

# ICCB defends stock probe report

Bangladesh can be an export powerhouse, chamber says



ICCB Bangladesh (ICCB) President Mahbubur Rahman, third from left, presides over the 16th annual council of ICCB at Bangabandhu International Conference Centre in Dhaka yesterday. ICCB Vice Presidents Latifur Rahman, second from left; and Samson H Chowdhury, centre; DCCI President Asif Ibrahim, third from right; CCCI President Murshed Murad Ibrahim, extreme left; MCCI Vice President Nihad Kabir, second from right, and FBCCI First Vice President Md Jashim Uddin, extreme right, are also seen.

#### STAR BUSINESS DESK

The International Chamber of Commerce Bangladesh (ICCB) yesterday defended the stock-market probe committee's report that spotlighted deep manipulation in share trade.

Mahbubur Rahman, president of ICCB, said the regulators had apparently tried to prevent market overheating and to regulate volatility. "Sensing irregularity in the book-building method for initial public offerings, the practice was temporarily halted," he said.

"There have been complaints of market manipulation; the report of the inquiry committee set up to look into this matter provides some clues to what really happened."

"The full story is yet to be unfolded," Rahman said.

Rahman spoke while presenting a report of the executive board at the chamber's 16th annual council

at Bangabandhu International Conference Centre in Dhaka.

He said Bangladesh can become an export powerhouse if it can get its act together and seize the opportunities.

"First of all, a big opportunity is unravelling right in our neighbourhood. With wages rising, China is fast becoming uncompetitive in most of its labour-intensive exports, such as textiles, shoes, furniture, toys, electrical goods, car parts, plastic products, kitchenware, and a host of other consumer goods," Rahman said.

Foreign investors in these sectors are searching hard for alternative locations to set up industries, he added.

Rahman cautioned that the business sector is facing severe problems arising out of the liquidity crisis in the banks. This is regarded as a serious problem for the operation of business, and for the establishment of

new manufacturing units. For the future of the economy, particularly for the private sector, it is vital that the banks resume their normal support to business, he added.

In the backdrop of the dual

track recovery of the global economic environment, Bangladesh economy in the early months of fiscal 2010-11 demonstrated mixed signals, Rahman said.

"If we consider the first five months of the current fiscal year, Bangladesh economy is on the rebound.

Besides, the country has experienced few positive indicators in

several sectors."

But the rising trend of inflation, an upward trend in prices of essential consumer items, unstable situation of capital market, fall in remittance inflow and infrastructural constraints did not give Bangladesh a chance to relax in the outgoing year (2010) although it has over-

come the economic meltdown successfully, the ICCB report said. However, in the outgoing year the economy witnessed good performances in the fields of export earnings and harvest of crops including boro and aman, the report added.

Global Risk Report 2011 of the World Economic Forum provides a high level overview of 37 selected global risks in which two cross-cutting global risks are economic disparity and global governance failures, the "macroeconomic imbalances" nexus, the "illegal economy" nexus and the "water-food-energy" nexus.

Despite all hurdles, the ICCB Council expects that the country is now poised for a take-off stage and Bangladesh is expected to graduate from the least developed countries group to a middle income country by shortest possible time with proper infrastructure support.

# REHAB polls set for July 30

#### STAR BUSINESS REPORT

The Real Estate and Housing Association of Bangladesh (REHAB) has declared its election schedule for 2011-12 amid a growing controversy over the election time and an anomalous voter list.

The polls have been fixed for July 30 to elect an executive council for the next two years and only shareholders and directors of member companies will be eligible to vote, said SM Nurul Haque, chairman of the REHAB election board.

This time there would be no panel: the candidates will run for the election individually instead.

Earlier, the election scheduled to be held on March 27 last year was suspended on March 25 after the election board chairman, Taufiq M Seraj, also managing director of Sheltech, resigned over the voter list controversy.

On April 6 this year, four members of the REHAB executive council resigned to protest a year's delay in holding election and the committee's failure to protect the interest of the general members.

"We have resolved the problems that were holding the election back, including revising our constitution, while we got ready to develop an acceptable voter list," said Haque.

"We have brought about major amendments to the REHAB constitution recently, which qualifies only shareholders and boards of directors of the member companies to be a voter. This should eliminate the major controversies over elections," he said.

"Also, another amendment halts the panel system election. From now on, a candidate has to run the election individually, which we hope will reduce the chances of anomalies," said Haque at a

press conference at the REHAB office in Dhaka yesterday.

In previous REHAB elections, both shareholders and employees of member companies had been listed as voters.

