

DSE turnover drops 49pc in two days

Institutional investors' less interests blamed

STAR BUSINESS REPORT

When turnover on the Dhaka Stock Exchange (DSE) recorded its highest after 1996 on Monday, the turnover dropped by Tk 39.35 crore, or 49.26 per cent, just in two days. The turnover on the premier bourse declined to Tk 40.52 crore yesterday while it was Tk 79.87 crore on Monday and Tk 50.52 crore on Tuesday. Market analysts said the institutional investors like banks and financial institutions, which play an important role in keeping the market vibrant, were less interested in putting money in the market yesterday. They also attributed the recent upward trends, which reversed a prolonged bearish trend since the second half of 2005, mainly to pre-election spree, coupled with a series of positive corporate culture and a

relatively peaceful political environment. Besides, they said, liquidity situation on the stock market also improved in recent times as the inter-bank call money rate eased, which encouraged the institutional investors, including merchant banks, to channel their funds to the stock market. "Fresh funds are coming into the market," a DSE broker said, adding that with the improvement of liquidity situation at the money market recently, large investors became active and market achieved an upward trend. "The upward trend also drew huge number of small investors into the usual trading," the broker said. DSE Chief Executive Officer Salahuddin Ahmed described such ups and downs in the stock market as a natural phenomenon. "However, participation of the institutional

investors in the bourse was less than it was in some previous days which prompted the DSE to witness the low turnover," he said. Although the turnover declined on the DSE, the bourse closed higher with gainers outnumbering losers. The DSE General Index rose by 7.90 points or 0.51 per cent to close at 1539.71789 points from Tuesday's 1531.81 points while the DSE All Share Price Index increased by 16.59 points or 1.36 per cent to close at 1230.43 points from 1213.84 points on previous trading day. A total of 40,24,473 shares of 198 issues worth Tk 40.52 crore changed hands on the DSE yesterday. Of the issues traded, 108 closed in gains, 54 suffered losses and 36 remained unchanged. **RUPALI BANK'S SHARE PRICE UP** As an Appellate Division of Supreme Court on Tuesday sus-

ended for a week the execution of the High Court's stay on the process of selling the state-run Rupali Bank, share price of the bank went up by 15.11 per cent to close at Tk 1152 yesterday while the price went as high as Tk 1200 on the same day. On the Chittagong Stock Exchange (CSE), share price of Rupali Bank went up by 17.74 per cent to close at Tk 1176.25. Market sources said many investors are putting their money in the banking company as the selling process of Rupali Bank is going on. Rupali ended up as the day's second best gainer on DSE and top gainer on CSE. A total of 32,110 shares of Rupali Bank worth Tk 3.70 crore were traded on DSE yesterday while 30,040 shares worth Tk 3.53 crore changed hands on CSE.

T&T incoming free on all Banglalink connections

Banglalink now offers free T&T incoming calls facility to its customers. This facility is available on all prepaid and post-paid standard and m2m plus connections, says a press release.

This means, from now on the users of standard and m2m connections will not have to pay any charges for receiving T&T calls. This offer is applicable for all prepaid standard & m2m plus connections under ladies first, be linked and postpaid connections under upper-class, professional and call & control packages. To make this free T&T incoming calls facility available for all segments of customers, banglalink prepaid standard connection, which gives the facility to make any international calls anywhere in the world, will be available at only 499 taka including a free 220 taka worth talk time. Also the existing prepaid users of m2m & m2m plus, ladies first! be linked! and bonus offer packages can easily migrate to standard connection by paying a nominal migration fee and can enjoy this free T&T incoming call service, according to the release.

ADP implementation rate slows down in FY06

STAR BUSINESS REPORT

Despite the government's efforts to put up the pace of the Annual Development Programme (ADP) implementation, the rate of its implementation in the last fiscal year (2005-06) was slower by one percentage point than that in FY 2004-05.

