

Banks lead recovery in stock prices

STAR BUSINESS REPORT

Stocks gained 2.17 percent yesterday -- the highest in three weeks -- thanks to a buying spree in anticipation of a good run.

The banking sector, which accounts for 30 percent of the total market capitalisation, registered substantial gains in the last few days to pull up the DGEN to close at 4,177 points.

"Investors preferred the most-weighted banking sector anticipating a bear run in the market," said Masrib Zahid, managing director of Cosmopolitan Finance, adding that it was encouraging to see that the DGEN was not dropping beyond the 4,000 points.

"However, it is a matter of concern that the volume is so low, which suggests low investor confidence," he said.

Turnover rose by 23.94 percent from the previous day to Tk 218 crore.

"Investors were more upbeat on the banking sector, which gained by 3.46 percent," IDLC Investments said in its daily market commentary.

"In addition, some other large cap stocks -- Grameenphone, Titas Gas and Lafarge Surma Cement -- experienced positive movements which turned it into a large cap rally," the merchant bank said.

A total of 0.75 lakh trades were executed yesterday, with 6.96 crore shares and mutual fund units changing hands on the Dhaka bourse.

All the major sectors ended in the black. Banks rose by 3.45 percent, followed by non-bank financial institutions at 3.32 percent, power 2.17 percent, telecommunications at 0.80 percent and pharmaceuticals at 0.58 percent.

Of the 260 issues that traded on the DSE, 222 advanced, 33 declined and 5 remained unchanged.

National Bank was the top traded stock of the day with its transaction of 67.22 lakh shares worth Tk 15.21 crore.

Prime Leasing and Finance was the biggest gainer of the day, posting an 8.87 percent rise, while Modern Dyeing and Screen Printing was the worst loser, slumping 6.78 percent.

India cuts growth rate forecast to 5.7-5.9pc

AFP, New Delhi

India on Monday cut its growth forecast for the current fiscal year to just below six percent, putting Asia's third-largest economy on track for its worst annual performance in a decade.

The finance ministry said "supportive" moves from the central bank would be needed even for the economy to expand at the revised level of 5.7-to-5.9 percent, down from 7.85 percent estimated at the start of the year.

The forecast came a day before the bank was expected to keep the benchmark interest rate on hold as it waits for stubborn inflation to ease, despite mounting pressure for a cut to boost the sluggish economy.

"It should be possible for the economy to improve the overall growth rate of GDP (for the year) to around 5.7 percent to 5.9 percent" from 5.4 percent in the first half, said the Mid-Year Economic Analysis tabled in parliament.

The full-year rate would be far below the near double-digit pace India set before the onset of the global financial crisis.

Private banks roll out more farm loans

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Loan disbursement target for all the 47 banks is Tk 14,130 crore for fiscal 2012-13, up only 2.39 percent from the previous year.

Of the amount, private and foreign banks will have to lend Tk 5,523 crore, with the state and specialised banks disbursing the rest.

"The farm sector is a priority for the economy and private banks should come forward and lend more to it. Otherwise, it will be difficult to meet the sector's credit demand."

Haikal Hashmi, deputy managing director of Trust Bank Ltd, said private banks are shaking off their reluctance to lend to the agricultural sector.

"Private banks' capacity to monitor loans to the farm sector used to be low and hence the wariness to lend to them. Now, there are many branches that allowed us to monitor better."

"So far, our experience in terms of recovery is very good," said the executive of Trust Bank which started lending to the farm sector in 2010.



Saifuzzaman Chowdhury Javed, director of United Commercial Bank, opens the bank's 127th branch in Enayet Bazar of Chittagong recently. Muhammad Ali, managing director, was also present.



Kazi Samiur Rahman, head of retail business at Industrial Promotion and Development Company (IPDC), and AJ Siddiqui, director for sales, marketing and operations at Pacific Motors, exchange documents of a deal at a ceremony recently. IPDC will facilitate customers of Pacific Motors in financing Nissan automobile purchases.

