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Star BUSINESS

DHAKA WEDNESDAY JULY 11, 2012, e-mail:business@thedailystar.net

Stocks fall below 4,000 points as gloom thickens

STAR BUSINESS REPORT

Investors' mood does not look to pick up anytime soon as stocks yesterday slid past the 4,000 point-mark for the second time this year.

DGEN, the market tracking index of Dhaka Stock Exchange, dropped 156 points, or 3.76 percent, to close the day at 3,988.99 points.

The bulk of the fall occurred in the first 30 minutes of the day, when it dropped 110 points.

The last time the indicator fell below the 4,000 point-mark was on February 6.

Investors' went on a selling spree in apprehension of further liquidity squeeze and upcoming 'Monetary Policy Statement', according to ILC Investments' market analysis.

"Fear dominated retail investors' psychology as DGEN went below the psychological 4,000 point-mark," it said.

Ahmed Rashid, senior vice president of DSE, said the government should adopt a market-friendly monetary policy to increase credit flow to the market.

Where institutional investors would have come in handy, they too stayed away thanks to their own liquidity crunch, Rashid said.

Small investors, under the banner of Bangladesh Share Investors' Association (BSIA), staged a demonstration programme outside the DSE premises to protest the continuous fall in share prices.

Mizanur Rashid Chowdhury, president of BSIA, urged the stockmarket regulator to shut down the transaction server for the sake of arresting the extraordinary downtrend.

"In only the last three days, the DGEN registered a fall of 302 points," Chowdhury said.

Compared to the previous day, turnover rose by 12.52 percent to Tk 185 crore.

Of the 267 issues that traded on the DSE, only 13 advanced, 243 declined and 17 remained unchanged.

All major sectors fell, led by general insurance at 6.22 percent, non-bank financial institutions 5.88 percent and engineering 5.11 percent.



Finance Minister AMA Muhith, seated fourth from left, Prime Minister's Economic Affairs Adviser Mashiur Rahman, third from left, and FBCCI President AK Azad, second from left, pose for photographs with top VAT payers at a programme at Bangabandhu International Conference Centre in the capital yesterday.

Top VAT payers get awards

Tax administrator observes VAT Day across the country

STAR BUSINESS REPORT

The National Board of Revenue (NBR) yesterday awarded a total of 134 top VAT paying firms to encourage industrialists and businesses to deposit more value-added tax to the state coffers.

Nine firms got recognition nationally, while 125 firms and businesses were awarded at district levels for fiscal year 2010-11.

Finance Minister AMA Muhith handed the awards to the national-level recipients along with the 27 from the greater Dhaka region, at a ceremony at Bangabandhu International Conference Centre.

The district-level recipients took their awards from seven VAT commissionerates outside Dhaka.

The NBR organised the programme to mark the VAT Day and the launch of VAT Week (July 10-July 16) in big cities and towns to raise awareness among people of the need for VAT payment.

Prime Minister's Adviser on Economic Affairs Mashiur Rahman, President of the Federation of Bangladesh Chambers of Commerce and Industry AK Azad, NBR Member

LIST OF TOP VAT PAYERS

NAME	LOCATION
Rashidpur Condensate Fractionation Plant	Habiganj
Olympic Industries (Biscuit)	Narayanganj
AST Beverage	Narayanganj
Bangladesh Gas Fields Company	Dhaka
Koilashtila Gas Field	Sylhet
DHL Worldwide Express (Bangladesh)	Dhaka
Transcom Beverages	Gazipur
Uttara Motors	Jessore
M/S Uttara Motors	Khulna

current fiscal year, NBR aims to collect 21 percent higher tax to Tk 40,466 crore from Tk 34,304 crore a year ago.

Muhith said rising consumption contributes to the hike in collection of VAT, which is charged in every stage of value addition.

He said, in the past customs duty played a key role in the total revenue collection.

However, revenue earning from customs will reduce because of the liberalisation of trade under the current global trading regime, he said.

"We will have to collect more taxes from other sources to carry out public works, and invest in education and healthcare," he said.

