

# STAR BUSINESS



**NCC BANK**  
Where Credit and Commerce Integrates  
www.nccb.com.bd



**Women Entrepreneur Loan**

DHAKA TUESDAY JUNE 28, 2011, e-mail: business@thedailystar.net

## Bangladesh to mark Social Business Day

**STAR BUSINESS REPORT**

Bangladesh today celebrates Social Business Day along with about a dozen countries in an effort to contribute to solving some of the deep-rooted problems the world faces.

On the occasion, Yunus Centre, a hub of social business movement, will organise a daylong event at Sonargaon Hotel in the city, in association with Grameen Telecom Trust, Bangladesh-German Chamber of Commerce and IHS Alliance Fibreglass.

It will be a platform for businesses, nongovernmental organisations, students and citizens to learn about the latest developments in social business around the world, and the know-how to use the concept to create their own ventures to fight social problems, organisers said.

The theme for this year's event is "achieving the millennium development goals through social business".

"This year, we have dedicated the event to the idea of social business solving millennium development goals," said Nobel laureate Professor Muhammad Yunus in his greetings on the eve of the second edition of the event.

The 2006 Nobel peace prize winner has developed the concept of social business, a type of business dedicated to solving a social problem.

A social business is a non-loss and non-dividend company where investors can recoup their dividend but nothing beyond that. All profits will be used to improve the products and service offered, and/or to increase the reach of the company.

Alongside Bangladesh, Social Business Day is due to be celebrated in several countries, including Peru, Germany, Argentina, China, India, Portugal, Poland, Uganda and Brazil.

## Govt mulls black money in stocks

**REJAUL KARIM BYRON**

The government plans to allow black money in the share market under pressure from different quarters after it has proposed investment of the undisclosed money in government bonds.

The National Board of Revenue has already prepared a proposal in this regard and it will be sent to government high-ups soon.

"We will place a proposal to the government; no decision has yet been taken," an official of the NBR told The Daily Star yesterday.

The parliamentary standing committee on finance ministry and other quarters have pushed for allowing investments of undisclosed money in the stockmarket as a temporary arrangement.

The NBR official said they will place the proposal to the government high-ups taking into consideration these recommendations.

However, economists said such scope would again inflate the market artificially. Black money holders would invest in the market and eventually leave it after whitening the money, they said.

The finance ministry has also prepared an analysis report on 'underground economy' which mentions presence of a huge amount of black money in the economy. It indirectly favoured creating scope for whitening money.

Finance ministry officials said the report was prepared last month, and on the basis of the recommendations of the report a proposal has been made to give scope for whitening money through investing in government bonds.

In a post-budget press conference Finance Minister AMA Muhih said the amount of black money is 45 percent to 81 percent of the GDP in Bangladesh. The finance ministry official said the minister quoted the amount from the analysis report.

The report said about 45 percent to 81 percent of the country's economy was underground in 2010. It said, when a big portion of the economy

remains outside formal economy, it creates 'asset bubble' and it may have a negative impact on macro-economy.

It is not unlikely that there may be a link between the underground economy with the recent high prices of land and bullish trends in the capital market, the report said.

It also said the provision of whitening money did not bring much benefit to the economy. In the last four decades after the independence scope to whiten money was given on 11 occasions and from this the government got only Tk 1,400 crore in taxes, the report added.

It said only Tk 18,000 crore was whitened through these opportunities.

In the last four decades, the tax network did not expand keeping pace with the rate of development in the economy. With the economic growth, the underground economy also marked a continuous rise, the report said.

There is no alternative to bringing under the tax net the undisclosed money active in the underground economy, it said.

However, Research Director of Bangladesh Institute of Development Studies (BIDS) Zaid Bakht said the difference in the range of underground economy provided in the analysis report is so wide that it does not look like a precise estimate.

"It can be termed as a guess work, which is like counting the stars in the sky," he said.

Bakht said it is not right that if anybody buys a flat or deposits the money in bank, the undisclosed money does not play any role in the country's economy.

He said any illegally earned money should not be allowed to be legalised.

Former finance adviser of caretaker government Mirza Azizul Islam, senior economist of the World Bank Zahid Hussain and former chief executive officer of Dhaka Stock Exchange Prof Salahuddin Ahmed also strongly opposed giving scope to whiten money.

## Consumption pattern shows signs of a shift

**SAJJADUR RAHMAN**

Consumption patterns in Bangladesh have been changing to non-cereal and costly items from cereal because of a significant rise in income level.

Though the average per day intake of food items has increased by 5.5 percent to nearly 1,000 grams in 2010 from 947.8 grams in 2005, rice (main staple) consumption has gone down by 5.4 percent relative to 2005, according to the findings of the Household Income and Expenditure Survey 2010.

