

Stocks dip on inactive institutional investment

STAR BUSINESS REPORT

Stocks declined for the third week, as investors kept selling shares and mutual fund units ahead of the Eid festival and Durga Puja, while institutional investors preferred monitor the market.

DGEN, the benchmark general index of Dhaka Stock Exchange, finished the week at 4,458.57 points, after falling 23.69 points, or 0.53 percent.

Daily average turnover declined 13.07 percent to Tk 499 crore, compared to the previous week.

"The market closed marginally lower as investors went for withdrawing fund ahead of Eid festival," said Mohammad A Hafiz, president of Bangladesh Merchant Bankers' Association.

The market declined last week as investors sold shares ahead of Durga Puja and Eid-ul-Azha, market analysts said.

Institutional investors were waiting for the third quarterly earnings declaration of some listed companies before making any long-term investment decision, they said.

"The upcoming Eid festival and initial public offerings issues pulled out a portion of fund from the market, while the investors were waiting for earnings based market movement after disclosure of quarterly earnings of some listed companies," stated IDLC Investments in its weekly analysis.

The present market situation is normal and the investors are not 'panicked' rather

they are 'indecisive' regarding future market movement, said the merchant bank.

The turnover fell sharply last week before the festivals for which the holidays will start from October 24, said BRACEPL Stock Brokerage.

Among the five trading sessions of the week, two sessions lost 55.08 points while three sessions gained 31.39 points.

Out of the 281 issues that traded on the DSE floor, 127 advanced, 143 declined and 11 remained unchanged in the week.

All the major sectors closed in the red. Telecom lost 1.85 percent followed by non-bank financial institutions 1.16 percent, pharma 0.83 percent, power 0.11 percent and banks 0.71 percent.

The highest gainer of the week was mutual fund, which gained 4.01 percent, while cement rose 3.61 percent.

The mutual fund also dominated the top 10 gainers' list as six issues of the list came from the sector.

Over the last week, energy sector issues were the most traded, accounting for 17.70 percent of the total trade, as the dividend declaration of the major companies of the sector is forthcoming.

United Airways featured in the most traded stocks chart with 9.05 crore shares worth Tk 277 crore changing hands.

Bangas was the highest gainer of the week, posting a rise of 18.44 percent, while aamra technologies was the worst loser, plunging by 18.54 percent.

FBCCI wants ease of traffic jam on Bangabandhu bridge

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The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) yesterday urged the government to deploy adequate number of traffic police at the toll plazas of Bangabandhu Multipurpose Bridge to ensure smooth transportation of cattle laden trucks ahead of the Eid-ul-Azha.

A large number of vehicles that came from the country's northern region with sacrificial animals enter the bridge at a time and create horrible traffic congestion on the bridge's toll plaza, FBCCI President AK Azad said in a statement.

All those cause severe traffic congestions also in Alenga of Tangail, Chandra of Gazipur and Baipal areas where some local truck drivers are creating panic, according to the statement.

The apex trade body appealed to the home minister, communications minister and inspector general of police to take immediate measures to ensure smooth communication system with the north Bengal for the interest of general people and passengers.

Southeast Bank's new AMD

STAR BUSINESS DESK

Mohammed Gofran has recently been promoted as the additional managing director of Southeast Bank, the bank said in a statement yesterday.

Prior to the promotion, he was deputy managing director of the bank.

He started his banking career as a probationary officer in Pubali Bank and joined Southeast as executive vice president in 2003.

An MA in economics from Dhaka University,



Pakistan suggests common currency with India for trade

PTI, Lahore

Over 1,200 items on the negative list regime for trade with India will be withdrawn in December and the time has come for the two countries to think of introducing a common currency to boost trade, ruling Pakistan People's Party leader Jehangir Badr said.

"Precisely 1,209 items on the negative list of trade with India will be withdrawn by December," Badr said while addressing a Pakistan-India Media Conference at the Lahore Press Club yesterday.

The time has come for Pakistan and India to think of introducing a common currency for countering the pressure of the dollar, pound and euro and to boost bilateral trade, he said.

Around 40 Indian journalists, who are in Pakistan for a three-day visit, attended the conference jointly arranged by the Lahore Press Club, Chandigarh Press Club and the Press Club of India in New Delhi.

Badr, who is part of a parliamentary-level peace dialogue between the two countries, mentioned how the PPP and its governments had been trying to



Md Eskander Ali Khan, chairman of the executive committee of Islami Bank Bangladesh, speaks at a conference of the bank's zonal head and corporate managers, at the Islami Bank Tower in Dhaka yesterday. Mohammad Abdul Mannan, managing director, was also present.



Bangladesh Bank Governor Atiur Rahman receives a donation of Tk 20 lakh from the representatives of Association of Bankers Bangladesh for Bannya Prani Sheba Foundation, an association that helps wild animals, at Sreemangal in Moulvibazar yesterday.

A call for businesses to work with lawmakers on better PPP models

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The observations came at a regional conference on "strengthening cooperation between members of parliament and the private sector in making PPPs more effective" at Ruposhi Bangla Hotel in the capital.

NK Singh, a member of Rajya Sabha, the upper house of Indian parliament, said parliaments have an important role to play in making the PPP projects more effective.

"If countries do not improve the business environment in the region, they will lose out," he said.

Chandimal Weerakkody, deputy speaker of the parliament of Sri Lanka, said there is a common regional mistrust among the general public about the private sector that it would extract resources selfishly and indulge in unfair activities.

"We will have to bridge this gap," he said. Farooq Sobhan, president of Bangladesh Enterprise Institute, said there should be close interaction between the private sector and parliaments through lawmakers, to have better PPP models that spur economic growth.

