

# Stocks continue downward spiral

STAR BUSINESS REPORT

Stocks fell for the fourth straight day, as investors sold their shares and mutual fund units anticipating a bear-run in the market.

DGEN, the benchmark General Index of Dhaka Stock Exchange, finished the day at 4,497.07 points, after dropping 45.56 points or 1 percent.

"There is no logical reason for the massive sell-offs in the market," said Akter H Sannamat, managing director of Union Capital, while adding that small investors panicked as turnover continued to decline.

He said institutional investors should play their due role -- to boost the market sentiment.

However, the Securities and Exchange Commission should be careful against any kind of

wrongdoings in the market, he added.

"Fearful investors continued to sell off their shares at relatively lower prices. Fear of further fall has crept into the minds of the investors," said LankaBangla Securities, a leading stockbroker.

Although some individual stocks have traded counter to the market trend, it said.

"Due to market correction over the last two weeks, investors preferred cash holdings and hence were keen to realize profit or loss. As a result, turnover dropped by 50 percent from the recent peak," said IDLC Investments, a leading merchant bank.

The turnover rose 0.4 percent from the previous day to Tk 526 crore.

A total of 1.30 lakh trades were executed on the Dhaka bourse, while

the day's transaction was 13.91 crore shares and mutual fund units.

Of the 272 issues that traded on the DSE floor, 63 advanced, 197 declined and 12 remained unchanged.

All the major sectors ended up in the red: power lost 2.14 percent, banks 1.15 percent, non-bank financial institutions 1.14 percent, pharmaceuticals 0.35 percent and telecommunications 0.04 percent.

United Airways was the most traded stock of the day, with 2.13 crore shares worth Tk 53.74 crore changing hands.

Bangladesh Submarine Cable Company was the biggest gainer of the day, posting an 8.93 percent gain.

While Janata Insurance, which slumped by 12.63 percent, was the day's biggest loser.

## Eurozone launches rescue fund as Greece, Spain struggle

AFP, Luxembourg

The eurozone launches its much-awaited 500-billion-euro rescue fund on Monday, a positive backdrop for finance ministers trying to settle Greece's tortuous debt bailout and as Spain agonises over seeking a rescue.

Finance ministers of the 17-state euro bloc gather just 10 days before the European Union's 27 leaders meet in Brussels, with recent market calm giving them some breathing room after months of turmoil and anxiety over Spain's future.

The meeting will see the formal launch and inaugural board meeting of the European Stability Mechanism, a key step forward in the eurozone's defences against the debt crisis which has helped push the bloc back into recession.

The fund is not yet operational, however. Ministers will sign legal papers instituting the fund, which was initially due to enter service on July 1 but was delayed by a challenge at the German Constitutional Court.

The ESM will have 200 billion euros (\$260 billion) of working funds once the first instalments of government capital are paid in by the end of the month, on top of about another 150 billion euros still available in a temporary fund, the European Financial Stability Facility.

"It is another very important instrument with an important funding capacity comparable only with the IMF," said European Commission President Jose Manuel



Ali Reza Iftekhar, managing director and CEO of Eastern Bank Ltd, receives the CEO of the Year award at the second Asian HR Leadership Awards for his contributions to the country's post-recession economic development, at Taj Palace Hotel in Dubai recently. Hosted by Asian Confederation of Business and supported by Star of the Industry Group, the awards recognise outstanding business leaders in Asia.

## Sonali Bank gets new DMD

STAR BUSINESS DESK

Md Siddiqur Rahman has recently been appointed as deputy managing director of Sonali Bank Ltd, the bank said in a statement yesterday.

He was the general manager of Bangladesh Krishi Bank prior to this appointment.

Rahman started his career at Agrani Bank Ltd as a senior officer in 1977. He also served Rajshahi Krishi Unnayan Bank and Janata Bank as deputy managing director.



## Business leaders seek greater benefits from D-8 alliance

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"While creating employment opportunities are central to poverty reduction and raising standard of living, industrialisation and technological advancement can contribute significantly to upscale it."

"The member states of D-8 countries can be benefited through transferring technology, collaborative industrialization and co-operation in research and development," added Ibrahim.

D-8 Secretary General Widi Agoes Pratiko said the member countries need to go beyond discussions.

"We also need to focus on specific challenges facing the member countries. We need to work harder to achieve more results in the field of industrialisation."

Mohammad Moinuddin Abdullah, industries secretary, who chaired the programme, said the D-8 member countries should create an endowment fund to promote research in universities that will help in the region's industrialisation.

Shamsur Rahman, president of the Bangladesh Chamber of Industries, also spoke.

The D-8 is an economic alliance of eight developing countries with large Muslim populations: Bangladesh, Egypt, Indonesia, Iran, Malaysia, Nigeria,

## Anomalies in trade data point to capital flight: Wahiduddin

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There have been allegations that a huge amount of fund flows out of the country illegally.

Various means such as under- and over-invoicing of exported and imported goods, and hundi, an informal way of transferring fund, help in capital flight.

Another way is misusing a system -- transfer pricing -- through which divisions of foreign or multinational companies transact with each other for goods or services available in separate countries.

Some \$34.12 billion flew out of Bangladesh between the years 1990 and 2008 through the transfer pricing mechanism by foreign firms, according to an estimate by Global Financial Integrity, a Washington-based firm.

It means the country lost \$1.8 billion in capital a year during this period.

