

# Turnover hits six-month low on liquidity crunch

STAR BUSINESS REPORT

The dearth of liquidity took a toll on the premier bourse's turnover, which was the lowest in six months yesterday.

Turnover stood at Tk 121 crore, down 16.39 percent from the previous day's Tk 145 crore.

DGEN, the benchmark general index of Dhaka Stock Exchange, lost 0.88 percent or 36.81 points to end the day at 4126.92 points.

"Due to the sudden damp turnover market confidence has been on the slump, with the DGEN dropping 92.39 points in the last five trading sessions," IDLC Investments said in market comments.

"The market is seeing the longest streak of volume drought in the last few days. Investors seem to be puzzled with the market direction despite the recent announcement on the banks' exposure in the capital market," LankaBanglaSecurities said.

Although the exposure ceiling for banks has been 10 percent of their liabilities, they can now invest up to 40 percent of their total capital, in line with a finance ministry decision.

The exposure, however, has to be brought down to 25 percent of their total capital in the next three years.

Institutional investors remained inactive that led small investors to adopt wait-and-see policy in the market, the analysts said.

The bearish trend is expected to be chronic if the market does not get liquidity support from the institutional investors, they added.

A total of 0.44 lakh trades were executed on the Dhaka bourse, with 3.84 crore shares and mutual fund units changing hands.

None of the major sector ended the day in the black.

Power declined by 1.62 percent, followed by banks 1.03 percent, non-bank financial institutions 0.96

percent, telecommunications 0.52 percent and pharmaceuticals 0.05 percent.

Of the 261 issues that traded on the DSE floor, 42 advanced, 190 declined and 29 remained unchanged.

United Airways was the most traded stock of the day, thanks to its transaction of 43.47 lakh shares worth Tk 8.87 crore.

Beximco and Unique Hotel and Resorts were the next popular stocks of the day.

Pioneer Insurance, which posted a 2.49 percent rise, was the biggest gainer of the day, while Samorita Hospital slumped 8.57 percent to become the worst loser.

CSCX, the selective categories index of Chittagong Stock Exchange, closed the day at 8,024.72 points, dropping 60.95 points or 0.75 percent.

The port city bourse traded 50.70 lakh shares and mutual fund units, with a turnover of Tk 16.07 crore.

## Bangladesh may get \$1b Belarusian investment

STAFF CORRESPONDENT

The Belarus government may invest \$1 billion in different sectors of Bangladesh, including agriculture, livestock, finished products, food and drugs industry.

A delegation of Belarus yesterday expressed their interest to utilise the country's potential in production and preservation of milk and milk products, milk powder plant, production of cattle food, veterinary and poultry medicine industry, said Mihir Kanti Majumder, local government, rural development and cooperatives secretary.

The nine-member Belarusian team on its three-day from Saturday also aims at implementing a deal on the sectors signed between Bangladesh and Belarus on November 14.

The Belarusian government's cooperation will speed up the progress of the ongoing economic development of Bangladesh, said Jahangir Kabir Nanok, state minister for LGRD and cooperative.

Nanok spoke at a meeting with the delegation at the ministry in the capital from where the announcements came out.

The delegation visited different places, including Samobay Jute Mill in Polash of Narsingdi, cattle breeding facilities of Rural Development Academy in Bogra, and Baghabari and Dhaka milk plants of Milk Vita.

The Belarus team includes: Vitali Prima, ambassador extraordinary and plenipotentiary of Belarus to India, and Anatoliy Stetsko, director general of OJSC Slutsk Cheese Factory.



Mosaddek Hossain, managing director of UniMed & UniHealth Pharmaceuticals, attends the annual sales conference of the company at Sonargaon Hotel in Dhaka yesterday.

## Young entrepreneurs from US meet Yunus

STAR BUSINESS DESK

A team of 16 young entrepreneurs from the US called on Professor Muhammad Yunus at Yunus Centre in Dhaka on Saturday.

