

### **PERC bangs with sledge hammer**

The seven-member Public Expenditure Review Commission (PERC) submitted their final report to the Finance & Planning Minister, suggesting quality assurance of projects by reducing political intervention in formulation process. Former caretaker government adviser Hafizuddin Khan who also happens to be one of the Trustees of the 'Grameen Mutual Fund One' under management of AIMS of Bangladesh heads the Commission, tasked in identifying loopholes and irregularities in the public expenditure system of Bangladesh. The Commission reported huge savings of state fund can be achieved through merger of similar type of public corporations and enterprises, closing down losing SoEs and diverting resources to other promising sectors, downsizing the existing ministries from 38 to 22, integrating prime minister's office and cabinet division, and curbing misuse of budgetary fund. It laid utmost emphasis on improving the quality of public expenditures identifying huge problems in ADP implementation. The PERC advocated manpower rationalization of Bangladesh Shipping Corporation and purchasing new container vessels. It also suggested abolishing Bangladesh Petroleum Corporation (BPC) having a cumulative loss of Tk16.56b with debt equity ratio negatively poised at 176:76 and also transferring its crude oil refining and distribution responsibilities, enlisting its 8 companies in the stock market. Finding the national flag carrier, Biman Bangladesh Airlines, on the verge of financial ruins with debt-equity ratio of 78:22 and cumulative losses of Tk8.56b commission proposed to rationalize Biman's manpower as well as suspension of flights on losing routes, procurement of new-generation aircraft and 25% share offloading to public. PERC investigated into a Tk10m airport road divider project terming it as nothing but source of money making for officials and contractor cohorts. Many public sector agencies engaged in development work are actually embezzling the entire fund under fictitious projects. The Public Expenditure Review Commission (PERC) has recommended dropping of the Dohazari-Cox's Bazar rail line project worth Tk13.71b from the list of priority projects, terming it economically non-viable. Although main propaganda of the budget is poverty alleviation, only 11% of the current fiscal year's budget is earmarked for direct poverty reduction of which 30 to 50% is being wasted for those who are not poor at all. PERC report reflects wastage and corruption eating into the poverty oriented education scheme, under which the real poor students are not only deprived of getting access to education but also in receiving stipend. The minister agreed on most of the recommendations and opined the issues require cabinet level discussion as some of those are related to structure and pattern of the government. Some administrative issues are already under implementation through a pre-planning process by removing the roadblocks in coordination and allocation of resources but social responsibilities have to be considered at the time of taking any harsh decision. The PERC report might have brought to the fore in black and white the issues what are not unknown to the government, civil society, development partners and even to unlettered people. The report has been acclaimed by all and sundry as bold and articulate.

### **BAB wins against BB**

The High Court last week declared the Bangladesh Bank (BB) directive on composition, size and tenure of directors and the board of the private banks illegal and unconstitutional on a suit filed by the Bangladesh Association of Banks (BAB), a forum of bank owners. The court also directed formulation of new regulations under Bank Companies Act before limiting bank directorship to maximum six years at stretch. The verdict was spelled out against BB circular of April 26, 2003 on limiting the maximum number of directors of a bank at 13 and allowing only a single member of a family on a Board, to streamline the banking sector as well as curbing malpractices by the family dominated bank boards. The tenure of Chairman was also fixed at consecutive two terms. Meanwhile, 22 out of 30 private banks downsized their boards in line with the circular while the rest could not due to legal complications. However, one bank has already revived their old board immediately after the court verdict and few others are contemplating similar moves. But the Central Bank Governor indicated that the BB would prefer appeal against the decision.

### **EPZ TU in Thick soup**

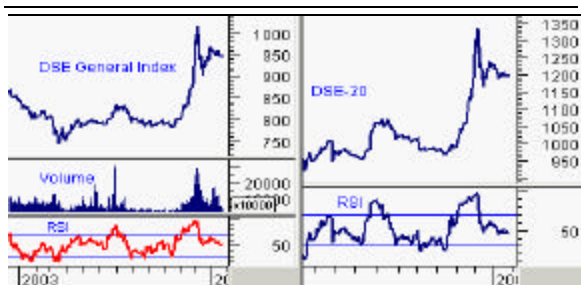
The government got trapped in its own pledges, one made to EPZ investors' in banning trade union in the exclusive zones to attract investments and other to US government to the contrary, to qualify for GSP facilities in duty exemption on export. Breach of any of the pledges could result either in loss of FDI or export market. As the January 2004 deadline on allowing TU activities at EPZs as made to the US approached, the government faced tremendous pressure from both sides, particularly from Korean investors threatening to withdraw investments, annoyed at the unilateral move. They preferred legal recourse and demanding full representation in the entire process. Though the US warned of the looming issue back in 1991 the government was allegedly procrastinating till the last moment and hastily took the decision to allow TU in EPZs. After hectic parleys at all levels with the EPZ investors and the US authorities, the government finally could convince the two sides of a middle course, accommodating both freedom of association but gradual extension with adequate training. The first EPZ was set up in 1983 under the Foreign Investment (Promotion and Protection) Act 1980. Now, there are six EPZs with 190 industries and workforce of over 130,000. The labor interests are better protected in the EPZs, including relatively better pay, food and health & child care.

