


STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DGEN	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY	
1.13%	0.60%	\$1,436.00	\$105.57	2.53%	1.1%	0.91%	0.05%	72.59	102.21	116.45	0.89	
6,094.63	11,074.16	(per ounce)	(per barrel)	18,815.64	9,536.13	3,070.84	2,948.06	BUY TK	72.65	102.34	116.58	0.89
				Friday closings				BANGLADESH BANK				
								SELL TK				



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DHAKA MONDAY MARCH 28, 2011, e-mail: business@thedailystar.net

IMF adds stockmarket string to \$1b credit

REJAUL KARIM BYRON

The International Monetary Fund (IMF) has attached a new condition to its \$1 billion credit offer for Bangladesh: demutualisation of stock exchanges as part of an effort to stabilise the troubled stockmarket.

Last week, an IMF mission after a visit to Bangladesh put the latest condition, taking the number of strings to 14. The IMF presses for a directive from regulators to begin demutualisation of Dhaka and Chittagong bourses by December.

An official of the Banking Division of the finance ministry said the government is considering demutualisation of the stock exchanges but the timeframe for the process has not been set yet.

The multilateral lending agency said the Securities and Exchange Commission must move quickly to develop a contingency plan and communication strategy to ensure a stable and orderly trading environment.

It said stockmarket governance should also be strengthened immediately, and there should be a thorough plan to demutualise the stock exchanges. The IMF mission also conveyed some of their observations on the stockmarket to the government.

The IMF opposed the Tk 5,000 crore Bangladesh Fund, which is being cre-

ated by the Investment Corporation of Bangladesh (ICB) and state-owned banks and financial institutions.

"The new Bangladesh Fund could invite further moral hazards and pose added risks to its sponsors including state-owned commercial banks," the IMF said.

To avoid a spill-over effect in the monetary and fiscal policies and ensure stability in the banking system, the relaxation of securities regulations should be reversed gradually to prevent excessive risk-taking, it said.

The Banking Division official said the ICB is experienced and efficient in fund management. In the past it took fund from the Bangladesh Bank and invested in the market and never failed to repay the money.

However, the official said, following the IMF concern the ICB will operate the fund more cautiously.

The IMF also said financial regulator should carefully monitor the banks' exposure to the capital market in light of the current volatility and avoid pressuring state-owned financial institutions to intervene in the stockmarket in the interest of ultimately safeguarding public resources.

A central bank official said they have already intensified monitoring of the banks, and their exposure to the stockmarket has come down to legal limit.

BB sets up help desk for clients

STAFF CORRESPONDENT

Bangladesh Bank has introduced a help desk at its head office to ease hassles for seekers of financial services.

The help desk has been set up at the foreign currency inspection and vigilance department on the 17th floor of the central bank building, BB said in a statement yesterday.

If any person is aggrieved due to irregularities or frauds in banking activities he can take assistance from the help desk.

Aggrieved persons can also contact the officer in charge of the help desk, Assistant Director of Bangladesh Bank Sukhomoy Mondal, or call him on 7126101-20 (Ex-2787) or 0175-5532550.

People can post their complaints on the Bangladesh Bank website, www.bangladesh-bank.org, or drop complaint letters into a box on the ground floor of



M Syeduzzaman, second from right, former finance minister, speaks at a seminar on entrepreneurship and development at the Brac Centre Inn auditorium in Dhaka yesterday. Debapriya Bhattacharya, distinguished fellow of the Centre for Policy Dialogue, extreme left, Prof Robin Burgess of London School of Economics, second from left, and Mahabub Hossain, Brac executive director, are also seen.

Micro-enterprises lack access to finance

Analysts focus on entrepreneurship, development

STAR BUSINESS REPORT

Micro- and small-enterprises face difficulty in flourishing mainly because of their lack of access to finance for working capital and booster investments.