Lyonpo Om Pradhan, chairman of Druk Holding and Investments, Bhutan, said parliamentarians should reform regulations to cut the cost of doing business and create a congenial environment for investors.

Asif Ibrahim, president of Dhaka Chamber of Commerce and Industry, said the efficacy of a transparent policy environment and independent regulatory framework in attracting private investment cannot be undermined.

The transition path and sustainability of reforms provide a long-term policy stability thereby reducing investor risk, he said.

Malathy Knight John, head (industry and enterprise development policy research) of Institute of Policy Studies in Sri Lanka, said the lawmakers should step in and give comfort to the private sector so that they feel convinced to invest.

Jagdish Prasad Agrawal, former vice president of Confederation of Nepalese Industries, said there is a huge potential in the PPP in the region. "We just need a viable business proposition. Otherwise, businesses will not be interested."

Aftab ul Islam, president of American Chamber of Commerce in Bangladesh, said governments would have to change mindsets as they see profit made by the private sector as an unholy thing.

Debmalya Banerjee, co-chair, eastern regional council of the Associated Chambers of Commerce and Industry, India, said the lawmakers would have to align the interest of the private sector into the interest of the people.

AK Azad, president of the Federation of Bangladesh Chambers of Commerce and Industry, said if the lawmakers step in to make PPPs more effective, the private sector would grow further, which will ultimately spur economic growth.

Shawkat Ali, deputy speaker of parliament in Bangladesh, said he cannot say whether the lawmakers would be able to do it collectively. They might do it individually.

He said he hopes the lawmakers would come forward to make the cooperation between the public and the private sector more effective.

Bangladesh Enterprise Institute organised the day-long event in association with USAID, UKAID and the Asia Foundation.

A big breakthrough in tiny loans

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Locally, Orange County's Clearinghouse CDFI has made \$925 million in loans over the last 15 years to such borrowers as the Monarch School for homeless children in San Diego, the Samoan Congregational Community Church in Carson, and Native American Natural Foods, which produces buffalo meat and berry snacks on the Pine Ridge Indian Reservation in South Dakota.

Because CDFIs are closer to their customers and often less constrained by regulations than banks are, they're often better positioned to stretch out repayment periods and to provide lower rates.

"It's relationship banking on a very small scale," said Bill Luecht, a spokesman for Treasury's CDFI Fund, noting that the hand-holding often includes helping customers develop business strategies and improve their credit-worthiness. "They may work with a business for a year or more before they even make a loan."

About 2 percent of all CDFI loans over the years have been written off as uncollectable, according to Opportunity Finance Network, an industry association and standard setter.

At Opportunity Fund, the San Jose-based nonprofit that helped LA small businessman Manzo, overall defaults have totalled less than 1 percent, according to Chief Executive Eric Weaver.

Performing especially well have been the fund's roughly \$200 million in real estate loans money for affordable apartments, health clinics, community centres and other development, mostly in low-income neighbourhoods in the Bay Area.

The loss rate has been higher on about \$25 million of small-dollar business loans averaging \$7,800 each. The success rate on those microloans has been 92 percent, Weaver said, with 85 percent of the small businesses helped by Opportunity Fund still in operation.

Founded in 1995 by a consortium of banks as a way of meeting their community lending obligations, Opportunity Fund also has a "micro savings" programme that matches every dollar saved by individuals with \$2 in funds supplied by government and philanthropic sources.

Entrepreneur Paul Cruce turned to Opportunity Fund after his Albany, Calif., pastry and coffee shop failed.

He wanted to reinvent himself as a seller of gourmet coffees and teas at farmers markets. Credit dings ruled out a bank loan. The CDFI reviewed Cruce's business plan

and agreed to help his Holy Cow Coffee Co.

"The standards Opportunity Fund uses are a little different," Cruce said. "They kind of look at the person rather than the credit rating."

To participate in the two-for-one micro-savings plan, Cruce socked away \$2,000 into a savings account. Opportunity Fund then matched it with a \$4,000 grant after a year, enabling him to buy an old postal delivery van.

The fund then lent him \$4,000 last spring so he could outfit the van as the Holy Cow Espresso Express.

When it turned out that his onboard generator was inadequate, Opportunity Fund "rode to the rescue again," Cruce said, refinancing him into a three-year, \$7,000 loan at 7.5 percent interest.

"Just last Friday I picked up the truck fitted out with the new generator and now it works as intended," he said. "They are amazing people to work with."

While Cruce was helped by a standard microloan, the EasyPay loan that Manzo received has provoked the most interest in community lending circles. Opportunity Fund last month received a \$100,000 grant to expand the new loan program, provided by the Opportunity Finance Network with funding from Wells Fargo and the MacArthur and Kresge foundations.

The aim is to spread the EasyPay loans -- "a potential breakthrough product," according to Wells Fargo community lending chief Lesley Eckstein -- from a test market in Southern California to Opportunity Fund's home in the San Francisco Bay region and beyond.

Rather than rely on credit histories, the program analyses credit card and debit card sales records to determine whether the loans can be repaid at a pace the business can support.

EasyPay greatly simplifies bill collecting, since a portion of the debt is repaid every time a card is swiped. Borrowers sign up with one of two transaction processing companies that have agreed to send a predetermined percentage of card sales directly to Opportunity Fund.

Repayment of loans to buy inventory is typically targeted at 12 to 18 months; the projected payoff for equipment purchase loans is three or four years.

Still, because payments fluctuate, "we can only guess how long it will take," Opportunity Fund CEO Weaver said.

"If they're having a great sales month they'll pay down the loan quickly at a time they can afford it. When it's slow they pay less," he said. "So repayment matches cash flow."



Xpress Money, a money transfer company, organises a programme on financial literacy in Manikganj as part of its countrywide roadshow.