

# Stocks gain after six days of losses

STAR BUSINESS REPORT

Stocks broke a six-day losing streak yesterday as investors went for buying amid renewed optimism.

The benchmark General Index of Dhaka Stock Exchange finished the day at 4,700 points, after gaining 68 points or 1.48 percent. The DGEN had lost 391.78 points in the last six trading days.

The market opened with high hopes and the key index gained 84 points within the first 25 minutes of trading. Afterwards, the market slowed down in the mid-session amid regular sales pressure but rallied again in the last hour.

Investors counted the recent fall as "well enough", which convinced them to place fresh buy orders, but cautiously, said IDLC Investments Ltd in its market analysis.

Alongside, news of applications of sponsors or directors to the Securities and Exchange Commission regarding extension of timeline to buy minimum volumes of shares fuelled the beginning of high hopes, it said.

Non-bank financial institutions (NBFIs) was the top gaining sector, up by

4.47 percent after Bangladesh Bank's assuming a strict stance regarding regulatory compliance by the NBFIs on maintaining minimum paid-up capital.

The central bank asked the NBFIs to raise their paid-up capital to at least Tk 100 crore by June 30 from Tk 50 crore to minimise risks.

A total of eight NBFIs featured on the top ten gainers' list and three were the most traded shares of the day.

Banks gained 1.26 percent to Tk 187 crore, followed by telecom 0.90 percent, pharmaceuticals 0.75 percent and power 0.67 percent.

The turnover declined 20.64 percent, compared to the previous day. A total of 0.6 lakh trades were executed with 3.89 crore shares and mutual fund units changing hands on the Dhaka bourse.

Of the 259 issues traded on the DSE, 220 gained, 25 declined and 14 remained unchanged.

Grameenphone topped the turnover leader with 38.38 lakh shares worth Tk 7.78 crore changing hands followed by LankaBangla Finance with a turnover of Tk 7.17 crore.

# LG Corp keen to invest in power, mining

STAR BUSINESS DESK

Global telecom giant LG Corp that produces electronics, chemicals and telecommunications products is projecting Bangladesh as its next investment destination.

The country's consistent 6 percent GDP growth over the last decade charmed a five-member high-powered delegation of the company that recently visited Bangladesh.

The delegation was led by the company's Asia Senior Vice President Song Chi Ho and Managing Director for Singapore, Malaysia and Phillippines Lee Hoon Jae, according to a statement of the \$124-billion company.

During the visit, they called on a number of cabinet ministers, including Planning Minister AK Khandker, Finance Minister AMA Muhith and Commerce Minister GM Quader.

The delegation opined very high of the economic and social development that Bangladesh made over the last couple of decades, creating enabling and conducive investment atmosphere for foreign entrepreneurs.

The visitors also praised the stability

that Bangladesh maintained in regional perspective.

They underscored the need for maintaining the stability to upgrade the country to a mid-income economy.

The ministers, however, very categorically highlighted the benefits and incentives offered to the foreign investors.

They gave assurance to extend all possible co-operations to help materialise the investment projects.

Terming Bangladesh as the safest place for foreign investors, the ministers referred the friendly attitude of Bangladeshi people towards foreign nationals.

The LG delegation expressed their keen interest to invest into power, mining and agro-processing that are actually thrust economic areas as projected by Bangladesh government.

As per the present scenario, Bangladesh requires huge foreign investments in these sectors, said the officials of the company that has their offices in over 80 countries.

The delegation also called on Prime Minister's Energy Adviser Towfiq-e-Elahi Chowdhury and Bangladesh Bank Governor Atiur Rahman.



SHELTECH

Toufiq M Seraj, managing director of Sheltech, hands over a Sony Bravia LCD television to a customer of the Sheltech Basati Fair at the Sheltech Lounge on Panthapath in Dhaka yesterday.

## BB chief gets World No-Tobacco Day award

STAR BUSINESS DESK

Bangladesh Bank Governor Atiur Rahman has recently been awarded with the prestigious World No-Tobacco Day Award 2012 by the World Health Organisation in recognition of his significant contribution towards anti-tobacco movements in Bangladesh.