Of the Tk 21,500 crore ADP for FY '06, Tk 19,472 crore or 91 per cent was spent while Tk 18,771 crore or 92 per cent of Tk 20,500 crore ADP was spent in FY '05. The planning ministry at a meeting of Parliamentary Standing Committee yesterday identified 26 reasons for this slower pace of ADP implementation. The reasons include delay in appointing project directors and frequent transfer of project direc-

tors, lack of commitment among the project bidders, sluggishness in issuing project orders and reaching construction materials to the project areas, insufficient fund allocation for projects, and delays caused by donors' conditions and natural disasters.

However, Chairman of the standing committee Akbar Ali told The Daily Star that excluding the 26 reasons, political unrest, especially hartal and strike are some of the major reasons for slower pace of ADP implementation.

The performance rates in ADP implementation in the last fiscal year by 26 of the 45 ministries represented in the yesterday's meeting were below the average 91 per cent implementation rate. These ministries include internal resources (zero per cent), land (34 per cent),

planning (28 per cent), information (62 per cent), and law (73 per cent).

The ministries performing above average include housing, labour and employment, and youth and sports (all 98 per cent), shipping, primary and mass education, and cultural (all 97 per cent).

In FY '05 the Tk 22,000 crore original ADP was downsized to Tk 20,500 crore, of which finally Tk 18,771 crore could be spent. In the same way, the Tk 24,000 crore original ADP for FY '06 was trimmed to Tk 21,500 crore and finally Tk 19,472 crore was spent, sources said.

The government set the original ADP at Tk 26,000 crore for the current fiscal year.

WB FUND FOR INFRASTRUCTURE

Private sector seeks low interest rate

UNB, Dhaka

Potential entrepreneurs here yesterday said they find it difficult to avail of a World Bank fund for investment in the power sector for high equity participation and procedural complexities.

They said the interest rate for the fund should not be more than 12 per cent while the maximum equity should be maximum 20 per cent and the procedures need to be simplified.

Their concern and suggestions came from a workshop on "Investment Promotion and Financing Facility (IPFF)" project at the Bangladesh Bank conference room.

"If the interest rate is not less than 12 per cent, investment won't be viable... 30 per cent equity is very high for a power sector project," Bangladesh Energy Companies Association (BECA) President Moazzam Hossain told the workshop.

International Development Association (IDA) of the World Bank would provide an initial credit of US\$50 million with an assurance to increase the fund size for the project under an agreement with Bangladesh signed on June 1, 2006.

The IPFF is expected to be formally launched by early next month.

The workshop was told that the Bangladesh Bank would administer the project through selected commercial banks and non-bank financial institutions (NBFIs) to promote government-endorsed infrastructure development by private sector entrepreneurs.

The government will contribute US\$ 10 million to the facility while the central bank will provide the facility to the banks and NBFIs at an average interest rate on government bonds.

The banks and NBFIs will provide loans to the entrepreneurs, particularly of the power sector, at a rate to be negotiated on the basis of market situation.

The World Bank will provide the loan for 20 years with a grace

period of 10 years and the tenure of the project will be of 5 years (2006-2011).

Under the project, the government has given special priority to power generation followed by port development, environmental, industrial and solid waste management projects, highways, expressways, and water supply.

To avail of the facility, the projects would require at least 30 per cent equity from the private entrepreneurs while the participating financial institutions (PFIs) will finance 20 per cent and the rest will be financed by the IPFF.

Bangladesh Bank executive director and IPFF project director Mohammed Abul Quasem, World Bank lead financial sector specialist for South Asia Region Juan Costin, procurement analyst Marghoob Bin Hussein and IFC CEO Nazrul Islam made presentations on the project.

Power sector entrepreneurs of the country were present at the workshop.

Responding to entrepreneurs concerns, Juan said the procurement procedure and guidelines look more complicated than they actually are. "It's not impossible to implement... it's not that tough," he added.

He expected that the interest rate should not be beyond the average bond rate (8 per cent) plus two or three percent as service charges and margin for the PFIs.

On the equity, Juan said the percentage was very much reasonable. "I've confidence that nobody (in Bangladesh) has access to such long-term funding at a fixed rate in Taka."

Even then, he said, they are ready to hear from the PFIs whether the equity participation could be reduced.

Replying to a question, he said they had talks with the Bangladesh Bank on the limitations of single-borrower exposure. "The Bangladesh Bank has committed to exempt from the limit for a loan guaranteed by a multilateral agency."