### **NBR mark 10.24% growth**

The National Board of Revenue (NBR) collected Tk34.85b revenue in Jul-Dec last against Tk31.53b in corresponding past period. Domestic level earning declined by 2.84% due mainly to Tk6.50b in unrealized tax, falling short of target of Tk 35.87b by Tk1.02b. However, collection from the import level crossed target of Tk61.93b, earning Tk62.88b. Overall earning during the period marked a 10.24% growth over the immediate corresponding period, although narrowly missing target. In its effort to reform the tax administration, the government had set up a Revenue Reform Commission, identifying corruption and lack of skill as the main weaknesses in tax management and forwarding 238 reform measures to strengthen the Income Tax, VAT, Customs and non-tax revenue management.

This week's data runs from 15 January 2004 to 22 January 2004

## Stock Market Movement



## Top Gainers

| Company           | Closing Price (Tk) |           |  | Change % |
|-------------------|--------------------|-----------|--|----------|
|                   | This Week          | Last Week |  |          |
| Delta Millers     | 90.00              | 68.50     |  | 31.39    |
| Mita Textile      | 42.25              | 39.00     |  | 8.33     |
| National Polymer  | 217.25             | 201.50    |  | 7.82     |
| BD. Dyeing        | 45.00              | 41.75     |  | 7.78     |
| Orion Infusion    | 79.75              | 74.75     |  | 6.69     |
| Alltex Industries | 57.00              | 54.00     |  | 5.56     |
| Rahima Food       | 24.75              | 23.50     |  | 5.32     |
| Sreepur Textile   | 20.00              | 19.00     |  | 5.26     |
| BD. Zipper        | 20.25              | 19.25     |  | 5.19     |
| Aziz Pipes        | 76.00              | 72.25     |  | 5.19     |

## Top Losers

| Company            | Closing Price (Tk) |           |  | Change % |
|--------------------|--------------------|-----------|--|----------|
|                    | This Week          | Last Week |  |          |
| Bangas             | 238.50             | 264.25    |  | -9.74    |
| Tamijuddin Textile | 50.25              | 55.00     |  | -8.64    |
| Eastern Cables     | 195.50             | 211.50    |  | -7.57    |
| Meg. Conden. Milk  | 3.00               | 3.20      |  | -6.25    |
| Shyampur Sugar     | 4.80               | 5.10      |  | -5.88    |
| Dhaka Fisheries    | 33.50              | 35.50     |  | -5.63    |
| Lexco              | 56.50              | 59.75     |  | -5.44    |
| Amam Sea Food      | 161.00             | 170.00    |  | -5.29    |
| Libra Infusion     | 314.00             | 330.25    |  | -4.92    |
| BOC                | 144.40             | 151.70    |  | -4.81    |

## Top Turnover Companies

| Company          | Closing Price (Tk) |           |          | Turnover (000 Tk) |
|------------------|--------------------|-----------|----------|-------------------|
|                  | This Week          | Last Week | Change % |                   |
| Bank Asia        | 230.25             | 233.25    | 1.30     | 28,090            |
| One Bank         | 171.25             | 171.25    | -        | 16,995            |
| Square Textile   | 42.60              | 42.10     | -1.17    | 16,814            |
| Prime Bank       | 366.00             | 368.00    | 0.55     | 12,678            |
| Standard Bank    | 169.75             | 172.25    | 1.47     | 11,755            |
| Southeast Bank   | 236.50             | 236.75    | 0.11     | 11,188            |
| Shinepukur Hold. | 32.25              | 32.00     | -0.78    | 10,049            |
| Beximco Pharma   | 37.20              | 38.00     | 2.15     | 9,558             |
| BD. Online       | 24.00              | 25.00     | 4.17     | 9,223             |
| Lafarge Surma    | 120.25             | 123.50    | 2.70     | 8,561             |

## Recently Listed

| Company             | Subscription Period        | IPO (M.Tk) | Private Placement (M.Tk) | Trading started on DSE on |
|---------------------|----------------------------|------------|--------------------------|---------------------------|
| Lafarge Cement Ltd. | Surma November 10-15, 2003 | 150        | 743.90                   | December 29, 2003         |
| Bank Asia Ltd.      | September 21-22, 2003      | 200        | 100                      | January 08, 2004          |
| Jmi Bangla Co. Ltd  | November 02-06, 2003       | 30         | 20                       | January 11, 2004 at CSE   |

**Yawer Sayeed, Managing Director & CEO**  
**Wasiq al Azad, Head of Operations**  
**Laila Mahmuda Shilpi, Manager**  
**Gazi Afshana Banu, Executive Officer**

## Technical Talk

### Market show bearish sign

DSE General Index and DSE-20 slumped over the week. During the past week, the blue chip DSE-20 went down by 11.05 points (0.92%) closing at 1195.35 (base 1000 on January 01, 2000); and at the same time, the DSE General Index (A & B Category) fell by 11.775 points (1.23%) to close at 946.09.

