

STOCKS	
DSEX	CSCX
▼ 1.32%	▼ 1.20%
4,400.14	8,109.28

COMMODITIES		As of Friday
	Gold	▼
	\$1,551.70	(per ounce)
	Oil	▲
	\$68.60	(per barrel)

ASIAN MARKETS				Friday Closings
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▼ 0.39%	Closed	▼ 0.41%	▼ 0.05%	
41,464.61		3,238.82	3,083.79	

CURRENCIES					STANDARD CHARTERED BANK
	USD	EUR	GBP	JPY	
BUY TK	83.95	92.87	109.24	0.76	
SELL TK	84.95	96.67	113.04	0.80	



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BUSINESS

DHAKA MONDAY JANUARY 6, 2020, *POUSH 22, 1426 BS* starbusiness@thedailystar.net

ICB caving in under burden to prop up stocks

Racing towards losses

AHSAN HABIB

Investment Corporation of Bangladesh is metamorphosing into a loss-making concern for making supporting the stock market its chief objective rather than making money, fattening the list of unprofitable state-owned enterprises.

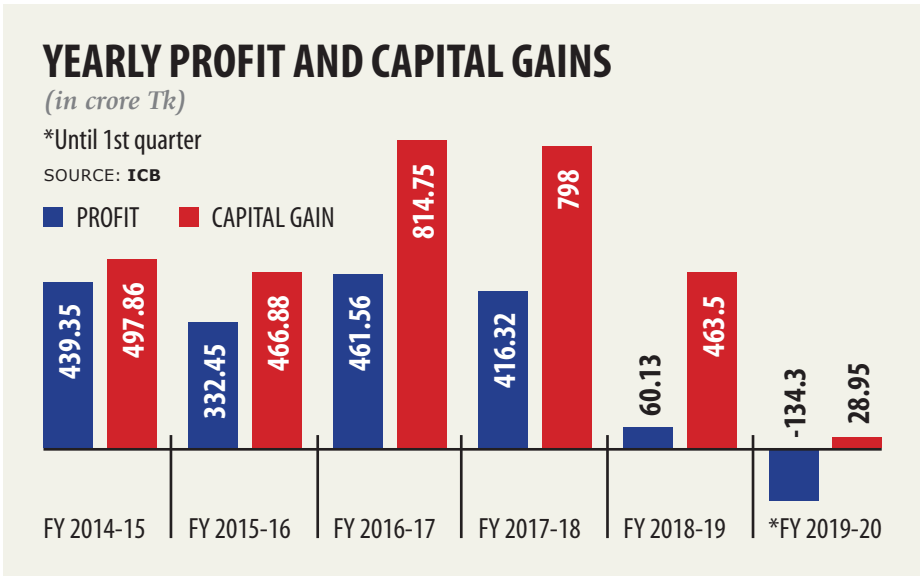
In the first quarter of fiscal 2019-20 the listed investment bank incurred losses of Tk 134.30 crore, when it had not seen losses in the last 12 years at least, as per its available annual reports.

Yet, it has no plan for boosting its revenue; it is just biding its time and waiting for the stock market to pick up -- to get back to green.

"ICB is the only one propping up the market, so it could not sell shares when necessary," said its Managing Director Md Abul Hossain.

The problem started from the last fiscal year, when its profits plunged to a 12-year-low of Tk 60.13 crore due to a big blow from capital gain, its biggest income source.

Capital gain, which refers to the profit earned by selling shares at a price higher than their buying price, had dropped about



42 percent year-on-year to Tk 463 crore.

During the period, DSEX, the benchmark index of the Dhaka Stock Exchange, surged 99.21 points, or 1.86 percent, to 5,430.04. "If we sold shares at that time the index would have sunk. As we didn't sell shares to support the market, our capital gain eroded."

Though the government formed ICB in 1976 to support the market it enjoys same advantages of private one.

"If we find funds with zero interest then we can continue to support the market and make profit," the managing director said.

"It's true that if we

continue to buy shares and not sell our losses will only get bigger," he said adding if the stock market rises then ICB may book profit in future.

ICB's portfolio value stood at Tk 12,624.74 crore at the end of fiscal 2018-19.

Had the company sold off its holdings on June 30 last year it would have garnered losses of about Tk 1,017.53 crore. Were those shares sold now the losses would have been even bigger.

ICB must invest in a way that its long-term viability is ensured, said Mizanur Rahman, professor of the Accounting and Information Systems department of the Dhaka University.