Air India changes hand baggage rules

Air India has recently taken a number of security measures after British authorities thwarted a suspected plot to blow up planes in mid-air using liquid explosives, says a press release.

According to a revised circular issued on August 22, the airline has advised all passengers traveling from Dhaka to UK, Europe, USA and Canada to follow hand baggage rules.

One hand baggage measuring 35cms x 45cms x 16cms is permitted on Air India for passengers going to UK, Europe, USA and Canada inclusive of ladies handbag and laptops. If the passenger is carrying ladies handbag or laptop, then no other hand baggage is permitted.

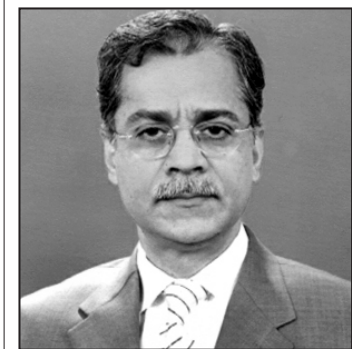
The items permissible in the hand baggage include baby formula/milk and baby food in small containers if a baby or small child is travelling; prescription medicine (liquid and gel) with a name that matches the passenger's ticket; and other essential non-prescription medicines not exceeding 4 oz. (120ml) per container to carry saline solution and eye care products such as eye drops and contact lens solution.

Liquids or gels for diabetic passengers who indicate a need for such items to address their medical condition are accepted. Quantities are limited to no greater than 5 OZ (148ml) per container. Mobile phones, Ipods, laptops and CDs are also permitted.

For destinations other than UK, Europe, USA and Canada, a small hand baggage of total dimension-length 45 inches and weight limited to 8kg may also be carried.

Prohibited items in hand baggage on all Air India flights include liquids, gels, or aerosols of any size and alcoholic and non-alcoholic beverages, shampoo and toothpaste.

New chief of Habib Bank's Bangladesh operations



Azmat Ashraf, executive vice president & regional general manager (Central & South Asia), has assumed the responsibility of Bangladesh operations of Habib Bank Ltd in addition to his regional responsibilities, says a press release.

He will be based in Dhaka. Before joining Habib Bank Ltd, he has successfully completed various challenging assignments, the last being as the president & CEO of Crescent Commercial Bank in Karachi.

Ashraf's banking career started with The First National Bank of Chicago Ltd in London after completing his MBA from a British University in 1978.

Habib Bank Limited, with its presence in 26 countries, has been operating in Bangladesh since 1976, with two branches - Dhaka and Chittagong.

Presently, it is in the process of opening two more branches in Bangladesh to make its services available to a broader section of clients.

TM's Asian investment grows 38pc

Telekom Malaysia Berhad (TM), an emerging leader in Asian communications with operations in nine Asian countries including Bangladesh, has recorded an average compounded annual growth rate (CAGR) of some 38 per cent in its Asian investments in revenue terms over the past five years (2001-2005).

This growth has been led by its Bangladesh operations (at CAGR of 60.4 per cent), followed by its Sri Lankan operations (at 41.2 per cent), says a press release.

With just over 500,000 cellular subscribers as late as 2001, TM now has more than 15 million subscribers in nine countries Indonesia, Singapore, Thailand, Cambodia, Sri Lanka, Pakistan, Bangladesh, India and Iran. This brings its total regional subscriber base, including its domestic operations, to some 24 million.

TM, headquartered in Kuala Lumpur, Malaysia, attributes this growth to the exponential demand for communications services from emerging countries throughout the region.

In Bangladesh, TM is represented via its 70 per cent stake in TM International (Bangladesh) Ltd, the second largest cellphone service provider in the country with the brand name of AKTEL, which has a subscriber base of more than four million.

Yusuf Anwar Yaacob, chief executive officer of TM's international investments holding arm TM International (TMi), said the company is pleased with the progress of its international operations. TM via its local subsidiaries holds market leadership positions in key markets over the last five years. The company's Sri Lankan subsidiary Dialog Telekom has moved to the number 1 spot, whilst its Bangladesh subsidiary TMIB has captured the number 2 position. Both its Indonesian as well as Cambodian operations are in number 3 position.