Professor Yunus elaborated on his renowned microcredit programmes, and stressed that entrepreneurship was at the heart of all positive human endeavours.

"All human beings are basically entrepreneurs," Yunus said.

The delegation from the US state of Oklahoma is in Bangladesh on an exchange programme supported by the US Department of State.

The programme is being implemented jointly by Centre for Entrepreneurship Development of BRAC University and the University of Oklahoma.

A Bangladeshi delegation toured USA earlier in October 2012.

Many interesting and game-changing ideas in the realm of social development and poverty alleviation were started by Yunus, said Daniel Pullin, the founding director of the Oklahoma University's Centre for the Creation of Economic Wealth.

"This made this meeting very valuable," Pullin said.

## Hartals hurt economy: FBCCI chief

A CORRESPONDENT, Gopalganj

The leader of the country's apex trade body yesterday urged the opposition party not to go for hartals, which severely hurt the country's economy.

"Hartal is not the solution. They should now think for some alternatives," said Kazi Akram Uddin Ahmed, president of the Federation of Bangladesh Chambers of Commerce and Industry.

As the president of FBCCI, he will also try his best to make the next parliament election free and fair, said Ahmed.

He told reporters after visiting the graveyard of Bangabandhu Sheikh Mujibur Rahman at

## BB underscores e-commerce

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Shameem Ahsan, senior vice-president of BASIS, said online payment is more secured than card transactions at shops as the customers pay directly to the banks and not the online portal.

Firoz Patel, executive vice-president of Payza, the international online payment platform that recently started operations in Bangladesh, said his company wants to see rapid growth in e-commerce in Bangladesh.

Citing the tremendous growth of the readymade garment industry formed 20 years ago, Sayeeful Islam, managing director of SSLCOMMERZ, said e-commerce, if started now, can scale similar heights.

The participants -- ranging from foreign and local IT experts to bankers, banking regulators and businesspeople -- called for introduction of all kinds of debit and credit cards and mobile payment

## Non-banks hunt for funds from depositors

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IDLC has dramatically reduced its dependence on bank funds. Now the company depends almost fully on its own funds collected from depositors. The company has also diversified its products to meet the demand of the corporate and small and medium enterprises.

"We've invested Tk 1,000 crore in SMEs in the last five years. We've a target to disburse another Tk 650 crore by this year," said Hussain.

But it will not be easy for many of these finance companies to collect deposits directly from the market like the IDLC did, as there is a bar.

"We've been requesting the central bank to allow us to collect deposits for three months instead of six," said Khan of Prime Finance. Khan is also the chairman of Bangladesh Leasing and Finance Companies Association.

The non-banks' products and services range from traditional leasing to term loans, short-term financing to factoring, home and car loans, syndication services, merchant banking, stock brokerage services and securitisation.

But their leasing exposure has significantly been reduced since 2004 when the government imposed tax on depreciation allowance, according to the sector people.



Mohammed Nurul Amin, managing director of NCC Bank, launches an online remittance management system at a programme recently. Golam Hafiz Ahmed, additional managing director, was also present.



Showkat Aziz Russell, vice chairman of United Commercial Bank, and Muhammed Ali, managing director, attend the annual business conference 2013 of the bank at Sonargaon Hotel in Dhaka on Sunday.

## Air France launches offer to fight low-cost rivals

AFP, Paris

French airline Air France launched on Monday an offensive to compete with low-cost carriers, offering flights from four French hubs to 58 destinations in Europe and around the Mediterranean at fares starting from 49 euros (\$64) for passengers who travel with carry-on baggage.

"Air France aims to adapt to the changes in purchasing behaviour and the new expectations of travellers, while at the same time attracting new customers," it explained in a statement.

It said that the programme was aimed at the 60 percent of clients for whom the lowest price was the most important factor.

