

Stocks plunge to three-month low

STAR BUSINESS REPORT

Stocks lost 3.69 percent yesterday, the steepest fall in the last three months, following the news that the High Court questioned the government and the Securities and Exchange Commission over the special powers of SEC.

The benchmark General Index of Dhaka Stock Exchange finished the day at 4,675.98 points, after falling 179.38 points.

A total of 24 directors filed five separate writ petitions challenging SEC powers that force directors to hold a minimum of shares to retain directorship. The government and the SEC have a week's time to respond.

"High hopes on a positive court decision vanished yesterday as the court issued a rule questioning the legality of Section 2CC of SEC Ordinance 1969 by June 13," IDLC Investments said in its market analysis.

As the court battle lingered, investors quickened sell-offs, pulling the DGEN down.

"Investors felt shaky as they did not see any hope from the High Court ruling. A low

liquidity flow is also hindering institutional participants to alleviate the market sentiment. The market seems to make slow movements," LankaBangla Securities said in its daily market analysis.

The turnover saw an increase of 18.3 percent, compared to the previous day. A total of 0.99 lakh trades were executed with 6.42 crore shares and mutual fund units changing hands on the Dhaka bourse.

None of the sectors managed to attain any gain yesterday. Banks lost 2.89 percent, pharmaceuticals 3.12 percent and telecom 3.14 percent, non-bank financial institutions 4.94 percent and power 4.26 percent.

Of the 262 issues traded on DSE, 240 declined, 15 advanced and seven remained unchanged.

LankaBangla Finance stood top in the most traded stocks chart with Tk 15.26 crore shares changing hands followed by Lafarge Surma Cement with Tk 15.16 crore.

ICB AMCL First NRB Mutual Fund posted a 1.40 percent rise as a top gainer, while NLI First Mutual Fund was the worst loser, which lost 10 percent.

Court asks SEC to explain its power of imposing conditions on stocks

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The High Court yesterday asked the Securities and Exchange Commission to explain within one week why a section of its ordinance, which empowers the regulator to impose conditions on the stockmarket, would not be declared unconstitutional.

An HC bench of justice Hasan Foez Siddique and justice Md Jahangir Hossain in a rule also asked the government to come up with an explanation on the issue in a week.

The court also set June 13 for hearing on the rule, after five separate writ petitions were filed by 24 sponsors and directors of five listed firms, challenging the legality of Section 2CC of Securities and Exchange Ordinance, 1969.

Using the Section 2CC, the SEC in a circular on November 22 last year made it compulsory for the sponsors, directors and promoters of listed firms to

acquire at least 2 percent stake individually and 30 percent stake jointly in their firms for all time.

On May 22, the 24 sponsors and directors of NCC Bank, Mercantile Bank, Southeast Bank, National Life Insurance and Prime Finance and Investment filed the petitions.

Chief Justice Mohammad Mozammel Hossain on June 3 sent the petitions to the bench of Justice Hasan Foez Siddique and Justice Md Jahangir Hossain for hearing after these were referred to him, and the bench heard the petitions on the same day.

The five writ petitions were filed after the High Court on May 21 upheld the SEC directive on the minimum shareholding. The court delivered the verdict after rejecting petitions filed by some directors and aspirant directors of three listed firms. The petitioners had challenged the legality of the SEC circular on minimum shareholding.

Ferdousi Begum, head of the retail banking unit of Trust Bank, and Mohiuddin Khan Khokon, director for sales and marketing of Hotel The Cox Today, ink a deal at the bank's head office recently. The bank's debit and credit cardholders will enjoy special discounts while staying at the hotel.

Hotel Agrabad opens "Premier Floor"

STAFF CORRESPONDENT, Chittagong

Hotel Agrabad Chittagong on Sunday opened a special floor -- Premier Floor -- with the coverage of WiFi internet connection along with other modern facilities in the port city.

Chairman of the hotel AHM Khorshed Ali inaugurated the floor while Managing Director AHM Karam Ali, Chief Executive Officer HM Hakim Ali and Director for human resource Kaiser Ali were also present.

