

Stocks decline for the second week

STAR BUSINESS REPORT

Dhaka and Chittagong stock exchanges declined for the second week of the New Year with drastic fall in turnover value as investors lost confidence to make fresh investments.

DGEN, the benchmark general index of the premier bourse, finished the week at 4,132.99 points, after losing 27.89 points or 0.67 percent.

CSCX, the selective categories index of the port city bourse, closed the week at 8,040 points, after dropping 44 points or 0.53 percent.

Turnover value gradually dried up, as investors were wary about future market movements and took a wait-and-see policy, according to market analysts.

Market needs a push immedi-

ately to raise the index, they said.

Of the five trading sessions at the DSE, three sessions gained marginally by 17.07 points while two lost 44.96 points.

Participation of institutional investors fell drastically in recent times, according to an investment banker.

The market is suffering from liquidity crisis, it said.

Daily average turnover at the premier bourse declined 16.46 percent to Tk 143 crore than last week.

Of the total 282 shares and mutual fund units traded in the DSE floor, 65 advanced, 206 declined and 11 remained unchanged.

Most of the sectors saw their volume dip significantly, as investors refrained from trading, said LankaBangla Securities in its weekly

market analysis.

Among the major sectors, pharma posted a rise of 0.09 percent, while fuel and power sector lost 1.25 percent followed by non-bank financial institutions 1.23 percent.

Banks and telecoms lost 0.75 percent and 0.68 percent respectively. Among all sectors, cement advanced the most as it posted a gain of 2.79 percent.

Beximco continued to dominate the turnover chart for the third week with shares worth Tk 54.9 crore changing hands.

Last week, First Lease Finance and Investments was the highest gainer, as it accelerated a gain of 9.20 percent, while Samorita Hospital was the worst loser, plunging by 13.57 percent.

Liquidity crisis pulls investors out of market

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The market came down to 3,809 points -- the lowest in 27 months -- in the first quarter of last year, making investors fearful of an another crash.

"Most of the investors experienced a bad time last year. Among them, a group of investors felt that the risky market has no good future," said Akter Hossain Sannamat, a chartered accountant and market analyst.

The new initiative of the central bank to introduce KYC (know your client) option created panic among the investors and led them to leave the market, he said.

Investors, who maintained multi BO accounts, were also reluctant to make fresh investment in

the dull market, he said.

At present, an investor has to pay Tk 500 per annum to keep the account active. Of the Tk 500, the depository participant gets Tk 200, the CDBL Tk 200 and the SECTk 100.

Depository participants maintain accounts of shareholders and settle and transfer shares through computerised book-entry.

A group of investors became inactive in the market last thanks to the continuous fall in share prices, said Fakhor Uddin Ali Ahmed, former president of Chittagong Stock Exchange.

He also hoped that investors will rush to open new BO accounts when the market becomes lucrative again.

State Bank of India's high-ups due today

STAR BUSINESS DESK

Hemant G Contractor, managing director and group executive of International Banking Group of State Bank of India, Mumbai, is scheduled to arrive in Dhaka today for a two-day visit.

He will be accompanied by Rajan Srinivasan, chief general manager, the bank said in a statement yesterday.

During the visit, they will review the operations of the bank and also meet the top officials of Bangladesh Bank and other important institutions.

Contractor has more than 38 years of experience in the field of banking, according to the statement.



Hemant G Contractor

ICMAB awards best corporate players

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Summit Power won the top position in the power companies' category, while Barakatullah Electro Dynamics came second and Khulna Power third.

Power Grid Company of Bangladesh and Dhaka Power Distribution Company won certificates of merit.

In the multinational category, Berger Paints Bangladesh became first, followed by Marico Bangladesh and Bata Shoe Company Bangladesh Ltd in the second and third spots, while Singer Bangladesh was awarded a certificate of merit.

Bangladesh Submarine Cable Company became first in others' category. Khulna Shipyard and Investment Corporation of Bangladesh came second and third, while Aamra Technologies won a certificate of merit.

Prof Mamtaz Uddin Ahmed, president of ICMAB, Muzaffar Ahmed, who headed the award selection panel; Vice Admiral Zahir Uddin Ahmed, the chief of Naval Staff; and A Mannan, vice-president of South



GM Quader, commerce minister; Abu Nasser Muhammad Abdus Zaher, chairman of Islami Bank Bangladesh; and Quazi Alauddin, president of Shah Ali City Corporation Business Association, attend a programme where Hazrat Shah Ali City Corporation Bazaar at Mirpur in Dhaka was declared formalin-free yesterday. Story on B1

A new era to open in e-payment business

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"People have become very concerned about their future," he said.