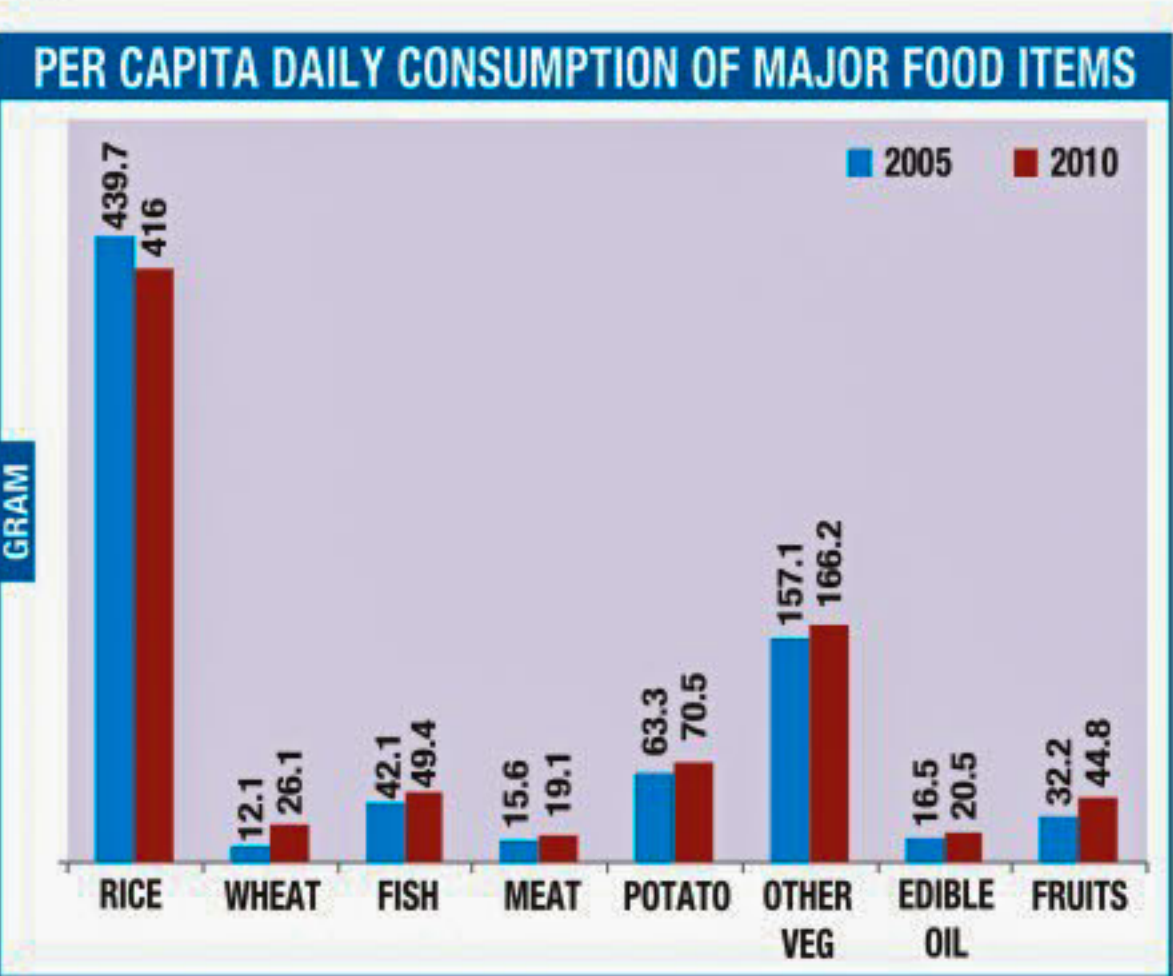
On the other hand, consumption of non-cereal foods such as fish, meat, vegetables and fruits has gone up significantly between the periods.

"The change in consumption pattern reflects a rise in income. It is a shift to a balanced diet from non-balanced one," said Mustafa K Mujeri, director general of Bangladesh Institute of Development Studies (BIDS).

The survey report found that per day per capita consumption of fish has increased by 17.3 percent to 49.4 grams in 2010, while meat by 22.4 percent to 19.1 grams.

The intake of fruits has shot up by 32.2 percent to 44.8 grams in 2010 and potatoes by 11.4 percent to 70.5 grams. Consumption of other vegetables has increased by nearly 6 percent to 166.2 grams.

Wheat consumption has grown by nearly 116 percent to more than 26 grams per capita per day in 2010 from



only 12 grams in 2005.

The shift in consumption behaviour means that people are now able to afford costly calorie-based food items than before. The cost of calorie in protein-based foods such as fish and meat is higher than the cereal-based items.

The report found that the average monthly household income has increased by more than 59 percent to Tk 11,480 in 2010, from Tk 7,203 in 2005. Household income at the rural level has also gone up by 58 percent between the periods.

