

Stocks start week with a big fall

STAR BUSINESS REPORT

Bourses opened the week with a big fall in stock prices yesterday, as retail investors rushed to escape the market fearing further losses.

DGEN, the benchmark index of Dhaka Stock Exchange, dropped 94 points, or 2.16 percent, to 4,253.

CSX, the main gauge of Chittagong Stock Exchange, also slid 164 points, or 1.94 percent, to finish the day at 8,283 points.

Fear factor resulted in a panic-driven selling spree among the investors following poor earnings disclosures by some banks, stockbrokers and investment bankers said.

"As the investors wanted to escape from the falling market that exhibited continuous downhill for nine consecutive sessions, including a flat session, market surpassed another session with anxiety," said IDLC Investment in its regular market analysis.

Poor earnings disclosure by some banks sparked the downturn for the overall market, said LankaBangla Securi-

ties, a leading stockbroker.

Four banks -- Southeast Bank, Standard Bank, Premier Bank and NCC Bank disclosed their third quarter earnings.

Of them, only Southeast made positive growth in net profit, while Standard and NCC made negative growth and Premier incurred losses during July-September period this year, compared with the corresponding period last year.

Losers beat gainers on both the exchanges. Of the issues traded on the premier bourse, 31 advanced and 234 declined with six securities remaining unchanged, while on the port city bourse 16 issues advanced and 154 declined with five remaining unchanged.

The DSE traded over 9.04 crore shares and mutual fund units on a value of Tk 345 crore, while 1.05 crore shares and mutual fund units worth Tk 37.47 crore changed hands on the CSE.

All the major sectors ended in red with fuel and power sector shares declining the most followed by non-banking financial institutions, banks, pharmaceuticals and telecommunications.

Govt making SME database: Barua

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Industries Minister Dilip Barua yesterday said the government is working to make a database for small and medium enterprises (SME) for the sector's development.

SME Foundation is preparing the database with the help of Policy Research Institute (PRI), a local think-tank, said Barua.

Once the database is completed, entrepreneurs will get the necessary information and guidelines on SMEs across the country, he added.

Barua spoke at a seminar on the current state and future directions for SMEs in the manufacturing sector, jointly organised by the SME Foundation and PRI.

Dr Zaidi Sattar, chairman of the PRI, said from fiscal 1997-98 to 2005-06 small manufacturing enterprises registered a 62 percent growth and medium enterprises 17 percent.

The long-term GDP contribution of the small enterprises to the manufacturing sector has been uninspiring, according to Bangladesh Bureau of Statistics data, growing from 4 percent in 1981 to 5.2 percent in 2010.

Based on the Economic Census of 2001 and 2003, the total manufacturing sector employed 37 lakh workers in 2003, of which 40.4 percent were employed in micro-enterprises, 13.1 percent in small enterprises, 7 percent in medium enterprises and the rest by large enterprises, said Sattar.

During his keynote speech, Sattar said the SMEs are now facing a number of constraints that are hindering the performance of the sector.

The constraints include weak marketing of SME products, maintaining quality, a lack of skilled technicians and workers, poor management skills, non-tariff barriers and inefficient infrastructures.

The think-tank chief said a single database is important to know a systematic time series data on the growth and evolution of the SMEs, while urging for an updated definition of SME.

ABM Khorshed Alam, the acting managing director of the SME Foundation, and Md Mujibur Rahman, the Foundation's deputy general manager, also spoke on the occasion.



Jahangir Bin Alam, secretary of India-Bangladesh Chamber of Commerce and Industry, speaks at the plenary session of "Invest North Conclave" of the Confederation of Indian Industry, at Westin Hotel at Gurgaon in India recently.

Benapole fails to reach revenue collection target

OUR CORRESPONDENT, Benapole

Benapole Customs House has failed to achieve its revenue collection target set for the first four months of 2012-13.

In the period, the customs house collected around Tk 672 crore, down by over 20 percent from the target of Tk 845.10.

Industry insiders blamed the fall on the unwillingness of businesses to use the customs house for imports to avoid strict customs rules.