"We believe we are well-positioned to provide quality products and services to cater to the increasing demand for mobility in Asia," Yusuf told regional media present at a briefing on the sidelines of the 'ASEAN 100 Leadership Forum 2006' in Jakarta yesterday.



BRAC Bank Managing Director and CEO Imran Rahman and Agrani Bank Managing Director Syed Abu Naser Bakhtiar Ahmed sign a MoU on behalf of their banks on Tuesday. Under the MoU, BRAC bank will utilise the broader distribution network of Agrani Bank in disbursement and collection of repayment of SME loans.

Special industrial zone soon to lure KL investment

Dhaka business team tells Malaysians

UNB, Dhaka

A special industrial zone will be set up in Bangladesh with a view to luring Malaysians to invest, the Bangladesh trade and investment promotion delegation, now on a three-day visit to Malaysia, said Tuesday in Kuala Lumpur.

The delegation had a meeting with Malaysian Deputy Minister for International Trade and Industry Datuk Ahmad Husni Hanadziah.

The minister said Bangladesh has expressed its intention to further develop the existing trade and investment relations with Malaysia.

"They want to bring Malaysian investments to Bangladesh and hope to increase bilateral trade between the two countries," he told

reporters after the meeting.

The meeting was part of the itinerary of the Bangladesh-Malaysia Chamber of Commerce and Industry (BMCCI) delegation to Malaysia from August 22-24, Malaysian news agency BERNAMA reported.

The BMCCI organised a one-day seminar on "Doing Business with Bangladesh" at the Malaysian Industrial Development Authority (MIDA) office yesterday and a business matching session today.

"BMCCI comprising 22 companies are currently in the Malaysian capital to create a networking with Malaysian businesses with the hope of increasing trade," said the Malaysian deputy minister.

In 2005, total trade between Malaysia and Bangladesh stood at

RM1.6 billion and from January-June 2006 the trade amounted to RM712 million.

Abdul Matlub Ahmad, BMCCI president and head of the Bangladesh delegation, said his country is hoping to attract relocation of labour intensive industries to Bangladesh.

"We are not only looking from trade perspective, but also for Malaysian businesses to operate in our country and bring back the finished products to Malaysia," he said.

"There are a lot of sectors with potential that Malaysian businessmen can tap, such as textile, electronic and agro-based industries," he added.

Agora's 5th founding anniversary today

Agora, a leading chain supermarket in the country and a concern of Rahimafrooz Superstores Ltd, observes its fifth founding anniversary today.

Agora, which started its journey at Rifles Square at Dhanmondi in Dhaka, has now four outlets across the capital and through these outlets Agora is serving over six thousand consumers everyday, says a press release.

At the outset the chain supermarket had twelve thousand products to offer to its customers and as of today the number is twenty thousand.

Its product divisions include fish, meat, vegetables, fruits, household products, grocery, dairy & bakery, toys, newborn babies' items, crockery, crystal products, kitchen items, cosmetics, fast food, medicine and so on.

Rahimafrooz Superstores has served as a bridge between the farmers as well as producers and consumers by avoiding middlemen.

As a result the producers were benefitted financially and they have established many standard firms in the country, the release added.

Square Toiletries launches 'Spring' air freshener

A new brand of Square Toiletries Ltd named 'Spring' air freshener was formally launched through a press conference arranged at Pacific Motors Ltd in Dhaka on Sunday, says press release.

High officials of Pacific Motors Ltd, Square Toiletries Ltd and Square Pharmaceuticals were present at the launching function.

Under a promotion campaign, 'Spring' air freshener will be given as a complimentary gift with every individually purchased Nissan car, which is marketed by Pacific Motors Ltd.

300 ml Spring is now available at Tk 120.

Economists foresee slight global slowdown

STAR BUSINESS REPORT

After two years of robust economic growth, prospects for the global economy dimmed slightly in the third quarter, an about face from more than a year of rosy forecasts, according to the latest World Economic Survey by CESifo and the International Chamber of Commerce, released Tuesday. The quarterly report surveys 1,005 corporate and academic economists in 90 countries, according to a press release.

This slight tempering in expectations for business activity was seen in assessments for the world economic climate and predictions for the next six months.