Bangladesh, the new kid in the world of outsourcing

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There are some structural issues around micro payment processes to support this new sector and some consideration needs to be given to facilitating easy to use micro payment systems that may run parallel to the banking system. Pay Pal does not exist in Bangladesh, so there is an opening for financial players to develop the market.

I believe that the Bangladeshi talents are better suited for visual communications like web design, web development, animation and other digital skills. It's part of the Bangladeshi DNA to trade and be entrepreneurial, why not encourage this inherent characteristic and let the market decide how it wants to use these new information super highway channels as have the micro sourcing group referred to above. In my view Bangladesh would be best served by offering free internet high speed broadband access to its people and allowing people at an individual level to participate in the knowledge economy in any way that they see fit.

Because of the infamous anti Islam video the government has banned YouTube. In my view this is a retrograde step and it will only hurt Bangladesh, it's akin to closing the library because you don't like one book. YouTube is a vital part of the knowledge economy and at a practical level it allows foreign companies to create videos to train human resources inside Bangladesh.

If Bangladesh moves quickly I can see a very bright future in much the same way that The Philippines lifted its country to become

the Number 1 in call centre voice work.

However, the challenge for the Bangladesh BPO industry is that it is still small and does not yet have the economies of scale or capital needed to pitch for bigger projects. One of the more obvious things to do is for the local telecom and utility companies to outsource their voice work on a local level so that the industry can grow and develop its skill base. Moreover, there will be plenty of willing employees at the entry level. However, middle management will be scarce until the sector matures. Established international BPO players might look to partner with local Bangladesh players to develop the local market.

Furthermore, it became apparent to me during my visit that the missing link to be successful in handling voice-related work -- for Australia at least -- is "culture training" which goes beyond simple voice and accent assimilation. Foo Boo has developed a programme that addresses this gap. If you want to know more or have some ideas about what should be involved in such a programme, then drop me a line.

The big question is whether the Bangladesh ICT-BPO industry can now move up the value chain from BPO to KPO. To keep growing rapidly and profitably it needs to capture some of the ever growing more sophisticated higher-value back-office jobs.

So the challenge is there, the question is "Can Bangladesh rise to it?"

Martin Conboy is the president of Australian Business Process Outsourcing Association.

SEC sets up software to spot frauds in trading

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He also said the software will be linked to the servers of both the Dhaka and Chittagong bourses.

"The software will send alerts on any kind of manipulative trading patterns or irregularities in stock trading," Khan added.

After evaluating six leading surveillance systems, the SEC chose Trapets InstantWatch, an automatic transaction and market compliance surveillance system, widely used in Europe.

The software was under the co-funded by the government and the Asian Development Bank (ADB) under the "Improvement of Capital Market Governance Project".

Although the development of the surveillance software began in 2006, it took almost six years to implement the installation process due to the project being deferred many a times. The market crash of last year fast-tracked the process.

The installation and implementation of the surveillance software was one of ADB's conditions for releasing \$30 crore as assistance.

Port-Evo signs deal with Rupayan to operate container terminal

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The composition of the joint venture will be 51:49 in favour of Rupayan Port & Logistics, said Mahboob Ahmed, managing director of Shipwrights Resources Ltd, which has been offering consultancy service for the building of the terminal.

He said the British company will take over the container terminal in Narayanganj for 15 years under a JV equity investment, terminal management and operation contract.

Robert Gibson, the British High Commissioner to Bangladesh, said Britain is now home to half a million people of Bangladeshi heritage, with the UK being the largest single investor in Bangladesh to date.

"The JV project will significantly contribute to the Bangladeshi economy," Gibson said.

Rupayan Group, a leading real estate firm, got the government permission in December 2009 to set up the terminal near Dhaka to expedite container transportation from the Chittagong Port to Dhaka and its adjacent areas.

The company began construction on 27 acres of land on the banks of river Shitalakkha in September of last year.

