Star Business

DHAKA TUESDAY JANUARY 19, 2010

Stocks

DGEN	▲ 0.96%	4,923.38
CSCX	▲ 0.85%	9,303.44

Asian Markets

MUMBAI	▲ 0.49%	17,641.08
TOKYO	▼ 1.16%	10,855.08
SINGAPORE	▲ 0.12%	2,912.02
SHANGHAI	▲ 0.40%	3,237.10

Currencies

	Buy Tk	Sell Tk
USD	68.55	69.55
EUR	97.09	101.31
GBP	110.38	114.81
JPY	0.74	0.79

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold	▲	$1,136.00 (per ounce)
Oil	▼	$77.81 (per barrel) (Midday Trade)

SOURCE: AFP

SEC launches market awareness campaign

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The stock market regulator has initiated a move to create awareness of capital market among retail investors through advertisement in daily newspapers.

The Securities and Exchange Commission (SEC) yesterday published an advertorial in several daily newspapers and publishing of the advertisement in other dailies will continue in the days ahead.

"With the expansion of the stock market, it is seen that hundreds of fresh investors are entering the market although they have a lack of adequate knowledge about the market and company fundamentals. Such newcomers usually run behind rumours, which poses high risks to investment," Anwarul Kabir Bhuiyan, executive director of SEC, told The Daily Star.

"Publishing the advertisement in the daily newspapers is a part of our effort to give a guideline to the retail investors, especially those who do not have adequate knowledge about the market and company issues," he said.

The advertorial read: Capital market is an investment place for justified, planned and analysis-based investment.

It said one can make both profit and loss through investment in the capital market. The investors should follow the investment guidelines while putting their money especially in the secondary market.

It is necessary to analyse a company's past record, existing strength and future prospects before making investment. It is best to invest after analysing price-earning ratio, earnings per share, dividend yield, net asset value and cash flow per share of a company, the SEC said. Investment without analysis increases risks.

The advertorial said an investor should have knowledge about securities laws, guidelines, notifications and directives issued by the SEC, and the activities of the stock exchanges.

None should take investment decision based on rumours, the advertisement read.

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Prime Minister Sheikh Hasina speaks at the inauguration of a high level Asia Pacific dialogue on the Brussels Programme of Action for LDCs at Sonargaon Hotel in Dhaka yesterday. (Story on Page 1)

LDCs seek more help from development partners

STAR BUSINESS REPORT

Finance ministers of the Asia-Pacific region's least developed countries (LDCs) yesterday sought greater assistance from development partners for the economic advancement of such countries.

They said a lack of adequate resources still remains as a key challenge for the LDCs of the region.

They were speaking at a plenary session on 'Ministerial-Level Exchange on progress towards Asia-Pacific implementation of the Brussels Programme of Action, development gaps and way forward for the LDCs'.

The session was held as part of the three-day Dhaka Meeting on High-level Asia-Pacific Dialogue on the Brussels Programme of Action for the Least Developed Countries at Sonargaon Hotel in the city.

Finance ministers, government representatives, researchers, government high-ups and experts from 15 Asia-Pacific LDCs and other countries attended the meeting to review the progresses of the Brussels Programme of Action.

The Brussels Programme of Action for the LDCs for 2001-2010, which was endorsed by the General Assembly in its resolution 55/279, represents a time-bound comprehensive poverty reduction strategy with 30 internationally agreed development goals.

AMA Muhith, Bangladesh's finance minister, chaired the session, moderated by Dr Noeleen Heyzer, under-secretary general of the United Nations and executive secretary of Economic and Social Commission for Asia and the Pacific (ESCAP).

As a panel discussant, Cheick Sidi Diarra, under-secretary general of the United Nations and high representative for the least developed countries, termed 2002-2007 as the golden period for the LDCs as the trade volume increased significantly during this time.

But, later the trade volume of the LDCs started to decline for different reasons including the latest global financial crisis, Diarra said.

"The LDCs should prioritise the productivity in manufacturing and agricultural sectors to reduce poverty," he said.

Nepalese Finance Minister and representative of the Chair of the LDC Group Surendra Pandey said remittance inflow in his country declined slightly due to the global recession.

Load shedding is impacting badly on the industrial productivity in Nepal, which is now facing the threat of food crisis, Pandey said.

"Now, we are also busy to address the security and energy issues in Nepal," he added.

In a question-answer session, Dr Atiur Rahman, governor of the central bank of Bangladesh, called upon the LDC leaders to include the reforms of financial architectures and monetary policy in the agenda of the Brussels Programme of Action for greater participation of the stakeholders.

"We can continue the participation in such programme to focus on financial sectors' reforms and monetary policy. We should support more for agricultural sectors for the development of the LDCs," Atiur said.

Thuyain Zaw, deputy minister of national planning and economic development ministry of Myanmar, advocated for widening trade scope among the member countries of the LDCs in the region.

Natan Teewe, minister of finance and economic development of island nation Kiribati, said his country is badly affected by climate change.

Steve Abana, minister of Development Planning and Aid Coordination of Solomon Islands, among others, was present at the session.

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Prof Rehman Sobhan, *left*, chairman of Centre for Policy Dialogue, shakes hands with Surendra Pandey, Nepalese finance minister, at a session of a high-level Asia Pacific dialogue on the Brussels Programme of Action for LDCs at Sonargaon Hotel in Dhaka yesterday.

$1b revenue if Bangladesh allows movement of Indian goods

Trade body study finds

PALLAB BHATTACHARYA, *New Delhi*

Bangladesh stands to earn one billion US dollars in transit fee if it allows free movement of Indian goods through its territory, views the Federation of Indian Chambers of Commerce and Industry.