The minister said the government's capacity to carry out all these tasks is still very low. But with the revenue collection increasing, the tax-GDP (gross domestic product) ratio will rise to 20 percent soon, he said.

"We want a warm relation between the tax collectors and taxpayers," said Muhith.

He said a draft VAT law has been placed in parliament for passage to replace the existing one introduced in 1991.

Exports take a blow

June shipments fall 3pc on European woes

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Exports fell about 3 percent to \$2.31 billion in June, compared to the same month a year earlier, hit by Europe's financial crisis.

Bangladesh's full-year exports grew by only 5.93 percent to \$24.28 billion in fiscal 2011-12, compared to 40.5 percent a year ago, according to government data released yesterday.

The country is well below its export growth target set by the government at about 16 percent for the just concluded fiscal year.

June is the fourth straight month that monthly earnings have declined.

"Both demand and supply side factors have contributed to this slowdown," said Prof Mustafizur Rahman, executive director of Centre for Policy Dialogue (CPD).

Rahman said recession in the Eurozone has depressed Bangladesh's exports to the region; a reduction in input prices dampened it further.

With exports flourishing in 2010-11, the government set an export growth rate at nearly 16 percent to \$26.5 billion for 2011-12.

Of total export earnings, knitwear and woven products account for 78.59 percent or over \$19 billion. Though woven witnessed nearly 14 percent year-on-year growth, knitwear had nearly a zero growth rate.

"We have been hit hard by the Eurozone financial crisis," said Fazlul Hoque, former president of Bangladesh Knitwear Manufacturers and Exporters Association.

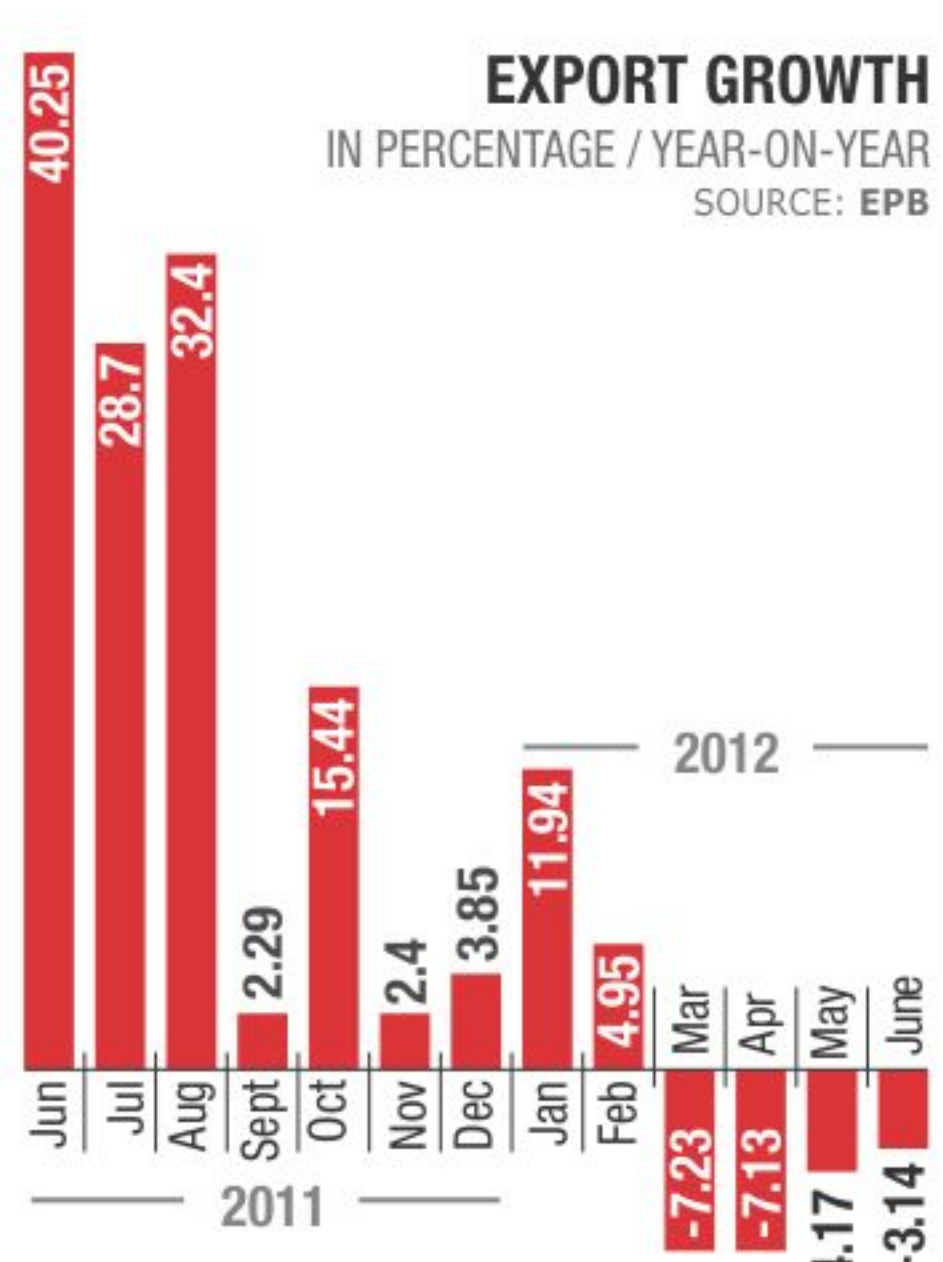
In addition, the European Union's single-step GSP facility gave an edge to Bangladesh's competitors -- Laos and Cambodia -- that produced knitwear items by importing fabrics from China, he added.