The terminal will have all modern facilities, starting from online container tracking service to agro inspection and quarantine facilities, and fumigation area for customs and other regulatory agencies.

The terminal will primarily work as a supply chain inland feeder for Chittagong and Mongla ports with Dhaka-based importers and exporters, in line with the government's inland multi-modal transport policy for national trade facilitation.

The port is expected to be complete by 2014 and it will create around 6,000 jobs directly and indirectly, Ahmed said.



Fabrizio Rosso, director for business development and export at Olitalia SRL, attends the Olitalia Night organised by Fair Distribution Ltd, the brand's lead importer, to mark the partnership between the two firms recently. Ruhul Alam Al-Mahbub, managing director of Fair Distribution, was also present.

Spot orders fall at apparel show

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China, the largest apparel exporter, produces \$300 billion worth of garment items, with half of them being consumed by its huge domestic market.

Bangladesh is the second largest apparel exporter, bringing home \$19.1 billion last year.

"It will not be impossible for us to raise apparel exports to \$30 billion by 2015 if we get policy support and better infrastructure," said Mohiuddin.

He also said the BGMEA is working with the government to help the non-compliant factories close their operation. "We will buy their land at market price."

The BGMEA also said there are many garment factories more vulnerable than Tazreen Fashions, where a devastating fire killed at least 112 people, mostly workers, on November 24.

Mohiuddin said although there is a list of 5,400 garment companies in the country, the number of factories in operation would be about 3,400.

Mohiuddin also reiterated the association's demand for establishing a separate ministry for the apparel sector, which accounts for 80 percent of the

Banking division sends director nominees' list to BB

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The list includes some people with political links, but the number of such nominees is lower than previous appointments, the official said.

About 40 posts of directors in different state banks and financial institutions, including 26 with Sonali, Janata and Agrani, remained vacant since the first week of September, as the government failed to make appointments in the banks' highest

Reforms shore up Bangladesh's credit stability: Moody's

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In an effort to address these issues, the authorities are now incorporating suggestions from an external panel and are taking steps to improve supervision in the banking sector.

On the recent fire at a garment factory in Ashulia, the Moody's said it also highlights underlying tensions in the labour market, which could have negative implications on foreign aid, investment flows and exports.

Easing pressures on the external front should drive a 'virtuous' cycle with a favorable balance of payments position, more stable exchange and interest rates, and growth trending largely in line with its forecast of 6.1 percent year-on-year, Moody's said.

Domestic growth remains largely consumption-driven, which in turn is spurred by worker remittances and export earnings.

Shifting to a more sustainable growth trajectory will entail a ramp up in capacity that will fuel a pick-

A cheap T-shirt or a human life?

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And there is power in corporate numbers. Though some companies have formed coalitions, they are always concerned that other companies will undercut them. But if all or most of the biggest retailers and brands joined forces, they would be in a position to demand that foreign governments enforce fire and other safety laws -- or risk losing their business. A proposed Fire and Safety Building Agreement in Bangladesh would create an independent chief inspector, paid for by a consortium of businesses that would also contribute to a fund to renovate hazardous factories where their products are made. Only a couple of companies have signed on so far.

How much would all this cost American consumers? There's a dearth of good studies on whether being a responsible corporate citizen would add \$1 to the price of a T-shirt, or a quarter, or just 10 cents. But we should be willing to pay a little more for the assurance that our latest purchase hasn't been



Charles C Villanueva, dean of the business administration faculty of American International University-Bangladesh, and Syeda Yasmin Rahman, chief people officer of GPIT, sign a deal recently to foster academic and professional co-operation between the two organisations.



Eastern Bank Director Mir Nasir Hossain opens the bank's 65th branch at Wari in Dhaka yesterday. Managing Director Ali Reza Iftekhar was also present.



AAM Zakaria, managing director of First Security Islami Bank, inaugurates a branch of the bank in Jhenidah yesterday. Syed Wasek Mohammad Ali, deputy managing director, was also present.