SHANGHAI **BUY TK V** 0.30% 2,431.37 **SELL TK**

CURRENCIES STANDARD CHARTERED BANK **€EUR €GBP ¥JPY** 75.25 103.29 117.87 0.96 76.25 107.21 121.84 1.04

City





ASIAN MARKETS

TOKYO

V 0.85%

8,747.96

SINGAPORE

0.37%

2,744.17

MUMBAI

1.18%

17,082.69

DHAKA MONDAY OCTOBER 17, 2011, e-mail:business@thedailystar.net

Inflation soars to 11.97pc in September

STAR BUSINESS REPORT

The rate of inflation has remained stubbornly high after the latest official statistics put the point-topoint inflation at 11.97 percent in September.

The rate has maintained its upward trend as the inflation was 11.29 percent in August, according to Bangladesh Bureau of Statistics.

Last month, the food inflation also went up to 13.75 percent, which was 12.70 percent in August.

At 8.77 percent, the non-food inflation was however a bit static in September, which was 8.76 percent the previous month, the latest official stats show.

The overall inflation rate has continued upward trend in the last few months due mainly to food price increases.

Officials of the central bank however said the inflation could ease in the coming months riding on a stable rice price.

Govt revamps stock investors today

SARWAR A CHOWDHURY and GAZI TOWHID AHMED

The government will come up with some positive measures today to bolster investors' confidence and bring back normalcy in the stockmarket, a senior official of the Securities and Exchange Commission said yesterday.

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Finance Minister AMA Muhith assured the SEC that the government will declare some motivational steps, he said.

Last evening, the finance minister called an emergency meeting with the securities regulator and formed an advisory council, led by him, to find out ways to strengthen the market and to ensure proper practice of securities rules.

In line with the outcomes of the meeting, the National Board of Revenue will issue a circular today to reduce tax at source on brokerage commission by half to 0.05 percent. The government doubled the ratio to 0.1 percent this fiscal year.

The NBR will also allow the investment of undisclosed money in stocks without questioning its sources, said the official after the SEC meeting with

the finance minister.

Besides, the tax administrator will withdraw the 10 percent tax on mutual funds also imposed from this fiscal year, he added.

The SEC official, asking not to be named, said the Bangladesh Bank may also call upon commercial banks to increase their investment in the stockmarket.

Meanwhile, angry investors

STEPS TO BE TAKEN

Tax at source on brokerage commission will be cut by half to 0.05 percent

 Sources of undisclosed money will not be questioned

The 10 percent tax on mutual funds will be withdrawn

started a massive protest and a fast-unto-death programme in front of the Dhaka Stock Exchange yesterday amid a fall in prices.

The protest started in the morning and continued to get bigger in the evening as many investors were joining the protestors in the Motijheel business hub, after the benchmark general index of the premier bourse plummeted by 181.31 points or 3.26 percent, triggered by panic sales.

The key index ended the session at 5,387.05 points.

"We can't rely on the regulator's initiatives that it promised in the last few days to stabilise the market," said a DSE investor at

Mizanur Rashid, convener of Bangladesh Capital Market Investors' Unity Council, said last night they will continue the fast-unto-death programme until the government comes up with any concrete measure.

The small investors earlier said banks and financial institutions should reinvest their money in the market as they made hefty profits from the capital market last year.

They also demanded increasing the investment ceiling of commercial banks to 15 percent of their liability instead of the existing 10 percent.

However, activities declined at the DSE where turnover, volume and trade were down by 29.14 percent 25.89 percent and 18.7 percent respectively. A total of 83,165 trades were

executed yesterday generating a turnover of Tk 258 crore with 3.6 crore shares being traded.

The continuous down-

ward trend not only pulled

down the PE ratio to a

record low, but also

eroded the investors'

got stuck with margin

loan, while others are not

injecting fresh money into

the market seeing no

hope," he said, adding that

"Many of the investors

confidence, he said.



Retail investors under the banner of Bangladesh Capital Market Investors' Unity Council start a fast-unto-death programme in front of the DSE building in the capital yesterday.