Based on the daily charts of DSE movement, used to track short-term trends, the technical readings are as under:

### Moving Average

The DSE General Price Index is below both the 9day and 18-day and the moving average line.

### Relative Strength Index (RSI)

The RSI indicator has showed a downtrend and currently RSI is 50.06.

## Initial Public Offering

| Company                | Subscription Period      | PO (M.Tk) | Private Placement (M.Tk) | Purpose of the issue  |
|------------------------|--------------------------|-----------|--------------------------|---|
| Jago Corporation Ltd.  | July 08-09, 2003         | 20        | 20                       | Construction of factory and purchase of machineries                         |
| Mercantile Ltd.        | bank October 21-22, 2003 | 213.19    | 106.575                  | To expand banking and investment business                                   |
| Dafodil Computers Ltd. | October 07-12, 2003      | 45        | 30                       | To finance working capital and to procure equipment for PC assembling plant |

## Top 20 Market Capital

Tk million

|                      |       |                   |       |
|----------------------|-------|-------------------|-------|
| BATBC                | 7,879 | Rupali Bank       | 1,576 |
| Lafarge Surma Cement | 7,012 | Padma Oil         | 1,561 |
| SquarePharma         | 6,283 | Glaxo Smith       | 1,474 |
| Islami Bank          | 5,013 | Heidelberg Cement | 1,455 |
| Eastern Bank         | 2,751 | Bank Asia         | 1,390 |
| Prime Bank           | 2,565 | Southeast Bank    | 1,377 |
| Singer Ba ngladesh   | 2,546 | Dhaka Bank        | 1,260 |
| BOC                  | 2,199 | Square Textile    | 1,080 |
| Bata Shoe            | 2,160 | ACILtd.           | 1,065 |
| Beximco Pharma       | 1,898 | NCC Bank          | 1,039 |

## Exchange Rate

|     | This Week |          | Last Week |          | Change % |       |
|-----|-----------|----------|-----------|----------|----------|-------|
|     | T.T/O.D   | BC       | T.T/O.D   | BC       | T.T/O.D  | BC    |
| USD | 59.1500   | 59.2000  | 59.1500   | 59.2000  | 0.00     | 0.00  |
| EUR | 75.6765   | 75.7405  | 75.6174   | 75.6813  | 0.08     | 0.08  |
| GBP | 109.1318  | 109.2240 | 109.2205  | 109.3128 | -0.08    | -0.08 |
| AUD | 46.5274   | 46.5667  | 46.6220   | 46.6614  | -0.20    | -0.20 |
| JPY | 0.5611    | 0.5616   | 0.5647    | 0.5652   | -0.64    | -0.64 |
| CHF | 48.2897   | 48.3305  | 48.5075   | 48.5485  | -0.45    | -0.45 |
| CAD | 45.8456   | 45.8844  | 46.2833   | 46.3224  | -0.95    | -0.95 |
| HKD | 7.6249    | 7.6313   | 7.6262    | 7.6326   | -0.02    | -0.02 |

## Based on Standard Chartered selling rates to public in Taka.

Notes: USD-US dollar, GBP-Great Britain Pound, AUD-Australian Dollar, JPY-Japanese Yen, CHF-Swiss Franc, CAD-Canadian Dollar, HKD-Hong Kong Dollar.

## Corporate Announcements

- National Tubes: un-audited half-yearly accounts as on 31 Dec '03 with net profit after tax of Tk17.86m and Tk91.12m reserve and surplus of as against Tk0.29m and Tk44.77m on 31 December 2002.
- Eastern Cables: un-audited half yearly accounts as on 31 Dec '03 with net profit after tax of Tk7.27m with Reserve and Surplus of Tk238.52m as against Tk10.60m and Tk225.93m as on 31-12-02.
- MIDAS Finance un-audited half-yearly accounts as on 31 Dec '03 with net profit after tax of Tk6.90m with EPS of Tk6.46.
- Eastern Lubricant: cash dividend @ Tk2.50 per share of Tk10 each, for the year ended June 30, 2003.
- Padma Oil: cash dividend @ of Tk5.00 per share of Tk10 each, for the year ended June 30, 2003.

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