But the average monthly expenditure has surpassed the income significantly. Expenditure has increased by nearly 83 percent to Tk 11,200 in 2010 from Tk 6,134 in 2005.

"As the quantity and price of food items has increased significantly between the periods, the expenditure also went up," said Mujeri.

sajjad@thedailystar.net

## Use stockmarket as source of fund: bourse leaders

**STAR BUSINESS REPORT**

The government can collect a large amount of funds from the capital market to finance its different infrastructure projects instead of borrowing from banks, said a bourse official yesterday.

"The government could collect big funds from the stockmarket instead of borrowing from international organisations for building infrastructure," said Fakhor Uddin Ali Ahmed, president of Chittagong Stock Exchange, at a press meet at Dhaka Reporters Unity.

Shakil Rizvi, president of Dhaka Stock Exchange (DSE), said the government should allow undisclosed money into the capital market alongside bonds to increase a liquidity inflow into the market.

"If the government allows undisclosed money into the market through budgetary move, the market will be stable and attract investors," he said.

Rizvi said if anyone is involved in price manipulation the person should be punished. "The government should however be watchful so that such proceedings cannot affect the market negatively."

Ahmed said the government should take a long-term policy to stabilise the market.

He said a major portion of the money which was drawn out of the stockmarket is still lying in the vaults of people. "The government should take investor-friendly policy to bring those funds back to market."



**Right, Fakhor Uddin Ali Ahmed, president of Chittagong Stock Exchange, speaks to the media at Dhaka Reporters Unity yesterday. Shakil Rizvi, president of Dhaka Stock Exchange, is also seen.**

He also added any rapid change to policies is a barrier to the growth of businesses and economy in the country.

Rizvi also refuted claims that political links played a major role behind the stockmarket debacle.

Bangladesh's stocks suffered its biggest falls in 1996 and 2010-11.

## Stocks bounce back, turnover soars to two-week high

**STAR BUSINESS REPORT**

Stocks gained sharply yesterday after top business leaders urged the prime minister to allow undisclosed money into the stock market.

Investor confidence was boosted by a meeting of industrialists with Prime Minister Sheikh Hasina on Sunday. The prime minister said she would consider the matter of undisclosed money, said AK Azad, president of the Federation of Bangladesh Chambers of Commerce and Industries, after the meeting.

DGEN, the benchmark yardstick of the Dhaka Stock Exchange, closed at 5,934, adding 93 points or 1.6 percent.

The port city's benchmark index CSCX, the indicator of Chittagong Stock Exchange, ended at 10,622, gaining 164 points or 1.6 percent.

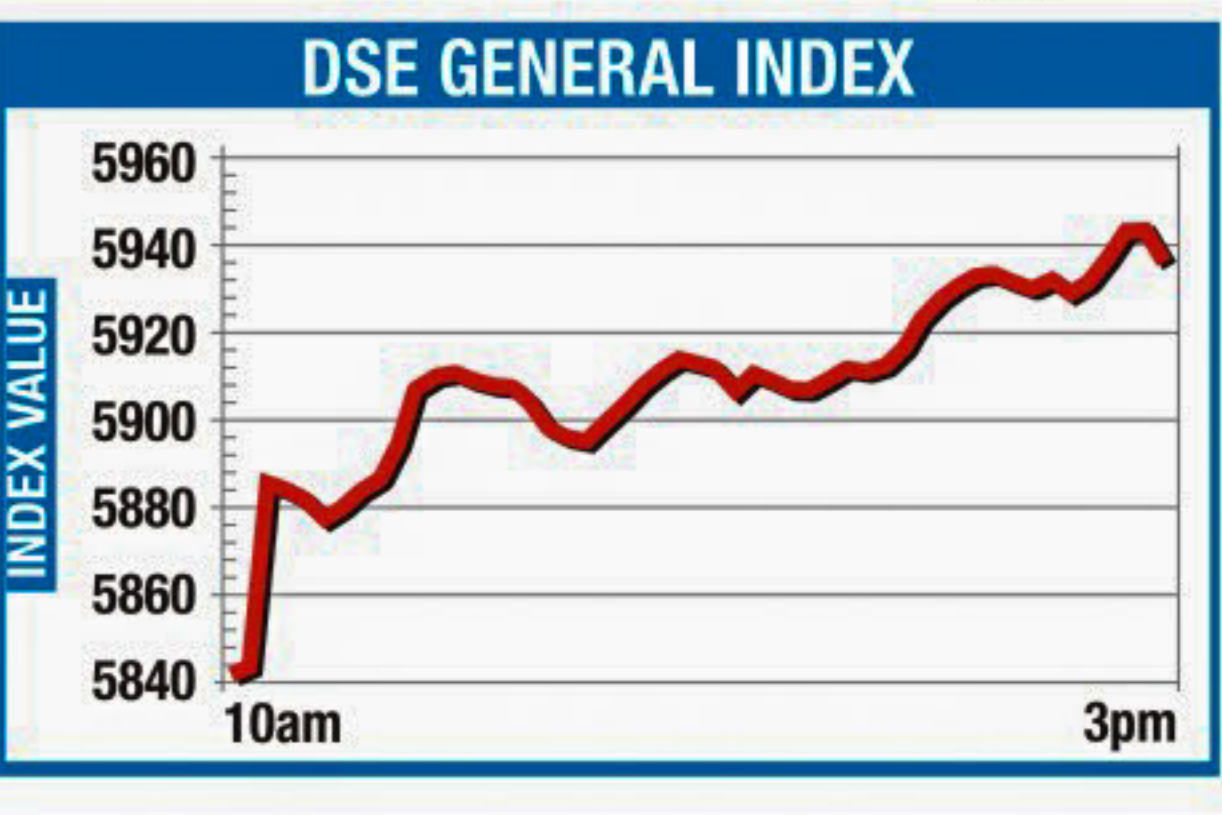
Turnover on Dhaka Stock Exchange soared to Tk 831 crore, a two-week high and an increase of 64.1 percent from the previous day's Tk 506 crore.