"This slowdown is a reflection of the

crisis in Europe and the US that consumes nearly 90 percent of Bangladeshi exports," said Abdus Salam Murshedy, president of Exporters Association of Bangladesh.

Murshedy, however, identified several other reasons behind the downtrend -- a declining competitive edge, persistent electricity and gas crisis and rising bank interest rates.

"No mother vessel can come to Bangladesh and we need 35 days to export to the



US, while a Chinese exporter does it in 20 days," he said.

According to Murshedy, a former president of Bangladesh Garment Manufacturers and Exporters Association, the electricity and gas situation has deteriorated further and alternative sources of energy has increased production costs.

Other exporters said the persistent impact of the global financial crisis slashed demand for goods.

Downtrend delays IPO subscription of Summit Purbanchol

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A lacklustre performance of the primary market has forced Summit Purbanchol Power Company Ltd to postpone its IPO subscription.

The primary market is losing its shine mainly due to a sluggish secondary market.

The suspension came at a meeting of the Securities and Exchange Commission yesterday, after the Summit Purbanchol requested the stockmarket regulator to postpone the IPO subscription, which was scheduled to begin on July 15.

A revised date for the IPO (initial public offering) subscription will be announced later, the SEC said in a press statement.

Earlier on April 24, the SEC approved the IPO prospectus of Summit Purbanchol Power Company, a subsidiary of Summit Power Ltd.

The company will raise Tk 135 crore from public through floating three crore ordinary shares of Tk 10 each at an offer price of Tk 45, including a premium of Tk 35.

In the recent times the newly listed companies were failing to draw considerable response both in the primary and the secondary markets.

In the primary market, the IPOs were being undersubscribed, while in the secondary market, the share prices were going down below the offer price.

Unique Hotel and Resorts Ltd, the owner of The Westin Dhaka, is the latest victim of the downtrend, as its stocks are currently being traded below the offer price of Tk 75.

On the Dhaka Stock Exchange yesterday, each Unique Hotel share was traded between Tk 71.20 and Tk 75.90, before closing at Tk 72.80.

Before Unique Hotel, the prices of Saiham Cotton Mills came down to below its IPO offer price on the trading debut.

On June 24 on its first trading day, each Saiham Cotton share, offer price of which was Tk 20 including Tk 10 as premium, closed at Tk 19.90.

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