Interior designer Arifa Ferdous did the interior designing of the rooms of the floor, said Shahadat H Iqbal, assistant manager for credit

335 directors fall short of share requirement

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It means it is yet to figure out how many sponsors and directors are currently holding less than 2 percent shares in their own firms.

As per the regulatory directive on minimum shareholding, the sponsors and directors who will not hold at least 2 percent shares will cease to be company directors.

The directive was meant to stop sales of shares by sponsors and directors and to create a buying pressure in the stockmarket for the benefit of general investors.

There were also allegations that many sponsors and directors who had sold off their shares were still

Remittances rebound, rise 6.21pc in May

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However, remittances increased by 10.89 percent to \$11.77 billion in the first 11 months.

Bangladesh Economic Update released by the World Bank (WB) on Sunday said the Eurozone crisis may have an indirect effect on the remittance inflow.

It said the direct effect of the Eurozone crisis on remittances may be small, but the indirect effects could be significant.

The report said Europe's share in Bangladesh's total remittances is only about 8 percent, mostly from the United Kingdom and Germany.

Thus, the direct effect of a European crisis on remittance inflows may not be significant.

However, the indirect effects could be substantial because of a possible slowdown of economic activities in the oil-exporting Gulf countries, combined source of about 78 percent of Bangladesh's total remittances, the WB said.

A decline in oil prices due to the European crisis would likely slow down economic activities in those countries, the severity depending on the extent of the slowdown, the lender said.

This would harm remittance inflows from non-Gulf countries, the update said.

The recent rise in manpower exports provides some cushion. There is anecdotal evidence that many Bangladeshi migrant workers returned from trade-intensive countries such as Singapore and South Korea during the last global economic and financial crisis, the WB said.

However, at that time the oil price plummeted, thereby mitigating the weakening of remittances to Bangladesh.

The jump in manpower 'exports', from an average 270,000 annually during fiscal 2003-06 to 730,000 during fiscal 2007-09 dwarfed any possible impact of lower oil prices on the earnings of the Bangladeshi workers abroad.

Manpower exports slowed to 430,000 in fiscal 2010 and the figure stood at 440,000 in fiscal 2011, though these were still significantly higher than the pre-2007 level.

Manpower exports in the first seven months of the current fiscal year have been 74 percent higher than the corresponding period of the previous year.

This suggests a cushioning of a negative impact of a new euro crisis.



Rear Admiral Nizamuddin Ahmed, chairman of Chittagong Port Authority, and Sakhawat Hossain, managing director of New Western Marine Shipbuilders Ltd, exchange documents of a deal to build a tugboat and a vessel, at the office of the CPA in the port city on Sunday.

New Western Marine to build tugboat, vessel for CPA

STAFF CORRESPONDENT, Chittagong

New Western Marine Shipbuilders Ltd (NWMS) on Sunday signed an agreement with the Chittagong Port Authority (CPA) to build a 60 tonne bollard power tugboat and another 1,000 dead weight tonnage water supply vessel.

Rear Admiral Nizamuddin Ahmed, CPA chairman, and Sakhawat Hossain, managing director of NWMS, a sister concern of Western Marine Shipyard Ltd, inked the deal at the office of the CPA in the port city.

Under a project of a contract price of Tk 53 crore, the new tugboat will have an engine power of 4,500 bollard horse power, said Shahidul Bashar, deputy manager for public relations of Western Marine.

The other vessel which is water supply vessel will be the largest one of its kind to be added in the fleet of the Chittagong port to carry fresh water to the merchant ships in the outer anchorage, he said.

"These ships are our national assets. Their quality and proper maintenance in the long run will enhance port capacity in the future," said Ahmed.

"Our ports are our major sources that are driving the nation forward. So, if the ports advance, the country will advance further," said Saiful Islam, chairman of Western Marine.

Hossain said the CPA is the greatest business associate of Western Marine as the yard built ships for them in the past and "this new deal will make the tie even stronger".