"They are supposed to be more professional about their investment

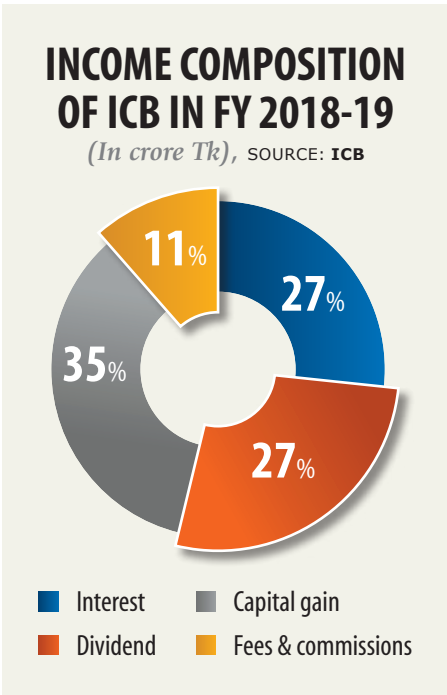
decisions as it uses public money. So they must target profit-making."

He also called for more institutes to come forward to play the role of the market makers and lighten some of ICB's load.

Market makers are authorised to keep the prices of shares within a certain range through buying and selling securities based on fundamentals of companies depending on the market situation.

The commission framed the market maker rules in 2000 and amended them on June 13, 2017.

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Widening revenue shortfall raises alarm

SOHEL PARVEZ

Revenue collection deficit from target widened further in November despite the pace of overall collection growth last month compared with October, according to provisional data of the National Board of Revenue (NBR).

The tax collector logged nearly Tk 83,700 crore in July-November of the current fiscal year, trailing the target by Tk 27,000 crore.

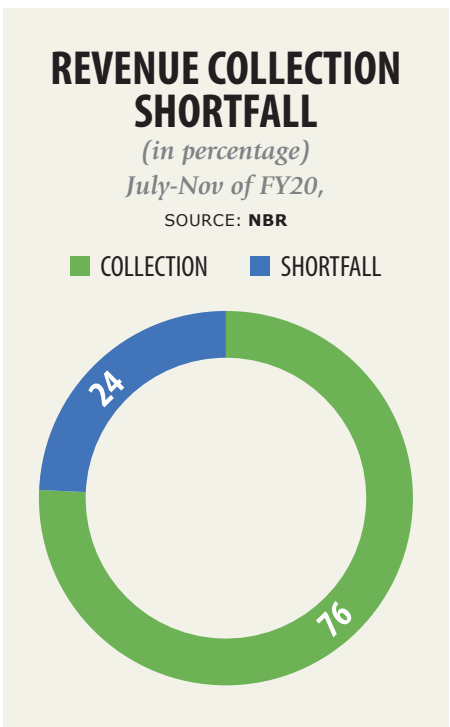
Until October, the NBR was Tk 20,000 crore behind its target -- a situation that has already forced the government to depend more on bank borrowing, raising concerns of a credit crunch and slowdown in implementation of development projects.

Overall, tax receipt growth slowed by 5 percent year-on-year in July-November of fiscal 2019-20 from Tk 79,700 crore in the same period a year ago.

The NBR's collection had grown 7 percent in July-November of 2018-19.

"Good thing is that overall collection increased last month compared with the collection in October. Both VAT and income tax receipts grew," said a senior official of the NBR seeking to remain unnamed.

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Exports still in choppy waters

REFAYET ULLAH MIRDHA

Export earnings fell 5.84 percent year-on-year to \$19.3 billion in the first six months of the fiscal year mainly because of lower shipment of apparel items.

The receipt between July and December was also 12.77 percent lower than the half-yearly target of \$22.12 billion. Of the six months, shipment rose only in July and December, data from the Export Promotion Bureau (EPB) showed.

Export rebounded in December with Bangladesh fetching \$3.52 billion in the month, registering a 2.89 percent year-on-year growth.

In the first half, the shipment of apparel, which usually makes up more than 80 percent of national exports, fell 6.21 percent to \$16.02 billion.

Knitwear exports were down 5.16 percent to \$8.20 billion and woven declined 7.28 percent to \$7.81 billion.

However, export earnings from apparel items improved a bit in December in comparison to November.

But the increase in December does not signify that the sector is turning around as such, said Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association.

"December and January are peak months anyway and compared to that, we haven't had any significant gain," Huq told The Daily Star in

a WhatsApp message.

The first two weeks of December remained negative while the second half picked up slightly.

"I am strongly stressing on one point: We are losing competitiveness. And we won't be able to sustain the general expectation of riding on high

tides lest we have policy support," Huq said.

