

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DGEN	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
▼ 1.01%	▼ 0.30%	\$1,581.20 (per ounce)	\$92.18 (per barrel)	▼ 0.70%	▼ 1.43%	▼ 0.44%	▼ 0.74%	81.75	100.38	127.92	1.03
4,124.28	7,971.31			17,158.44	8,669.87	3,015.53	2,168.64	81.77	100.42	127.98	1.03

Send remittance through **MoneyGram** & **Western Union** around the World & Receive from **NCC Bank** instantly

NCC Bank Ltd.
Where Credit and Commerce Integrates
www.nccbank.com.bd

Star BUSINESS

DHAKA MONDAY JULY 23, 2012, e-mail: business@thedailystar.net

Destroyers rule stockmarket, says Muhith

STAR BUSINESS REPORT

The government's repeated attempts to stabilise the stockmarket have hindered, Finance Minister AMA Muhith said yesterday.

"We are trying to restructure the stockmarket by December and then it will be free from the control of destroyers," he said.

He was addressing at the dividend transfer ceremony of Bangladesh Development Bank Ltd at the finance ministry.

The main source of capital for industrial sector is the stockmarket, but in Bangladesh the capital market's contribution to the sector has been nominal, Muhith said.

Banks plan to come back to stockmarket

Four banks to invest Tk 900cr in two months

SAJJADUR RAHMAN

Private banks that almost went out of the capital market at the end of 2010 have decided to come back as they found the present market is good for investments.

Four such banks have already announced that they would invest Tk 900 crore in next two months. Many banks are in the pipeline to announce their investment plans, bankers said.

"We believe institutional investments would stabilise the ailing market and bring back investors' confidence," said SA Farooqui, managing director of Standard Bank.

Explaining Standard Bank's announcement to invest Tk 100 crore in two months, Farooqui said, "The market looks very lucrative for investment."

Like Standard Bank, Pubali, EXIM and NCC have got a green light of their boards to invest Tk 500 crore, Tk 200 crore and Tk 100 crore respectively in

two months.

"Other banks are also thinking to make a comeback," said Farooqui.

The central bank also sees no problem with the banks' plans to invest depositors' money in the speculative market.

"Legally, a bank can invest 10 percent of its deposits in the stockmarket, but most of the banks now have it within 1-3 percent," said SK Sur Chowdhury, deputy governor of the Bangladesh Bank (BB).

Though Bangladesh's stockmarket is retail-driven, institutions, especially banks, made hefty profits in 2009 and 2010 at the cost of these retail investments. At that time, according to BB reports, many banks invested up to 30 percent of their deposits in the stockmarket violating the law.

A huge flow of banks' money had fuelled the market and everyday transaction reached more than Tk 3,000 crore.

READ MORE ON B3

Lack of plot, gas drives out two Indian investors

REFAYET ULLAH MIRDHA

Bangladesh missed out on two big Indian investments due to the government's failure to provide industrial plots and gas connections to plants for over a year, a local partner said yesterday.

Indian fabric maker Arvind started construction after signing an agreement to produce 13 million metres of denim fabric a month with Nitool Niloy Group of Bangladesh in September 2010.

Their initial plan was to invest \$69 million in phases within three years of commencement of operation in Bangladesh, while employing more than 3,000 workers.

"Arvind left about four months ago after waiting for around a year for a gas connection to its unit," said the group chairman, Abdul Matlub Ahmed, also the president of India-Bangladesh Chamber of Commerce and Industry.

Ahmed, who had a 20 percent stake in Arvind Denim of Bangladesh, was talking to The Daily Star on the sideline of a press briefing for visiting Indian business delegations at Sonargaon Hotel in Dhaka.

READ MORE ON B3

Barua pledges SEZ for Indian investors

Confederation of Indian Industry plans to open office in Dhaka

STAR BUSINESS REPORT

Industries Minister Dilip Barua yesterday assured Indian investors of a special economic zone.

"The Indian investors deserve priority allocation of SEZ for their extraordinary assistance during our liberation war in 1971," he said.

The assurance came at a meeting with the visiting business delegation of Confederation of Indian Industry (CII) at the ministry yesterday.

The minister, however, did not specify where the Indian investors will be accommodated.

The 17-member delegation expressed their interest to invest in sectors, such as gas exploration, renewable energy, information and communication technology, capacity development of small and medium enterprises and other promising sectors in the country.

Adi Godrej, president of CII and chairman of Godrej Group, said the two countries have a historical and geographical link, which they would like to explore for mutual benefits.

"We see a tremendous business opportunity in the country due to the increase in purchasing power here," said Godrej.

"Bangladeshi economy is one of the few economies in the world which is growing even during the global recession," he added.

Currently, almost all Bangladeshi products enjoy duty-free access to India, so it would be economical to manufacture products here and export them to India, particularly the north-eastern region, Godrej said.