According to the schedule, members have to pay dues to the association by June 1, while the last date of information collection for the voter list has been set as June 2.

A total of 994 member companies of REHAB would be able to vote if they clear their dues and submit authentic records and papers of ownership of a company.

The election board will finalise the voter list by June 22 and will start distributing nomination papers from June 23. The election board will accept nomination papers up to June 30, while the final list of candidates will be announced on July 16.

The election will start at 9am and continue until 5pm on July 30 and the results will be announced on August 6. On August 9, the names of the new office bearers for the next two years will be announced.

In response to a query, Haque said the REHAB executive council has formed the election board. This board will hold the election and would also ensure the acceptability and transparency of the entire process.

He, however, refused to comment on the performance of the previous election board and the association's failure to protect the interest of the REHAB members.

After postponing the election on March 27, 2010, the REHAB leaders had urged the election board to hold the election by April 3, which was not possible with the existing voter roll, which it said was flawed.

Later, the then 21-member executive council extended its tenure for another three months with the commerce ministry's approval.

# Stocks back in the red

#### STAR BUSINESS REPORT

Stocks returned to the red after two weeks of bullish run, as investors' confidence was rattled following the probe report on the recent stockmarket debacle.

The benchmark index of Dhaka Stock Exchange lost 154 points, or 2.4 percent, to close at 6,386 points on a weekly basis.

As the market was closed on Thursday on the occasion of Pahela Baishakh, the first day of Bangla New Year, the daily average turnover of the week stood at Tk 1,040 crore, down by Tk 12 crore from the previous week.

Professor Mahmood Osman Imam, who teaches finance at Dhaka University, said: "The investors took a wait-and-see policy as they are in uncertainty about the actions of the government against the stockmarket manipulators."

Imam said some investors are also hopeful as the market would gain sharply after the approval of the Bangladeshi Fund.

He also said it is important how the market would react to the probe report after it gets published.

BRAC-EPL, a stock broker, in its market analysis said although the findings of the report are scheduled to be made public after further scrutiny, a handful of high profile names have been cited in the media.

This was one of the main reasons behind the sharp decline in the index on Monday and subsequent lower trade volume in the latter half of the week, the broker said.

Meanwhile, most of the heavyweight sectors finished negative in the week. The banking sector lost 4.36 percent, non-bank financial institutions 2.54 percent and general insurance 1.56 percent among the losers.

Among other major sectors, telecommunications shed 2.68 percent, pharmaceuticals 1.69 percent and cement 1.03 percent, while the fuel and power sector gained 0.36 percent, tannery 0.66 percent and life insurance 1.89 percent.

Of the total 263 issues traded on the DSE, 149 declined and 114 advanced.

The total market capitalisation also declined on the week, down by 1.73 percent from the previous week.

Beximco topped the turnover leaders and traded shares worth Tk 164 crore.

The other turnover leaders were Titas Gas, Aftab Automobiles, Bextex, Desco, Bay Leasing and Investment, Fu-Wang Ceramic, Square Pharma, BSRM Steels, and Olympic Industries.

Eastern Insurance was the biggest gainer of the week, posting a 23.52 percent rise, while Mercantile Insurance was the worst loser, slumping by 41.63 percent.



Ali Reza Iftekhar, managing director of Eastern Bank Ltd (EBL), and Tore Johnsen, chief executive officer of Grameenphone (GP), hold an EBL-GP co-branded smart card at its launch at the Grameenphone head office in Dhaka recently.

## EBL co-brands card with GP

#### STAR BUSINESS DESK

Eastern Bank Limited (EBL) with Grameenphone and GPIT Ltd have recently launched Express Card, an innovative cash solution for their employees working across the country.

This "smart plastic wallet" will replace the employee's business expenditure reimbursement platform, the bank said in a statement yesterday. The organisations will deposit the business expenditure reimbursements to the individual card instead of physical cash handover.

The card will facilitate the employee to 24/7 cash access from any VISA logo ATMs and to swipe at over 10,000 visa merchant outlets countrywide. This will also enable the

organisations free from the hassle of managing payments through traditional cheques or cash and also reducing the paper usage.

EBL Managing Director Ali Reza Iftekhar and GP Chief Executive Officer Tore Johnsen signed the agreement at the GP head office in Dhaka. Among others, EBL Deputy Managing Directors Muklesur Rahman and M Fakhrul Alam, EBL Head of cards Nazeem A Choudhury and Grameenphone Deputy CEO Raihan Shamsi were also present.

The card-based employee payment management system is unique in Bangladesh, EBL said. Apart from saving time and costs of fund management, the card will give discount offers at various merchant locations to the employees.

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