The new offer is part of a restructuring plan presented a year ago which is designed to save Air France two billion euros by 2015, chairman Alexandre de Juniac told a press conference.

Low-cost tickets went on sale on Monday for flights beginning on February 6, and were expressly "aimed at clients who might be tempted by low-cost airlines," de Juniac said.

Although the group posted stronger-than-expected quarterly results in late October, it is under severe financial and cost-cutting pressures and is trying to

fight against competition from budget European carriers such as EasyJet and Ryanair.

The new fares, which apply to flights from Orly airport south of Paris and growing Air France regional low-cost hubs in Marseille, Nice and Toulouse in southern France, "are a long-term offer" according to the airline's deputy director at Orly, Florence Parly.

Air France has found through a study that on short and medium-haul flights, 40 percent of its passengers do not check in bags at present.

The so-called MiNi offer, which does not include frequent-flier credits, is not limited to a specific time period, but customers who buy tickets will have to pay a surcharge if they subsequently seek to check in luggage, and cannot request specific seats via the airline's website.

The fares also complement a strategy by Air France-KLM simultaneously to raise standards for passengers who pay more for business and "Premium Economy" seats.

Commercial director Christian Boireau said that the airline expected to sell more than one million tickets at prices which would vary from 49 to 69 euros, and noted on Monday that the company's website was quickly saturated.

## Germany eyes robust economy in 2013

AFP, Berlin

Germany, Europe's biggest economy, can expect robust growth in 2013, Economy Minister Philipp Roesler said on Monday, although the eurozone's motor slowed towards the end of last year.

Total gross domestic product (GDP) last year grew by "around three quarters" of a percentage point, Roesler said. Germany's statistics agency was expected to publish official data for 2012 GDP next Tuesday.

The government will also release an updated report on the economy next week.

In October, the German government fractionally upgraded its growth forecast

for last year to 0.8 percent, but slashed its prognosis for this year to just 1.0 percent.

Roesler acknowledged the fourth quarter was "somewhat weaker than we expected" but pointed to positive signals from companies and order books showing "we can also expect robust growth in 2013."

Any slowdown would be "temporary," predicted Roesler.

After expanding by 0.5 percent in the first quarter of 2012, GDP expanded by just 0.3 percent in the second quarter and a mere 0.2 percent in the third quarter.

However, the country's central bank, the Bundesbank, has predicted the economy would contract "noticeably" in the fourth quarter of the year.

## Sovereign bond plan set in motion

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The government took the initiative of floating sovereign bonds at the end of 2011 when the foreign currency reserves were under pressure and the taka was losing ground against the dollar.

However, the forex reserves have improved much and crossed the \$13-billion mark yesterday.

In December 2011, the BB sent a set of recommendations to the government giving its opinions in favour of floating sovereign bonds.

The BB board also predicted that the balance of payments could be a major headache in the coming days.

The central bank wrote that the gov-

ernment can take long-term credit at low costs by issuing the bonds.

The BB also mentioned some negative aspects of the bonds. It said the country may face pressures due to a devaluation of the local currency at the time of repayment of the loans in foreign currency.

The finance ministry official said international rating agencies -- Moody's and Standard & Poor's -- have assigned good ratings to Bangladesh.

If sovereign bonds are floated now, the government will get a good response, he added.

Sri Lanka has recently taken foreign loans for 10 years at an interest rate of 6.25 percent by issuing sovereign bonds.



Francis Lee, president of Kenny Rogers Roasters International; Mukarram Husain Khan, chairman of Capita Food & Beverage Ltd; and Zeeba Ameena Khan, managing director, attend the launch of Kenny Rogers Roasters, a restaurant, at Gulshan in Dhaka on Sunday.



AFM Asaduzzaman, general manager of Bangladesh Bank, receives blankets from Mohammad Abdul Mannan, managing director of Islami Bank Bangladesh, for distribution among the country's cold-stricken people, at a programme yesterday.