10.54 lakh submit tax returns as deadline ends

STAR BUSINESS REPORT

About 10.54 lakh taxpayers submitted their income tax returns in the current fiscal year, according to the National Board of Revenue's primary estimation.

The disclosure came as the extended deadline for the submission of tax returns for current fiscal year ended yesterday.

About 8.72 lakh returns were submitted last fiscal year.

NBR officials said the returns were received till 8:00 pm last night. Information from across the country is yet to reach NBR.

According to primary data, NBR received about Tk 1,114 crore in income taxes this fiscal year. The amount will be more when the final tally is in, said officials.

Last year, income tax worth Tk 978 crore was submitted.

Market PE hits 5-yr low

15

SARWAR A CHOWDHURY

The market PE (priceearnings) ratio has come down to almost five-year low to 14.59, a level that indicates that the stockmarket has become less risky and more attractive for investment.

After December 2006, the PE ratio came to this point for the first time due

mainly to a continuous downtrend in share prices. At the end of December 2006, the overall market PE

stood at 14.51, according statistics available from Dhaka Stock Exchange, the premier bourse. The PE ratio determines the time an investor needs to

wait to get back the invested amount. It is an indicator for considering the extent of risks an investment might entail.

The PE ratio means a valuation ratio of a company's current share price compared to its earnings per share.

The indicator is also important to better understand what happens in the market after a large gain or decline. It is also one of the best gauges to know how expensive or cheap the overall stockmarket is at a certain moment.

"Although the existing PE ratio suggests that the market has become attractive for investment, it cannot draw the investors' attention," said Prof Salahuddin Ahmed Khan, who teaches finance at Dhaka University.

most of the institutional investors are also on the sidelines.

JAN FEB MAR APR MAY JUN JUL AUG SEP OCT

MARKET PE

2011

Unless the institutional investors actively participate in the market, the expected hype will not be created among the retail investors, said Khan, also a former chief executive officer of the DSE.

The overall market PE ratio hit the highest level at 30.58 at the end of February 2010. The ratio dropped drastically in February this year, when the market was bearing the brunt of a two-month price debacle, which was unavoidable following an abnormal rise in share prices.

From March, the market started recovering and it rose to a 6,700 points level on July 7 from the 5,200-point level on February 28.

After July 7, the market again entered the red zone and since then a bearish trend is remaining in the market, with an exception of occasional rises. Until yesterday, the market lost more than 2,300 points.

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GP may go to court over BTRC claims

STAR BUSINESS REPORT

Grameenphone may go to the court against the audit findings of the telecom regulator to protect the company's interest if needed, said its Chairman Sigve Brekke yesterday.

Brekke said GP has already raised the concern with the management of Telenor, the majority shareholder of the company, but no decision has yet been taken.

"We are not going to pay the Tk 30 billion," he told reporters at a press briefing at the Ruposhi Bangla Hotel in the city.

Brekke said he wants the audit to be done in a proper way -- a position the country's leading mobile phone

munication Regulatory Commission (BTRC) sent a letter to GP claiming that the operator owes Tk 3,034 crore to the regulator in unpaid tax and revenue. Since then, GP has requested the

operator has maintained since Octo-

ber 3, when Bangladesh Telecom-

regulator to withdraw the letter. Brekke also said there are still

scopes to sit with the BTRC to settle the issue, as the audit did not maintain international standards.

The GP chairman said there may be some shortcomings on his company's part, but one cannot send a letter claiming Tk 30 billion without giving the audit report.

"You cannot put a date in the

letter before giving us it to go through and give us a chance to explain our position," he said.

Brekke hoped the audit issue would not be linked with the mobile phone company's licence renewal process. According to the letter, GP will

have to pay the outstanding amount by October 23, otherwise the regulator might take legal action.

Telecom Minister Rajiuddin Ahmed Raju also said yesterday his ministry would look into the audit

issue when it comes to his table. In a meeting yesterday, the parliamentary standing committee on the telecommunication ministry rec-

ommended auditing the mobile operators' accounts every year to avoid any confusion in future.







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