The award will be formally conferred on Rahman on the celebration of World No Tobacco Day today at Osmani Memorial auditorium in the capital.

In his earlier years as an academic and researcher in development economics he all along remained active in civil society campaigns against tobacco use; extensively engaging in writing, media appearances and lobbying efforts with the authorities for policy reforms.

Upon taking over as central bank governor in 2009, he introduced an anti-tobacco growing stance in credit policies, with an advisory circular dissuading banks and financial institutions in Bangladesh from extending credit facilities for growing tobacco.

Simultaneously, he has been promoting a well-orchestrated financial inclusion campaign to ensure that farmers get the needed financing support for shifting to growing other feasible and remunerative alternative crops.

Other awardees from South-East Asia Region are: Late Endang Rahayu Sedyaningih, Indonesian health minister; Praveen Mishra, secretary for health and population ministry of Nepal; Carlo Fonseca, chairman of the National Authority on Tobacco and Alcohol in Sri Lanka and Cancer Patients Aid Association in India; and Monika Arora, head of the Health Promotion and Tobacco Control, Public Health Foundation of India.

Earlier Rahman also received Sheltech Award (2010) for his outstanding contribution in developing the financial sector of Bangladesh, Indira Gandhi Gold Plaque (2011) in recognition of his contribution to international cooperation towards human progress, and Nawab Bahadur Syed Nawab Ali Chowdhury National Award 2012 by the Nawab Ali Hasan Ali Smriti Sangsad in recognition of his



DHAKA BANK

Khondker Fazle Rashid, managing director of Dhaka Bank, hands a donation cheque for Tk 6 lakh for research and poverty alleviation purposes to M Syeduzzaman, chairperson of the finance committee of International Rice Research Institute in Dhaka recently.



IBTF

Abdul Matlub Ahmad, president of Indo-Bangladesh Chamber of Commerce and Industry, announces the launch of Indo-Bangla Trade Fair at a press meet at Sonargaon Hotel in Dhaka yesterday. Kazi Wahidul Alam, managing director of Triune Exhibition and Event Management Services, was also present.

# MFIs should have succession plan

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Muhith said there are cases that organisations could not function properly and carry out their activities after the departure of their initiators.

"It is a curse. We should come out of this circle," he told the gathering of hundreds of microfinance practitioners from the grassroot level at Bangabandhu International Conference Centre.

Muhith's remark came as hundreds of MFIs carry out lending activities for low-income people all over Bangladesh, dubbed as the birthplace of microloans in the world.

Over the past three to four decades, the volume of microloans soared and helped many people come out of poverty and empower women. It has also played a role in mobilising domestic savings.

Currently, two crore families are the clients of microfinance and so far Tk 270,000 crore in loans has been disbursed to these families. At present, these households have Tk 40,000 crore in loans, said CDF Chairman Md Mosharraf Hossain.

Muhith said microfinance is one of the strong tools to reduce poverty. "But sometimes we wrongly term it as the only tool," said the minister, who was also upbeat about the poor borrowers.

"The poor are better borrowers than the rich. They repay loans. They are not like rich men who gobble up funds," he

said, adding that default rate of microfinance is only 2-3 percent.

But the percentage of default loans stands at 6-22 percent at conventional banks from where rich people borrow, he said.

"We are proud of the microfinance borrowers," said Muhith, adding that microloan receivers would get loans at 27 percent interest including charges, fixed by Microcredit Regulatory Authority, the regulator.

The minister, however, suggested the MFIs should avoid overlapping and cross-funding. The regulator should take initiative in this regard, he said.

Sir Abed said microfinance has expanded much. But more tasks remain to be done, he said, citing the need to expand micro insurance and pension schemes for the poor.

Abed also wanted the regulator to create mechanism such as a Credit Information Bureau (CIB) of Bangladesh Bank so that the MFIs get credit info of borrowers and avoid lending to the defaulters.

He also demanded the government give permission to set up microcredit banks.

"Time has come for it and there is a need for it. We expect that the government will consider the matter seriously. There are microcredit banks in other countries. It is not clear why such banks will not be set up in Bangladesh," said Abed.

PKSF Chairman Ahmad also backed the idea of establishing microcredit banks.