Trading started on the country's premier bourse and gained 40 points in the first five minutes of the four-hour trading session.

The index gained 100 points at 2:55pm, which was the highest limit of points of the day. It edged down towards the end as investors netted profits, said a stockbroker.

Prof Salahuddin Ahmed Khan, who teaches finance at Dhaka University, said the daily turnover indicated that investors continuously regained their sagging confidence.

Khan, also a former chief executive officer of DSE, said: "I have opposed



investing undisclosed money in the secondary market and the government would consider the matter for initial public offerings." He also said it will help some companies to raise capital for industrialisation.

Investors went for cheerful trading as the high officials of the state are serious about stabilising the capital market and met in a meeting with the industry leaders, said a merchant banker.

Investments of undisclosed money in the stock market are one of their important recommendations, which also inspired the investors, he said.

The central bank also issued a circular on the credit deposit ratio that would make it easier for commercial banks to invest in different sectors.

The banking sector took up almost half of yesterday's turnover. The banking sector advanced 3.71 percent, while six banks advanced more than 5 percent each.

Other major sectors also recorded gains such as non-bank financial institutions 0.51 percent, telecomms 0.27 percent, fuel and power 0.7 percent and cement 3.96 percent.

Of the total 253 issues traded on the DSE floor, 87 declined and 154 advanced, while 12 issues remained unchanged.

Southeast Bank topped the turnover leaders with 13.94 lakh shares worth Tk 42.87 crore traded.

Mercantile Bank was the biggest gainer of the day, posting a 7.42 percent rise, while the eighth ICB Mutual Fund was the worst loser, slumping by 4.58 percent.

## BB clarifies rules for credit-deposit ratio

**STAR BUSINESS REPORT**

The Bangladesh Bank said it relaxed the rules of the credit-deposit ratio (CDR) of banks so that their loanable fund rises.

In a letter yesterday, the central bank said the banks will be able to include inter-bank deposits in their total deposit while calculating their CDR.

The BB issued the letter to clear confusion about the CDR and loanable fund.

As a result of the central bank move, the banks' loanable fund could increase by Tk 5,000 crore, said a BB official.

The change will now allow com-

mercial banks to calculate their CDR including their deposits in other banks as a source of fund. Earlier the BB excluded those deposits from the denominator.

The change to CDR rules came after the banks and bankers' associations met the prime minister and the central bank governor, urging them to relax the CDR rules as the money market now faces a liquidity crisis.

In the letter, the central bank also urged the commercial banks to assess their total fund situation on a weekly basis following its guideline, which has already been prepared to clear various confusions in calculating the loanable fund of a bank.

The central bank also advised all banks to follow the framework to ensure appropriate use of credit as has been stated and that credit growth does not outrun deposits.

In February, the BB set June 30 as deadline for bringing down the CDR of commercial banks to an authorised level. According to a central bank directive, the general banks must maintain a CDR of 85 percent, while it is 90 percent Islamic banks, capping their investment limit.

The directive came after it was found that many banks were involved in risky banking by investing more than 100 percent of their deposits.

## India growth to overtake China: economic adviser

**Reuters, Washington**

India's growth rate is poised to overtake China's within two to three years, despite a near-term slowdown, the finance ministry's chief economic adviser Kaushik Basu said on Monday.

Basu told a conference that it was necessary for India to throttle back growth in the short-term to control inflation and preserve long-term growth prospects.



**MTB RUBY**  
Pleasure of Being Unique  
Exclusive Savings Account for Women

মিউচুয়াল ট্রাস্ট ব্যাংক লিমিটেড  
**Mutual Trust Bank Ltd.**  
www.mutualtrustbank.com