The shipment of leather and leather goods, the second highest export earner after garments, kept up a falling trend, weighed down by lower global demand and lower production at tanneries.

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MONEY LAUNDERING

BB removes Mercantile Bank director

STAR BUSINESS REPORT

Bangladesh Bank has removed Md Shahidul Ahsan from Mercantile Bank's board of directors over his alleged involvement in money laundering.

Ahsan's complicity came up in a detailed investigation recently carried out by the central bank, Md Serajul Islam, spokesperson and an executive director of Bangladesh Bank, told The Daily Star.

The banking regulator issued the removal instruction to Mercantile Bank on January 2 as per the probe body's recommendation, he said.

Mati Ul Hasan, spokesperson and additional managing director of Mercantile Bank, said the lender had already complied with the instruction.

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5G, data security to have greatest impact on business

HSBC survey, IT entrepreneurs say

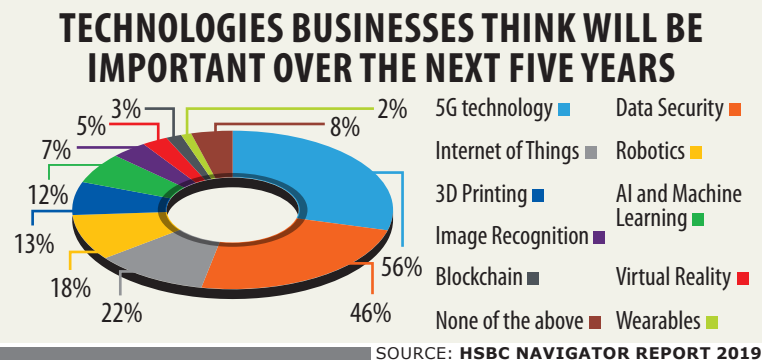
MUHAMMAD ZAHIDUL ISLAM

Fifth-generation (5G) mobile service and data security are the two major technologies Bangladeshi companies believe will have the greatest impact on businesses in the next five years, according to a recent international survey.

As many as 56 percent of Bangladeshi businesses consider 5G to be the game changer for them in the next five years, showed the HSBC Navigator survey, conducted on behalf of the international bank by Kantar, one of the largest research agencies worldwide based in London.

Of the respondents, 26 percent think 5G will improve supply chain management and 20 percent think it will enhance product and service delivery.

The report came as Bangladesh



is preparing a guideline to introduce 5G by 2021. The Bangladesh Telecommunication Regulatory Commission has until January 31 to come up with the draft guideline.

According to the survey, 46 percent companies identified data security as the second most

important growth driver.

Of the businesses, 22 percent pointed out that Internet of Things (IoT) are the next important stuffs and 18 percent stated robotics will play a significant role in the future journey.

Kantar surveyed 193 businesses in Bangladesh between August and

September last year.

Artificial intelligence (AI), 3D printing and machine learning, facial or image recognition, augmented or virtual reality, blockchain and wearables are the other technologies that will also play an important role, the report said.

"Not only technology businesses, these technologies will lead any business in the coming days," said Mahboob Zaman, an ICT entrepreneur in Bangladesh.

"5G will happen by default and that will also be vital for the business because of its ecosystem -- which is also easy to predict," said Habibullah N Karim, a policy activist and serial entrepreneur in the country.

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Biman resumes Manchester flight

STAR BUSINESS REPORT

National flag carrier Biman Bangladesh yesterday resumed its direct flight to Manchester from Dhaka after a break of seven years.

The brand new Dreamliner 787-9 that Biman added to its fleet in December last year took off with 269 passengers at 12.55pm for the major city in the northwest of England.

In September 2012, Biman suspended its flight to Manchester, a home to around 90,000 Bangladeshi expatriates, due to a lack of aircraft, according to a statement.

It will be the 17th international destination of the state-owned airline with flights on every Sunday, Tuesday and Thursday.

The government is purchasing brand new aircraft and opening new routes to upgrade standard of Biman, said M Mahbub Ali, state minister for civil aviation.

He spoke after inaugurating the flight at a ceremony held in the capital's Hazrat Shahjalal International Airport. Biman, which has six Dreamliners in its fleet of 18 aircraft, will soon resume its New York route and launch a new flight to Toronto, said M Mohibul Haque, civil aviation and tourism secretary.

Air Marshal (ret'd) M Enamul Bari, chairman of Biman's board; Air Vice Marshal M Mofidur Rahman, chairman of Civil Aviation Authority of Bangladesh, and Mokabbir Hossain, Biman's managing director and CEO, also spoke.