Micro, small and medium enterprises (MSMEs) also suffer from a lack of knowledge about business and management, capacity constraints to frame business plans and inadequate infrastructural facilities.

Inflation, political scenario and overall macroeconomic environment also add to the list of constraints of MSMEs -- which have generated thousands of jobs and contributed to the country's growing economy.

"Micro-enterprises produce a much larger share of the GDP than the percentage of formal finance available through the banking system -- though they represent an effective means of sustainably eroding poverty," said M Syeduzzaman, former finance minister.

Syeduzzaman spoke at the inaugural session of an international conference on entrepreneurship and development. Nongovernmental organisation Brac, International Growth Centre and iiG jointly organised the confer-

ence at the Brac auditorium.

Economists and development practitioners from home and abroad attended the daylong conference.

The former finance minister said formal financing to micro-enterprises mostly based in rural areas and small towns also remains extremely limited.

Citing a World Bank study, he said microfinance is slowly expanding into the products more suitable for micro-enterprises.

Underscoring the need for microfinance, Debapriya Bhattacharya, distinguished fellow of the Centre for Policy Dialogue (CPD), said a congenial macroeconomic environment is necessary for micro-enterprises to grow and flourish.

University of Warwick Prof Christopher Woodruff and University of Ulster Prof SR Osmani also spoke.

Speaking at another session on small and micro-entrepreneurship development in Bangladesh, AB Mirza Azizul Islam, former finance adviser to caretaker government, said micro, small and medium enterprises suffer various problems including access to finance, marketing and lack of technology.

Mamun Rashid, a leading banker and economic analyst, said there

has been a rise in micro-entrepreneurship in rural areas. He said these enterprises not only face problems of access to finance, but also have limitations in framing business plans.

"It is more management issues -- be it managerial and marketing," he said.

Prof Baqui Khalily of University of Dhaka said MSMEs have grown rapidly in the last decade and there are 9 million MSMEs. Of them, 3 million are micro-enterprises.

"Small enterprises' access to credit has not improved much over the past 30 years as finance is still a dominating constraint," Khalily said, adding that banks have not yet learnt that loans can be given without collateral.

Prof Mamtaz Uddin Ahmed, former managing director of SME Foundation, said banks do not regard the SMEs positively although SMEs do have an important role in the economy now.

Ahmed said SMEs are excluded from finance and described SMEs as the "excluded middle". "They are unwelcome customers to banks, he said.

Among others, Brac Executive Director Mahabub Hossain also spoke.

Hasina seeks higher tax to cut donor interference

STAR BUSINESS REPORT

Prime Minister Sheikh Hasina yesterday called upon tax officials to increase their efforts to collect more revenue so that the government can reduce interference of development partners into its day to day affair.

The prime minister's call came at a meeting with high officials of the National Board of Revenue (NBR) at the Prime Minister's Office.

An NBR official who attended the meeting said, for the first time in the history of Bangladesh the premier held such a meeting that drew tax officials from all levels -- from NBR chairman to commissioners.

The call came at a time when the World Bank has deferred its budget support of \$1 billion from the current fiscal year to the next due to a slow progress in government reforms, especially in the telecom sector.

The NBR official said the prime minister called the meeting with the aim of reducing the government's

dependence on foreign aid.

The official said the prime minister told the meeting that the government gets frequent advices from the donors. She urged the officials to take revenue collection to such a level that the government does not need to depend on the donors' support and comply with their conditions.

Hasina said, if people pay their taxes properly, it would be a great help for the government to reduce the interference of the donor countries and organisations into its day to day affair.

She asked the NBR officials to raise the tax-GDP (gross domestic product) ratio to 10 percent from 9 percent now.

The NBR informed the meeting that it will introduce "property tax" from the next fiscal year, although different quarters have been opposing the initiative.

The prime minister said some corrupt NBR officials have tarnished the whole department's image. She

asked the high-ups to identify those officials and take action against them.