## Local orders cushion shipbuilders against European crisis

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The current turmoil in Europe has also dried up funds of the buyers.

"Banks are not interested to finance shipbuilding. That's why, buyers are unable to get delivery," he said but added that the current situation is temporary.

The sluggish trend in the global shipbuilding market coincides the time when another builder, Khan Brothers Shipyard Ltd, joins Western Marine and Ananda Shipyard in exporting ships.

Tofayel Kabir Khan, managing director of the newly launched Khan Brothers Shipbuilders Ltd, hoped that orders to make vessels will start coming towards the third quarter of the current year.

The company, which opened its shipyard at Meghnaghat in March this year, is working on 24 oil tankers for domestic buyers. "We will deliver six tankers by June," he said.

"We will overcome the interim period by building vessels for the local market," said Khan.

Masud Karim, managing director of Germanischer Lloyd (GL) in Bangladesh, said the frequency of queries from foreign buyers has reduced.

"The global shipbuilding market has reached the bottom of the downturn. And now, it is time to turn around. But we have to wait till 2013 for that," said Karim of GL, a ship classification and technical advisory firm.

In the meantime, the local shipbuilders should get support from the domestic market, he said.

The shipbuilders improved earnings by 14 percent to more than \$46 million during July-April of the current fiscal year from \$40.5 million in the same period a year ago, according to Export Promotion Bureau.

## BB warns banks against rising classified loans

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Recently, settlement of accepted bills has been getting delayed by many banks, according to BB officials who are getting a lot of complaints about the issue.

"I welcome the BB move. It would help repatriate money from abroad faster," said Anis A Khan, managing director of Mutual Trust Bank.

Khan said a committee comprising the bankers was formed several years ago to deal with the issue.

The meeting also discussed interest rates for deposits and lending, anti-money laundering issue and the growing pressure on the primary dealer banks.

The governor asked the CEOs to keep their promises they have made recently on the rates.

The ABB has set the maximum deposit rate at 12.5 percent and lending rate at 15.5 percent in the wake of a rapid rise in the rates after the BB withdrew its cap at the end of last year.

## Envoys of Bangladesh, India to visit Tripura

PTI, Agartala

Bangladeshi High Commissioner in New Delhi Tariq A Karim and his Indian counterpart Pankaj Saran are expected to visit Tripura on June 5 to discuss a range of trade-related issues between the two countries, a Tripura minister said yesterday.

Among the issues discussed would be the progress of construction of a bridge over river Feni at Sabroom, a border town in South Tripura district, which would connect with Ramgarh in Bangladesh's Chittagong division, said Industries and Commerce minister Jitendra Chowdhury.

They would also discuss matters regarding opening of border haats in four places of the state, which were already sanctioned by the two neighbouring countries, Chowdhury said.

He said the two diplomats would also review the conditions of the Land Custom Stations (LCS).

Earlier in 1996 the Land Custom Station at Sabroom was shut down, but the central government later ordered its opening for trade, he said.

The Tripura minister said after the visit of the two high commissioners, a high-level delegation of the two countries would arrive in Tripura and discuss issues related to trade.

Chowdhury said the two delegations would also visit Sabroom, where the survey for construction of the bridge across river Feni is in the final stage and review the sites for setting up new LCS and border haats.

Four border haats would be set up at Srinagar in Sabroom, Kashba in Sipahijala district, Kamalpur in



IBBL

Mustafa Anwar, vice chairman of Islami Bank Bangladesh, poses with new female recruits at their orientation programme in Dhaka recently. Eskander Ali Khan, chairman of the bank's executive committee, was also present.



AIIBL

SM Shameem Iqbal, vice chairman of Al-Arafah Islami Bank, presents a certificate to a participant of a foundation course in banking at its concluding ceremony at Chittagong Samity Building in Dhaka on Tuesday. Ekramul Hoque, managing director, was also present.



IDLC

Selim RF Hussain, managing director of IDLC Finance Ltd, attends a workshop on anti-money laundering for the middle management of the organisation at the Nabab Nawab Ali Chowdhury Senate Bhavan in Dhaka University recently. Md Eskander Miah, deputy general manager of Bangladesh Bank, was also present.