Ullah Molla and Ahsan Habib, also spoke.

Govt plans to boost agro marketing



Farmers do not get fair prices due to a lack of an effective policy.

SOHEL PARVEZ

The government moves to restructure the long-overlooked Department of Agricultural Marketing (DAM) in a bid to benefit the farmers and consumers by ensuring fair prices of farm produces.

The restructuring also aims to provide data to the government on demand and supply situation of farm produces and prices, so that policymakers can take decisions to cut supply related uncertainties.

The DAM, after revitalisation, is expected to work on forecasts on internal crop productions, and analyse domestic and international price trends.

It will work on forming farmers' marketing groups, encouraging contract farming and establishing a direct linkage between farmers, exporters, wholesalers and superstores to reduce the intermediaries in the supply chain, officials said.

"We want give a fresh lease of life to the DAM for the benefit of both the farmers and consumers," said CQK Mustaq Ahmed, secretary to the agriculture ministry.

The government initiative to bring dynamism in the DAM comes at a time when productions and investments in farming and agribusinesses are on the rise.

Despite a rise in production, the farmers do not get fair prices due to a lack of market linkage and price information. But the consumers need to pay high due to a number of intermediaries in the supply chain.

The officials said the DAM was supposed to help the farmers get market linkage for their produces but it fails to deliver as there is a lack of manpower and resources.

The DAM, governed by a 45-year-old law, has only 455 posts with only 30 first-class officials. The main function of the DAM is limited to regulating 717 out of 18,000 markets and collecting price information from those.

It can not provide data on production, supply, demand and stock situation of the farm produces although such information is vital to ensure adequate supplies to curb the unusual fluctuation in prices.

"The DAM is an ineffective and redundant organisation," said the secretary.

To make the agency effective, the government last year formed a committee, headed by Bangladesh Agricultural University Vice Chancellor Abdus Sattar Mandal.

The committee, by reviewing the present activities of the DAM and its mandate, recommended various functions for the agency, including making projections on production, demand and supply.

The committee suggested the government employ 3,420 workforces at the restructured agency and name it as department of agricultural marketing and agribusiness.

The officials said the suggestions will be implemented in phases, although there are scepticisms that the recommendations of the committee will bear the same fate like those from the past eight committees.

Ahmed said restructuring the DAM might take time as it will increase the government's investments and requires enactment of a new law. "But we will start by the end of the year, even if it is on a limited scale," he said.

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Bangladesh moves to update rating

STAR BUSINESS REPORT

Bangladesh has started updating its annual sovereign credit rating with a challenge of maintaining the country's maiden rating obtained last year.

Of the two firms that rated Bangladesh last year, Moody's Investors Service is now in the city to begin the process for this year's rating, amid a declining balance of payments (BoP).

The strong credit rating from S&P (BB+) and Moody's (Ba3) last year confirmed many underlying strengths of Bangladesh's economy and its future prospects. The rating was better than that of any country in South Asia except India.

The rating was supposed to benefit the country immediately by providing a benchmark for assessing the credit risk of the government, a reduction in the import-export costs, boosting foreign direct and portfolio investment and cheap external borrowing.

But, whether the country was able to reap the benefits of a relatively positive rating in 2010 has become a big question for many -- from businesses to bankers and the economists.

According to Mamun Rashid, former country officer of Citi, Bangladesh got some benefits from the LC confirmation charges, but no significant achievement was there.

"We could have raised funds by issuing a sovereign bond to reduce the increasing pressure on the balance of payments, but we did not try for that," said Rashid.

Mahbubur Rahman, head of corporate affairs of Hongkong and Shanghai Banking Corporation (HSBC), also echoed Rashid.

"We could have explored access to the fund (sovereign bond) even it was at a relatively higher rate just to let the world know about us," said Rahman.

Citi and HSBC acted as the government's ratings advisers last year.

The overall BoP showed a deficit of \$686 million during the July-December period of 2010 against a surplus of \$2,091 million during the same period a year ago. The government is taking \$1 billion loan from the International Monetary Fund to reduce the rising pressure on the BoP in the wake of a price hike of fuel and commodities.

Though bankers say they did not get anything significant from the outcome of the sovereign rating, a top central banker believes success was there.

"You'll get hardly any people who knew Bangladesh before the rating. Now foreign businesses know much about Bangladesh and its economy," said Ziaul Hasan Siddique, deputy governor of Bangladesh Bank.

Rashid said maintaining the last year's rating would be difficult unless Bangladesh comes up with other successes.

\$5.7b IMF fund for Greece

AFP, Washington

The International Monetary Fund said Monday it was releasing \$5.7 billion dollars to Athens in a new installment of its program to rescue the Greek

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