

SEC turns to banks to rescue market

SAJJADUR RAHMAN and
GAZI TOWHID AHMED

The Securities and Exchange Commission (SEC) yesterday sought help of the central bank to rescue the stockmarket, which has been on a downswing since December last year.

The SEC wants the central bank to give directives to commercial banks to reinvest in the stocks, as they made hefty profits from the stockmarket last year.

The commission made the appeal to the Bangladesh Bank at a quarterly coordination meeting of different regulators, which also include Insurance Development and Regulatory Authority, and Registrar of Joint Stock Companies and Firms.

Governor Atiur Rahman chaired the meeting attended by the SEC chairman and its members, the IDRA chairman and its members and deputy governors of the central bank.

"We've sought written proposal from the SEC mentioning what it wants from the BB to revitalise the capital market," said a senior official of the BB, who attended the meeting.

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The meeting also discussed how mutual fund and insurers could invest more on government securities. The role of banks' directors, buy-back system and margin loan were also discussed at the meeting.

But the stockmarket situation dominated the discussion.

The SEC chairman expressed concern about the deteriorating market situation and said investors are losing confidence.

The Banking Companies Act 1991 allows banks to invest 10 percent of its liabilities (deposits) in the

stockmarket. Now no bank has more than 2 to 3 percent of their liabilities invested in the stocks although most of the banks significantly over-invested till October-November last year.

"Yes, banks are allowed to invest 10 percent of their liabilities, but BB cannot force them," the BB official told The Daily Star.

When contacted SK Sur Chowdhury, executive director of Bangladesh Bank, said the BB has reiterated its promise to cooperate with the securities regulator to vibrate the capital market.

General index of the Dhaka Stock Exchange reached its peak -- 8,900 points in November last year, which came down to 5,359 yesterday. The benchmark index had climbed by 80 percent only in 2010.

Some 33 lakh people -- many of them small investors -- have lost their money because of the plunging share prices.

Continued fall, sometimes sharp, is now a common phenomenon in the Dhaka's commercial hub Motijheel, making small-scale investors angry and forcing them to take to the streets.

Regulator moves on flawless index calculation

SARWAR A CHOWDHURY

The stockmarket regulator has formed a three-member committee to introduce a flawless index computation method on the bourses.

The Securities and Exchange Commission (SEC) came up with the body after an index development committee earlier submitted a report on flawless index calculation method to the commission.

The SEC asked the new committee, led by the regulator's Executive Director ATM Tariquzzaman, to submit a report to the commission in the next 15 working days.

The commission yesterday issued an office order to this effect, said an SEC official.

The two other members of the committee are Executive Director Md

Anowarul Islam and Director Mahbulul Alam.

The index development committee in its report said the General Index of the Dhaka Stock Exchange (DGEN) was 1,900 points higher than the amount that should have been up to June this year.

If other technical faults of the counting system are taken into consideration, the points would be higher, according to the report.

The report also made two recommendations on flawless index computation -- the first one is about eliminating the wrongly added points from the index, and the second is about launching a new index.

The first recommendation will be difficult to implement, while the second one will be easier and more market friendly to put into place, the report said.

The flawed computation in indices first came to light through media reports in January last year, following the trading debut of Grameenphone on the stockmarket in November 2009.

Presently, each bourse has three types of indices. The DSE introduced the general index on November 27, 2001 with a base of 817.62 points. The index, which excludes 'Z' category companies, is calculated on the basis of individual stock price movements under the 'A', 'B', 'G' and 'N' categories.

Previously, there was only one index that included all the securities of the stock exchange. Starting with a base of 350 points, the index rose as high as 3,648.75 points on November 5, 1996, when the market witnessed a 'bubble and bust'.

sarwar@thedailystar.net

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NBR to look into GP 'tax dues'

STAR BUSINESS REPORT

The National Board of Revenue (NBR) will examine whether there are any outstanding tax amounts of Grameenphone -- as the telecom regulator's audit findings claim, said an NBR official.

The telecom regulator held a meeting with the NBR yesterday. The NBR asked the regulator to give them the audit findings and the documents related to tax, the official added. After an enquiry, if NBR finds any anomalies, it will go for action, he said.

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HSBC and The Daily Star seek to recognise and promote individuals and institutions that are actively working towards saving our environment and tackling climate change in Bangladesh.

In its second year, HSBC - The Daily Star Climate Awards will be given in five categories:

Climate Champion in Green Business

For companies and organisations introducing, developing, marketing or promoting products, services or technologies that seek to mitigate the effects of climate change and preserve the environment. Open for 100% Bangladeshi-owned companies.

Climate Champion in Green Operations

For commercial organisations that adopt and embrace eco-friendly and environmentally responsible processes, technologies or mechanisms in their manufacturing, trading, distribution or service business. Two awards will be given to:

100% Bangladeshi owned companies

Companies with full or partial foreign ownership

Climate Champion in Knowledge Management

For research and exploration initiatives that focus on different spheres of climate change and environmental preservation, and/or provide knowledge and solutions for managing climate change. Open to all Bangladeshi individuals and organisations.

Climate Champion in Community Engagement

For community investment and sustainability initiatives that aim to improve the lives of communities affected by climate change. Initiatives like social campaigns or community care focused around climate issues will also be eligible. Open to all Bangladeshi individuals and organisations.

Nomination forms and further details can be found in the thedailystar.net and hsbc.com.bd websites. Waste Concern is the Knowledge Partner in this endeavour.

Nominations must be sent to "HSBC-The Daily Star Climate Awards", The Daily Star, 64-65, Kazi Nazrul Islam Avenue, Dhaka 1215 on or before 3 November 2011.

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