Nazrul Islam Khan, ICT secretary, said the ministry will form a committee to address the challenges of e-commerce.

Campaigns are needed at the district levels to introduce e-commerce in a bigger way, he said.

He also said, if the electronic transaction fees are brought down, more people will use the system.

Bangladesh has more internet-enabled mobile devices and connectivity than that was in the US in 1990s; so it is time to see why electronic payment is not flourishing here, said Kamal Qudir, CEO of bKash, a subsidiary of BRAC Bank.

There is a need for an authority that will authenticate e-commerce portals, said Tapan Kanti Sarkar, president of CTO Forum, an association of banks' chief technology officers.

Anir Chowdhury, policy adviser to

Access to Information programme of the Prime Minister's Office, said, "We should encourage more mobile financial services for e-commerce than credit cards."

Russell T Ahmed, secretary general of BASIS, said one fraudulent incident like the Hall-Mark scam is enough to destroy the entire efforts of the e-commerce initiative.

"So, all will have to be very cautious about security."

Zakaria Swapan, CEO of online news portal priyo.com, said the government can offer tax breaks to encourage online payment, which the US did in 1990s.

BASIS President AKM Fahim Mashroor said the trade body will prepare recommendations on the basis of the outcomes of the e-commerce week and put forward those to the central bank, the ICT ministry and other organisations.

Shameem Ahsan, senior vice president of BASIS, and Fida Haq, managing director of e-commerce firm Shurjomukhi, also spoke.

Worries grow over GSP scrapping bid

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"But the impact of the move might be serious as the decision would influence other countries, where Bangladesh enjoys duty-free benefit under the GSP scheme," he said.

However, the garment sector is in the process of introducing International Labour Organisation's Better Work Programme to further improve labour standards.

"If necessary, we will take more steps to improve the labour standards. We will try to justify the GSP continuation for Bangladesh," he said.

Md Sabur Khan, president of Dhaka Chamber of Commerce and Industry, said the impact might not be serious in the short-term as the GSP covers less than 1 percent of exports to the US.

But in the long-term, the impacts might be huge as Bangladesh's total exports to the US may fall by 10-15 percent due to the cancellation of the GSP, he said.

Jahangir Alamin, president of Bangladesh Textile Mills Association, said the US cannot take such a serious decision over a single incident of Tazreen Fashions, where around 112 workers died on November 24 in a fire.

"We want the US to continue the GSP. The decision of scrapping the benefit will send a negative signal to others," he said.

Fazlul Hoque, president of Bangladesh Employers' Federation, said if the US scraps the GSP, it will create an impression that Bangladesh's labour standards are poor.

"Our competitors and some NGOs will take the opportunity and launch negative campaigns against Bangladesh," Hoque said.

The cancellation of the GSP might strain the relationship between Bangladesh and the US, said Mohammad Hatem, vice-president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA).

The BKMEA is not renewing the memberships of many factories due to their poor fire safety standards and a lack in compliance, he said.

In 2011, Bangladesh exported products worth only \$26 million under the GSP.

Bangladesh first attended the USTR hearing on GSP in 2007, while the second hearing was held in 2009 and the third in January last year.

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Govt projects boost construction sector

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Production of cement by four mills went up by 14 percent to 851,945 tonnes in the period, compared to the same period in the previous year.

Tapan Sengupta, executive director of one of the largest steel markers BSRM, linked the rise in production to the construction of a number of flyovers in the two major cities -- Dhaka and Chittagong.

Establishment of power plants and home building by individuals have also boosted the demand for steel, he said.

In fiscal 2011-12, steel production slipped nearly 2 percent to 222,470 tonnes,

according to the BBS.

"Apartment construction has not stopped but slowed down. Some large public sector projects and house building by individual home owners have helped us offset the fall in demand in the real estate sector," he said.

Steel consumption might increase by 10 percent to cross 30 lakh tonnes at the end of fiscal 2012-13, Sengupta said.

Production and demand for cement rose in the first quarter of the current fiscal year due to a hike in government expenditure under ADP, an official of Lafarge Surma Cement said, asking not to be named.

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