The National Board of Revenue earlier set a target of Tk 2,620 crore in 2012-13 for Benapole, said Akbar

Regent to launch Dhaka-Kolkata flights in two months

FROM PAGE B1

The airline, which completes its two years of operation on Saturday, has emerged as the preferred carrier for domestic passengers, with routes to Chittagong, Cox's Bazar, Jessore and Sylhet.

"We have so far carried more than five lakh passengers on domestic routes during the last two years," said the airline's CEO.

In the last 12 months, Regent carried around 2.80 lakh passengers, Asif said, while adding that the airline has been able to maintain an average of 85 percent cabin factor.

The airline, which now operates nine flights a day, however, has not made any profits so far due to higher fixed costs.

"We are very close to touching the break-even-point," said Asif, adding that the carrier will start making profits when it launches full-fledged regional flights.

The carrier charges fares, depending on various classes, between Tk 4,000 and Tk 6,000 for a one-way trip to Chittagong.

For Dhaka-Cox's Bazar, the one-way fare is Tk 5,000-Tk 7,000, while for one-way tickets to Jessore and Sylhet the fares are Tk 2,500-Tk 4,000 and Tk 3,200-Tk 4,500 respectively.

At present, Regent, United Airways and Biman Bangladesh Airlines operate on the domestic routes, and Biman, United and India's Jet Airways fly from Dhaka to Kolkata.

"We have maintained an on-time performance of over 98 percent since inception. This has made Regent Airways the most reliable and predictable airline in the market," said Asif.

Local airlines transported 627,000 passengers on domestic routes in 2011, up by 20 percent from the previous year, according to data from the CAAB.

Myanmar plans to boost border trade with Bangladesh

FROM PAGE B1

Letters of credit with Myanmar can now be opened directly, when previously it had to be done through a third-party country, especially Singapore.

Last year, both the governments increased the consignment value through border to \$50,000 from the previous \$30,000.

"At present, there is no restriction of product coverage for border trade with Myanmar. Still, only 25 commodities are traded, and it is down to lack of promotional activities," Ahmed said.

KB Ahmed, president of Bangladesh-Myanmar Chamber of Commerce and Industry, suggested improvement of the infrastructures of Teknaf Land Port.

He also said both the governments should build warehouses along the bordering areas of the respective countries.

At present, the balance of trade between the two countries is heavily in favour of Myanmar as Bangladesh imports many food items from the neighbouring country.

During the July-April period of fiscal 2011-12, Bangladesh exported goods worth \$11.05 million to Myanmar and imported goods worth \$45.10 million, as per data from the commerce ministry.



Md Sayedul Hasan, deputy managing director of Dutch-Bangla Bank Ltd, inaugurates the 122nd branch of the bank at Keraniganj in Dhaka yesterday.



Md Ahad Ali Sarkar, state minister for youth and sports, inaugurates the 373rd branch of Rajshahi Krishi Unnayan Bank at Khejurtala under Singra upazila in Natore recently. M Shah Nowaz Ali, chairman of the bank, was also present.

Indian PM sees end of economic 'gloom and doom'

AFP, Mumbai

Indian Prime Minister Manmohan Singh has said the economic "gloom and doom" clouding the country in recent years has been dispelled and that he is determined to push ahead with further reforms.

In a speech on Saturday evening in Mumbai, Singh said that in 2006, 10 percent annual growth looked "eminently achievable" and "the sense of optimism was all pervading".

But he admitted that since then, Indian exports have shrunk and the fiscal deficit has gone up.

"Growth decelerated to 6.5 percent last year and may be only around six percent in the current year," he said. "This has damped investor sentiment."

"Doubts are being raised in some quarters about the India growth story going astray," he said at a corporate function organised by The Economic Times.

Singh vowed that a raft of reforms announced in September would revive the economy and attract foreign investment, with more policy changes in the pipeline.

"We have dispelled gloom and doom, improved the climate for foreign investment (and) are working hard to restore investor confi-

dence and the growth environment," Singh told business leaders in Mumbai, India's financial capital.