This, says a study by the trade body, will help reduce trade imbalance between the two countries.

It further pointed out if goods from northeast and other parts of India were to pass through Bangladesh, it would fetch considerable transit revenue for Bangladesh besides cut in transportation time and cost for Indian goods.

The study also asks Bangladesh to identify new products for exports to Indian market and diversify its export, particularly in non-traditional sectors.

A detailed analysis of India-Bangladesh trade shows that while India's exports to Bangladesh is fairly diversified including agricultural commodities, manufactured items and heavy and medium machineries, Bangladesh's exports to India is confined to primary and resource-based products, the FICCI study finds.

Asking Bangladesh to widen its manufacturing base, the study stresses the need for increasing productivity in all sectors of that country through research and development and transfer of technology and market-based effective pricing system.

It suggests huge investment in increasing the productivity of Bangladesh's industrial sector and building its technical and technological capacity.

The recent signing of the bilateral investment protection and promotion agreement would lead to greater Indian investment in Bangladesh and greater imports to India, says the study.

To attract more investment from India, FICCI recommends single window clearance for investment proposals, setting up an industrial park for India outside Export Processing Zone with all infrastructure facilities, upgradation of tax holiday system and augmenting availability of power.

Pointing to Bangladesh's severe infrastructural bottlenecks relating to power, ports, gas and telecommunication, the study says that it significantly pushes up the cost of production, impede productivity growth and affect export competitiveness.

Another problem highlighted by FICCI about India-Bangladesh trade enhancement is that banks in northeast India ask for 100-140 percent L/C margin in case of import. Sometimes, this content depends upon the type of products to be imported and the discretion of the bank official concerned.

This problem is most prevalent in Tripura, which has better prospects for cross border trade with Bangladesh, the study says adding that this "rigid condition of depositing the entire or more value of the imported items certainly discourages the prospective importers to initiate import through land customs stations despite having substantial price competitiveness".

Indian banks lack direct correspondence arrangements with banks in Bangladesh and banking infrastructure in the northeastern region (NEI) of India for international and border trade is quite inadequate, says the study.

At present, the correspondence relationship of banks functional in the NEI are restricted to and maintained by the bank branches in Kolkata and this tremendously hampers the bilateral trade between Bangladesh and NEI as all state capitals are 1080-1680 kilometres away from Kolkata.

This huge distance as well as physical communication bottlenecks of the region make it very difficult for the exporters of both Bangladesh and northeast India to get the L/C in time, says the study, adding that sometimes it takes 20-40 days to reach an L/C to the hand of the exporters of both the sides after its opening.

FBCCI

Tariq Sayeed, 2-L, outgoing president of Saarc Chamber of Commerce and Industry, hands over a flag as a token of the chamber's presidency for 2010-11 to Annisul Huq, president of Federation of Bangladesh Chambers of Commerce and Industry, at a ceremony in Dhaka on Sunday. (Story on B3)

Indicators bright in Bangladesh

Country review paper says

STAR BUSINESS REPORT

Bangladesh has made remarkable progress in macroeconomic management, despite a range of constraints, both internal and external, a country review paper said.

The paper, prepared by the Economic Relations Division on the implementation of the Brussels Programme of Action for the least developed countries, listed a series of achievements, including acceleration of economic growth, gradual decline of budget deficit and high rate of export and import growth and a steady rise of foreign currency reserve.

The GDP (gross domestic product) growth rate was 6.21 percent in fiscal 2007-08, but it edged down to 5.9 percent in 2008-09 due to the impacts of the global financial crisis, the report said.

The rate of inflation also dropped to 6 percent in September-October 2009 from 9.93 percent in fiscal 2008.

Simultaneously, the revenue-GDP ratio stood at 10.92 percent last fiscal year, while the ratio is projected to be 12.2 percent by fiscal 2012.

The trend in government expenditure in the priority social sectors, like human development, building rural infrastructure and poverty reduction has also been increasing.

The review paper pointed out that a hike in the prices of food and fuel, and the global financial crisis are the major macroeconomic challenges for Bangladesh.

The government has also taken reform initiatives to refurbish different sectors, including the budgetary system, financial institutions and money markets and the revenue sector.

Bangladesh has made significant progress in attaining the millennium development goals (MDG), including gender parity in primary and secondary education, enrolment in primary education and reduction in the child mortality rate.

In terms of poverty reduction, the review paper shows the rate of poverty at the national level declined from 58.8 percent in 1991-92 to 48.9 percent in 2000. The poverty rate further declined to 40 percent in 2000-2005.

Bangladesh also improved in the human development index and ranked 146th, out of 182 countries last year, the report said.

According to the paper, the challenges the country has been facing in implementing the Brussels Programme of Action are: limited investible resources, corruption and law and order situation, low capacity of project execution, population growth, poor governance, insufficient infrastructure and lack of transparency in public procurement.

EBL to acquire 60pc stake in brokerage firm

STAR BUSINESS REPORT

Eastern Bank Ltd (EBL) has received the green light from the central bank to acquire a 60 percent stake in a stock brokerage house.

With the purchase of a major portion of LRK Securities, EBL will come up with brokerage services in a bigger way.

"We have a capital market wing in our bank, but the division is small. By acquiring shares in LRK Securities, we can offer better brokerage services to our clients," Ali Reza Iftekhar, managing director of EBL, told The Daily Star yesterday.

According to a web posting on the Dhaka Stock Exchange, the EBL management is going to advise LRK management on transferring the shares in accordance with the prevailing rules and regulations.

EBL, with existing paid-up capital worth Tk 249.60 crore, was listed on Dhaka Stock Exchange in 1993.

Each EBL share traded between Tk 592.50 and Tk 602 on the premier bourse yesterday.