Finance Minister AMA Muhith, Finance Adviser Mashur Rahman, NBR Chairman Nasiruddin Ahmed, members Syed Aminul Karim and Farid Ahmed and a number of field level officials spoke at the meeting.

The tax administration also presented to the prime minister different problems they face.

The NBR officials at the meeting said they are going to appoint about 6,000 second-class officers, and have sent the proposal to the establishment ministry. The prime minister assured them of quick steps in this regard.

The officials said they do not have their own office buildings at district and upazila levels, and the prime minister asked them to prepare a project under which such office buildings will be constructed.

The NBR also requested the prime minister to upgrade the posts of the NBR members and commissioners.

Bangkok Airways connects Dhaka

STAR BUSINESS REPORT

Thailand-based Bangkok Airways, a regional budget airline, started its flight operations in Bangladesh last night.

The airline will run daily flights at a competitive fare, starting at Tk 22,370, including taxes for Dhaka-Bangkok-Dhaka trip, said Sushanta Chakraborty, sales and marketing

manager of Jupitar Logistics Ltd, general sales agent of Bangkok Airways.

"We are trying to cater to the growing numbers of Bangladeshi flyers to Bangkok for different reasons, including leisure and medical travelers, and the fair for the economy seat is the lowest," he said.

The carrier takes off at 2am every night from Shahjalal International

Airport and offers free lounge-facility for all passengers at Suvarnabhumi Airport, said Chakraborty.

Bangkok Airways began its operations in 1986 as the first privately-owned domestic airline of Thailand.

The carrier connects regional destinations such as Myanmar, Laos, Cambodia, Vietnam, Malaysia, Singapore, China, and Japan.

Regulator hopeful of MJL, MI Cement listings

SARWAR A CHOWDHURY

The stockmarket regulator looks optimistic about finding a way for the listings of MJL Bangladesh Ltd and MI Cement Factory Ltd, though the premier bourse has turned down a request for listing.

The Securities and Exchange Commission will put the issue on its discussion table after receiving the Dhaka Stock Exchange's listing rejection letter formally.

"There should be a way out. The commission will put the issue away after scrutinising the DSE's logic behind the listing refusal," said a senior SEC official.

The regulator will have to weigh and consider the interests of all parties -- investors, issuers and the market, the official added.

The two companies, however, left the listing issue to the SEC and DSE.

"Both the SEC and DSE have their own points. So, we left it to the SEC and DSE to resolve the matter. Whatever the decision, we are ready to accept it,"

said Azam J Chowdhury, managing director of MJL Bangladesh.

The DSE on Thursday turned down the listing proposals of MJL Bangladesh and MI Cement in response to an instruction from the regulator that asked the exchanges to take necessary steps about the twin companies' listing in line with the existing rules.

"The DSE board took the decision as the two companies' proposal of compensation to the investors from their 'share premium account' conflicts with rules," DSE Senior Vice-president Ahsanul Islam Titu had said.

The two companies had earlier said they would compensate the retail investors as per clause 57(2)C of the Companies Act, if their share prices go below the IPO prices within six months of trading.

Secondly, Titu had said, the compensation is not a practical issue in the context of our market, and it will be difficult to maintain a record of which investor has lost how much.

The listing of MJL Bangladesh and MI Cement faced a hurdle when

the stockmarket regulator suspended book building system in January this year acting upon a government instruction.

The government later said the two companies can be allowed on condition of buying back by the sponsors if their share prices go below the IPO prices within one month of trading.

The Listing Committee of the DSE also sat on the issue on March 22 and came up with a conclusion that if the two companies cannot be listed in line with their compensation offer, it will be conflicting with the Companies Act.

Moreover, the committee observed, it will give rise to huge complexities also. The companies and the stockbrokers will face problems in managing lakhs of beneficiary owners' accounts, if their share prices drop below the IPO prices.

If MJL Bangladesh and MI Cement cannot be listed within the stipulated time, the two IPOs will be scrapped as per listing rules.

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