Rashed Maqsood, Citi country officer, poses with the participants of a training programme on "Improving the control environment" organised with the help of Citi Centre for Advanced Learning (CCAL), Philippines, in the capital recently. Constantino R Rivello from CCAL conducted the training.

India admits it has no fiscal firepower

AFP, New Delhi

India's finance minister admitted Monday that the government had no scope to increase public spending to spur the flagging economy, but said interest rate cuts might be possible.

Shock economic growth figures published last Thursday showed the Indian economy growing at 5.3 percent in the January-March period, the slowest quarterly growth figure in nine years.

India unveiled a huge stimulus programme after the last global slowdown following the financial crisis of 2008 in the United States and Europe, but its finances are now strained as the eurozone debt crisis gathers pace.

"The second round of global uncertainty and the slowdown has come rather quickly on the heels of the previous one, with practically no headroom for running a proactive fiscal policy," Finance Minister Pranab Mukherjee said.

The government is under pressure to rein in subsidies and other spending after its budget deficit widened to 5.75 percent of gross domestic product in the fiscal year ended March 31.

For 2012/13, the government is targeting a deficit of 5.1 percent, but analysts say this is based on a very optimistic growth estimate of 7.6 percent and under current spending plans the gap could be much larger.

Mukherjee argued however that the

rapid fall in global crude oil prices, which are now under \$100 a barrel, could help the central bank cut interest rates further because inflationary pressures will decline.

The deputy governor of the Reserve Bank of India, Subir Gokarn, also hinted at the possibility of a rate cut on Monday, raising the chances the bank will slash the cost of borrowing again at its June 18 meeting.

Gokarn Monday told reporters in Mumbai that India's economic growth is "lower than expectations, and that may have a positive, moderating impact on core inflation", Dow Jones Newswires reported.

In April, the bank lowered interest rates for the first time in three years. It sprung a bigger-than-forecast cut of 50 basis points but also warned that further easing would be difficult.

The benchmark repo rate, at which it lends to commercial banks, fell to 8.0 percent and the reverse repo rate, which it pays banks for deposits, fell to 7.0 percent.

Also Monday, business lobby group the Federation of Indian Chambers of Commerce and Industry (FICCI) unveiled a 12-point plan to kickstart the economy, mostly by slashing interest rates and fast-tracking delayed reforms.

It called for opening up the retail sector to foreign investors, freezing welfare spending, freeing diesel from price controls and fostering competition in the state-controlled and under-performing coal industry.

Insurers demand tax cuts

STAR BUSINESS REPORT

Insurers yesterday urged the government to cut corporate tax to 37.50 percent in the next budget from the existing 42.5 percent in an effort to strengthen the insurance sector.

The insurance companies also demanded the reinstatement of agent renewal fees to Tk 50 from Tk 500 as the fee hike will discourage further development of the insurance sector.

Sheikh Kabir Hossain, president of Bangladesh Insurance Association (BIA),

pressed the demands at a press conference at the BIA office in Dhaka yesterday.

Hossain also urged the Insurance Development and Regulatory Authority (IDRA) to publish all its recommendations in gazettes so that those could be applied for the development of the sector.

The government formed IDRA, the regulatory body, a year ago, aiming to develop the insurance sector. Hossain demanded the government allow a quota of 10 percent in all initial public offerings for the insurance sector.



Mahboob Zaman, president of Bangladesh Association of Software and Information Services (BASIS), attends a workshop on "Corporate governance for information and communication technology companies" at Sonargaon Hotel in Dhaka on Saturday. The International Finance Corporation and BASIS jointly organised the workshop.



Mir Mominul Huq, head of mobile banking of Dutch-Bangla Bank, Rubaba Dowla, head of m-commerce of Airtel, and Miran Ali, managing director of Bitopi Group, sign a deal at the bank's head office in Dhaka recently. Bitopi employees will now get salary in their DBBL mobile banking accounts through Airtel connections.