Mahmud said hundi remains beyond the official estimate.

"There are loopholes even within the official system of reporting for which capital flight can not be captured," he said, "If we do not know the volume of these transactions, how can we take measures to prevent those?"

He asked for greater surveillance of exports, imports and other foreign exchange transactions to plug the loopholes.

"It will not only help generate better BoP data but also detect money laundering and capital flight



Mohammad Abdul Mannan, managing director of Islami Bank Bangladesh Ltd, addresses a programme on "Best management practices of great companies" organised by the bank at Islami Bank Tower in the capital on Saturday.



Pradeep Shrivastava, chief marketing officer of Robi, and Tahmina Samreen Islam Ahmed, director-HR and marketing of Ejab Group, sign an agreement at the mobile operator's corporate office in Gulshan on Sunday. Under the deal, Robi will provide exclusive corporate mobile phone services to the Ejab Group.

## British finance minister outlines big new welfare cuts

AFP, Birmingham

British finance minister George Osborne said on Monday that the government will slash the welfare bill by £10 billion as it seeks to tame a massive deficit.

Chancellor of the Exchequer Osborne told his Conservative party that the world's seventh largest economy was "healing" but that Britain needed to stick to the course of tough austerity measures.

He indicated that young unemployed people were likely to see reduced housing benefit and that there could be a limit to the number of children covered by benefits for jobless people.

Osborne also ruled out a so-called "mansion tax" on big houses, a move that is likely to anger the Liberal Democrats, the junior partners in the coalition government who favour squeezing the rich.

"The great bulk of savings must come from cutting government spending, not raising taxes," Osborne said to applause from delegates at the party conference in the central English city of Birmingham.

"We have to find greater savings in the welfare bill, £10 billion (\$16.1 billion, 12.4 billion euros) of welfare

savings by the first full year of the next parliament" in 2016/17, he said.

The reductions are in addition to the £18 billion in welfare cuts that are already planned by 2015 by Conservative Prime Minister David Cameron's coalition, which came to power in 2010.

Osborne's announcement will please his centre-right party but risks cementing a reputation that the left-leaning Independent newspaper summed up in its headline: "Welcome to the Nasty Party conference."

Angry protests erupted in late 2010 in Britain over plans to raise university tuition fees, cut benefits and slash costs in the public sector.

The chancellor however defended the coalition's record in a combative speech, saying its austerity measures had inspired other governments as they battle big deficits.

"We took the risk few political parties anywhere in the world are prepared to take before an election," he said.

"The economy is healing. That healing is taking longer than we hoped, because the damage was greater than we feared. But let the message from this conference be clear: we will finish the job we have started," he said.

## IKEA moves closer to India entry, files final paperwork

AFP, New Delhi

Swedish furniture and home furnishings giant IKEA moved a step closer to setting up stores in India, saying on Monday it had filed the final paperwork with the Indian government for its entry.

IKEA in June asked India for permission to launch retail operations in the South Asian nation, promising to invest \$1.9 billion over the coming years -- part of a broader push into emerging markets including China and Russia.

"Once our application is approved we will develop a solid plan for the establishment of IKEA stores for many years to come, generating investments and new employment," group chief executive Mikael Ohlsson said in a statement.

IKEA said it filed the final document this week in connection with its application, adding it saw India as an important market for the flat-pack furnishings group which has been sourcing goods from the country for 25 years.

"We will continue to increase our sourcing in India from both existing and new suppliers," Ohlsson said.

## Robi opens new unit to run towers efficiently

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"Until it gets permission, the BICL will be run as a unit of the mobile operator," he added.

BICL will begin operations within a month, and has an authorised share capital of Tk 30 crore, of which Tk 1 crore has already been paid up.

Robi, the first mobile operator to have opened such unit in Bangladesh, serves 20.144 million subscribers and accounts for 21.08 percent of the Bangladeshi mobile market as of August 2012, according to BTRC.

It added 37 new base transceiver stations in 2012, taking its total to 8,392, geographic coverage to 89 percent of the country and population coverage to 98.7 percent.

## BBS plans to release quarterly figures on economic growth

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Mustafa K Mujeri, director general of Bangladesh Institute of Development Studies, said the BBS should frame strategies considering its capacity.

"We should set priorities at first and provide those statistics that are needed under the current five-year plan of the government, he said.

Hossain Zillur Rahman, another former adviser to a caretaker government, said ensuring the maximum utilisation of statistics should be given priority.

Rahman also gave importance to methodologies for data collection and calculation.

Riti Ibrahim, secretary to statistics and informatics division of the planning ministry, said the government is framing a statistical law, which is at the final stage now.

The capacity of the BBS should also be enhanced, she said.

BBS Director General Golam Mostafa Kamal chaired



Abhay Seth, chief sales and marketing officer of Airtel Bangladesh Ltd, and ANM Mahfuz, general manager (premium banking) of Standard Chartered Bank in Bangladesh, sign a contract at the mobile operator's office in Dhaka recently. Under the deal, Airtel will offer exclusive corporate mobile phone services to the relationship managers of priority banking.



Abdul Awal Patwary, former chairman of Social Islami Bank, opens the 79th branch of the bank at Demra in Dhaka yesterday. Muhammed Ali, managing director, was also present.



Nasir A Chowdhury, managing director of Green Delta Insurance Company, hands the people's personal accident insurance policy for the students of South East University to Professor Anwar Hossain, vice chancellor of the university, in the capital recently.