To facilitate economic relations

between the two neighbouring countries, he said, CII is planning to open an international office in Dhaka, to add to their international offices in Africa, Australia, China, France, UK, Singapore and the USA.

A delegation of Bangladeshi entrepreneurs will return the visit soon to learn about India's industrialisation, Barua said.

India and Bangladesh opened up bilateral trade after Indian Prime Minister Manmohan Singh and his Bangladeshi counterpart Sheikh Hasina signed a joint communiqué in January, 2010 in New Delhi.

The bilateral trade, which predominantly favours India, was enhanced when India gave Bangladesh a zero-duty benefit for majority of its products, including garment items, in November last year, following Manmohan Singh's visit to Bangladesh in September.

However, 25 Bangladeshi products, most of which are alcoholic beverages and drugs, were excluded from the zero-duty category.

According to data from the commerce ministry, Bangladesh imported goods worth \$3.26 billion during the July-February period of the immediate past fiscal year.

Additionally, it is estimated that goods worth \$3 billion are imported through informal channels every year.

Exports to India amounted to \$512 million in fiscal 2010-11, a 68 percent rise from 2009-10.

Bangladesh exported garments worth \$30.61 million during the September-March period of fiscal 2011-12, registering a 77.92 percent rise over the same period in the previous fiscal year.

READ MORE ON B3

GP's net profit rises 15pc

STAR BUSINESS REPORT

Grameenphone's net profit rose by 14.65 percent to around Tk 446 crore in April-June, compared to the same period last year.

The profit rose due to reduced SIM tax and network modernisation that brought down the operator's network maintenance costs.

Net profit of the company was reported at Tk 970 crore for the first half (January-June) of 2012, a 43 percent rise from the same period last year, the country's largest mobile operator said in a statement yesterday.

The company earned Tk 4,640 crore in revenues in the first half this year, a 7 percent increase from the same period last year.

The growth in revenue was mainly from voice, non-voice and roaming services driven by subscription growth, according to the statement.

READ MORE ON B3

Special fund to cushion small savers

Microcredit regulator plans to set up Tk 30cr fund

STAR BUSINESS REPORT

The Microcredit Regulatory Authority (MRA) plans to form a fund to minimise the risk of losses of small savers in the event of failure of a microfinance institution (MFI).

The Tk 30 crore fund, known as the Depositors Safety Fund, will be raised in six years. The government will provide Tk 5 crore to the fund and the rest will come from premiums paid by licensed MFIs.

Under the fund, a poor saver is likely to get up to Tk 3,500 in coverage if an MFI goes out of business. The amount of coverage will provide security to 80 percent of depositors in the MFI sector, the regulator said yesterday.

"It's a very good initiative. I expect the Depositors Safety Fund will be effective soon and become a support for small savers," Finance Minister AMA Muhith said at a seminar on the fund, organised by MRA at the CIRDAP auditorium yesterday.

Bangladesh Bank Governor and MRA Chairman Atiur Rahman and Palli Karma-Sahayak Foundation (PKSF)

Chairman Qazi Kholiquzzaman Ahmad also spoke at the occasion that was chaired by MRA Executive Vice Chairman Khandakar Muzharul Haque.

This is the first time MRA plans to open a fund to secure the deposits of poor savers in MFIs in line with the Deposit Insurance Scheme opened by Bangladesh Bank (BB) in 1984 to provide cushioning to depositors in banks.

The idea of floating a fund to cushion micro-savers, mostly poor, comes after the fraud at Jubok, which began operations in 1994 by providing microcredit to its members and raised deposits.

MRA says the fund will protect customers. It will also build public confidence in depositing money with the institutions and reduce the risk of systematic crisis such as panic withdrawal of deposits from sound MFIs, it adds.

Under the fund, an MFI will have to pay premiums to MRA semi-annually. The premium will be determined based on the risk based rankings of MFIs.

READ MORE ON B3

BY THE NUMBERS

Size of the fund:
Tk 30cr
To be raised in six years

Govt's contribution:
Tk 5cr

The rest of the fund to come from MFIs' premiums, investment

Depositor's coverage up to
Tk 3,500

baydevelopments.com

Luxury at your Doorstep.
Whole different world,
when you're in a Bay Apartment.

Bay
The Art of Life

0173 002 0433, 0173 002 0499

GEMCON CITY LIMITED

MEKHOLA Banani
2653 - 3700 sqft

live **BIG**

Hotline:
01755584553, 01755584552
01755584551, 01755584555

House: 44, Road: 16 (27 old), Dhanmondi, Dhaka -1209. Tel: **9138252**, www.gemconcity.com

BRAC EPL
STOCK BROKERAGE LTD
www.bracepl.com

Ramadan Mubarak

Discovering Value in Capital Markets