The Ifo index fell to 105.6 from 111.0 the previous quarter, while prospects for the coming six months dropped to 96.5 from 108.8 previously. However, assessments of the

current economic situation continued to improve, registering 115.1 for the third quarter versus 113.2 in the second quarter.

"The present trend was set in motion in the second quarter. While the economy was still seen as favorable, expectations were starting to wane amid downward pressures brought on by steeply rising oil prices," said Gebhard Flaig, Executive Board Member of the Ifo Institute for Economic Research.

"The latest results indicate the world economy is approaching a cooling-down phase of the growth cycle," he added.

The sharpest falloff in expectations was registered in North America, where the world economic climate index dropped to 98.0 from 114.8, whereas views of the current economic environment edged up slightly. The survey indicated the US would grow at a slower but more

sustainable pace but would see a rise in inflation. For Asia, prospects for the economic climate deteriorated somewhat for the second quarter in a row.

In Europe, economists remained equally optimistic about the economic climate. "In almost all euro-area countries, the same pattern in business sentiment could be observed: assessments of the present economic situation improved, but economic expectations have been downgraded," the survey said. Only the UK bucks this trend with steady improvement seen currently and six months ahead.

As high prices for energy and raw materials feed through the world economy, experts see inflation inching up to 3.5 per cent from 3.1 per cent in the last quarterly survey. Inflation in the US is seen slightly above 3 per cent for the second year in a row. In the euro area, inflation is

expected to remain moderate at 2.2 per cent. In Asia, inflation is seen inching up slightly to 2.9 per cent.

The US dollar is viewed as fairly valued, while the euro and the British pound are considered overvalued. For the third quarter in a row, the Japanese yen is seen as undervalued.

Short-term interest rates worldwide are expected to rise in the second half of the year except in Russia, Indonesia and Brazil. The increase in long-term rates is expected to be muted in most countries.

Views on how the internet should be governed

A growing debate is emerging in government, policymaking, civil society and business circles concerning how the Internet should be governed. To foster dialogue among these stakeholder groups, the United Nations has established the Internet Governance Forum, which

will convene in Athens in October. To date, the Internet Corporation for Assigned Names and Numbers, an international non-profit, has been largely responsible for managing many of the important technical functions of the internet.

A special question in the survey asked respondents who should govern global Internet networks: business (a global multi-stakeholder forum) or governments and queried how concerned respondents are about recent attempts by intergovernmental organizations to get involved in the technical management of the Internet. A second question was aimed at determining how great a role business should play in shaping future policies affecting how the Internet is governed.

The health minister said even after meeting nearly 97 per cent of local demand, Bangladesh is currently producing and supplying

UNB, Dhaka

Nepal is keen to establish joint-venture pharmaceutical factories in Bangladesh as the medicine industry has flourished here and so there is a wide scope for marketing.

The visiting Deputy Prime Minister and Minister for Health and Population of Nepal, Amik Sherchan, placed the proposal during a meeting with Health and Family Welfare Minister Dr Khandaker Mosharrar Hossain at a city hotel on Tuesday.

He said a Nepalese delegation would be sent to Bangladesh for preparatory work in this regard.

The Nepalese minister, now in Dhaka to attend the Health Ministers' Conference of Southeast Asia Region of WHO, discussed with the host minister ways of strengthening bilateral cooperation in various fields.

The health minister said even after meeting nearly 97 per cent of local demand, Bangladesh is currently producing and supplying

high-quality medicines, including raw materials to 67 countries following the guideline of the World Health Organisation and British and American standards.

Welcoming Nepal's initiative to undertake joint venture, Dr Mosharrar Hossain said, "SAARC could provide a big umbrella in strengthening cooperation among the regional countries."

He also emphasised enhancing regional cooperation for shared uplift, saying: "It is not possible for any of the countries to proceed towards development alone."

The Bangladesh minister commented that Nepalese authority could keep the prices of goods lower in their own country by transporting cargo through Mongla Seaport.

Referring to the water-sharing issue, Mosharrar also said Bangladesh has been trying to undertake an integrated initiative with India and Nepal to resolve the water-sharing problem.