In a strongly-worded speech, Singh said that his government "bit the bullet" when introducing recent reforms, including to the retail sector that will allow global chains such as Walmart and Tesco to open branches in India for the first time.

The move has attracted fierce opposition, and many Indian states may still act to keep out giant supermarkets to protect small shop owners.

"Some of the steps were considered by many of our critics as politically impossible. We bit the bullet and did what we felt was the right thing to do," Singh said. "Undoubtedly, more needs to be done."

The reforms have already cost the ruling coalition its majority with the exit of an allied party that has threatened to bring a no-confidence motion against the government when parliament reopens later this month.

The Congress-led government has suffered a difficult second term in power amid policy paralysis, worsening economic data and corruption allegations, and is looking to revive its fortunes with the

next general elections due in 2014.

"We can, and we must, correct our own weaknesses, and create new opportunities for economic growth and employment," Singh said, pointing to recent lowering of fuel subsidies as one move to tackle the fiscal deficit.

He promised imminent changes to tax avoidance rules to address "very negative reaction from investors", and said infrastructure projects would be given rapid clearances to end one of the biggest drags on growth.

Singh also pledged action to meet soaring energy demands, crack down on middle-men and graft, and bring in a long-awaited Goods and Service Tax that would replace a thicket of state and central taxes.

The prime minister said India had experienced a "revolution of rising expectations" that had "unleashed new energies in our society and... fostered an atmosphere of great impatience and cynicism".

Critics say that his reform package was only the start of work needed to continue India's transformation over the last 20 years, and that Singh, 80, has proved too weak to drive through his legislative programme.

Govt seeks duty waiver from Turkey for apparel

FROM PAGE B1

The Turkish side said the two countries would have to sign a free trade agreement (FTA) before Ankara could withdraw the tax measure for Bangladeshi garment exporters.

Turkey is now trying to get the membership of the European Union. So, the country will require permission from the European Commission if it wants to sign the FTA, said the Turkish side.

The two sides will discuss further on the issue today, according to an official who attended the meeting.

Muhiith also said the two-day meeting aims to cement both political and economic ties.

"We have both deep political and economic relations with Turkey. We have talked about various needs for cementing our relations."

He said there are exchanges in the education sector. Protocol is needed here for equivalence, said Muhiith who led the Bangladesh side in the meeting.

Muhiith said, under the \$300 credit line from EXIM Bank of Turkey offered to Bangladesh for oil import,

there is a need to fix a counterpart bank in Bangladesh to use the credit.

State-run Bangladesh Development Bank Ltd might be chosen as the counterpart bank, he said.

At the meeting, the government also sought opportunity to export its good quality pharmaceutical products to the country, as Bangladesh's manufacturers are already shipping drugs to 83 countries in Europe, Latin America, Asia and Africa and have surplus capacity to cater other markets.

The two sides also discussed formation of joint trade committee, preferential trade agreement under Developing-8 bloc, investment, Turkish official assistance to Bangladesh, manpower export, food security, health, shipbuilding, energy, civil aviation, tourism, small and medium enterprises, agriculture, fisheries and livestock and cultural cooperation.

Emine Sendil, deputy director general (agreement) of Turkey, and Arastoo Khan, additional secretary to the ERD, led the technical sessions of the meeting.



Md Ruhul Matin, president of Cadet College Club Ltd, inaugurates the 123rd ATM booth of Mutual Trust Bank (MTB) at the club premises in Gulshan-1 in Dhaka recently. Anis A Khan, managing director of MTB, was also present.



Abu Nasser Muhammad Abdus Zaher, chairman of Islami Bank Bangladesh, speaks at a business development conference for the bank's branch managers in Bogra, Rajshahi and Rangpur zones, in Bogra on Saturday. Mohammad Abdul Mannan, managing director, was also present.



Md Rafiqul Islam, joint director of Bangladesh Financial Intelligence Unit of Bangladesh Bank, and Mohammad Abdur Rab, deputy director, attend an anti terrorism and money-laundering training organised by Eastern Bank Ltd (EBL) in Noakhali on Saturday. Mohammad Musa, EBL's head of operation risk, was also present.