Stocks fall ahead of three-day closure

STAR BUSINESS REPORT

Stocks continued to decline for the fourth day, as investors went for sell-offs to pocket profits.

DSEX, the benchmark general index of the Dhaka Stock Exchange, dropped 54.81 points or 1.30 percent, to close at 4,155.45 points.

The market will remain closed today as the nation observes the International Mother Language Day.

Turnover, an important indicator for investors, declined 20.20 percent to Tk 434 crore than the previous day.

Investors were reluctant to take fresh position in the market ahead of a three-day closure, market analysts said.

The continuous downtrend for four days triggered investors to realise profits, according to the analysts.

The day started on a flying note, but finally closed in the red thanks to the selling pressure of shares and mutual fund units from investors.

A total of 1.23 lakh trades were executed with 9.81 crore shares and mutual fund units changing hands on the Dhaka bourse.

Of the 272 issues traded on the DSE floor, 36 advanced, 204 declined and 32 remained unchanged.

All the major sectors lost in prices. Non-bank financial institutions lost 1.81 percent, banks 1.44 percent, pharma 1.25 percent and power 0.93 percent.

Summit Purbanchol Power Company was the most traded stock of the day, at its 30.38 lakh shares worth Tk 28.89 crore were transacted.

United Airways and RN Spinning Mills were the next popular stocks of the day.

Modern Dying and Screen Printing, which went up 9.51 percent, was the biggest gainer of the day, while Generation Next Fashions was the worst loser, dropping by 7.85 percent.

Chittagong Stock Exchange's selective categories index, CSCX, dropped 127.72 points, or 1.52 percent, to close the day at 8,284.25 points. The port city bourse traded 1.24 crore shares and mutual fund units with a turnover of Tk 50.17 crore.

FDI in India slumps 19pc in Dec

AFP, *New Delhi*

Foreign direct investment (FDI) in India slid by 19 percent to $1.1 billion in December 2012, marking a blow to government efforts to draw vital funds to overhaul the country's shabby infrastructure.

India has said it needs to attract around $1 trillion in investment over the next five years to overhaul its dilapidated infrastructure from ports to airports and highways in order to boost flagging economic growth.

In December 2011, the country drew $1.35 billion in foreign direct

Political unrest harms economic growth

STAFF CORRESPONDENT, *Chittagong*

The current political unrest is hampering the economy and frustrating foreign investors and buyers, speakers said at a seminar in Chittagong yesterday.

The continued political instability may weigh on the country's export and thwart normal economic growth, said Bikarna Kumar Ghosh, deputy director of the Export Promotion Bureau (EPB).

"The government needs to ensure a business-friendly environment for the sake of the country and its people," said Akhter Ali Sarkar, director for policy and planning of EPB.

The comments came at a discussion on ways to ensure fruitful participation in international trade fairs, organised by the Bureau at its Chittagong office.

Speakers said most of the Bangladeshi companies participating in international fairs failed to be up to the mark in terms of performance and quality, due to which they fail to receive export orders.

They blamed participants' failure to get expected success on lack of their knowledge on international standards, poor communication skills and non-sophisticated business tactics.

The EPB officials urged the companies to send their best representatives to international showcases after equipping them with well-designed management plans and good preparations.

Officials of various banks, garments, Bangladesh Garment Manufacturers and Exporters Association and government employees, also spoke at the discussion chaired by Abdul Matin, director of EPB's Chittagong office.

BANK ASIA

A Rouf Chowdhury, chairman of Bank Asia, poses with the employees who took part in a three-week foundation training at its concluding ceremony in Dhaka on Tuesday. Sujit Kumer Sen, head of training, was also present.

SUMMIT GROUP

Faisal K Khan, director of Summit Group, and Jae-Yuel Kang, executive vice president of KEPCO Plant Service & Engineering Co Ltd, attend a programme at Gangnam in South Korea on Tuesday where the companies signed a long-term operations and maintenance contract.

Joint efforts to spread insurance info

STAR BUSINESS REPORT

Bangladesh-based Institute of Microfinance (InM) and India-based Micro Insurance Academy (MIA) have inked a deal to provide insurance domain knowledge to academia, policymakers, development organisations, insurers, service providers and re-insurers.

Prof MA Baqui Khalily, executive director of InM, and David M Dror, chairman and managing director of MIA, signed the deal in Dhaka last week.

Khalily said the agreement between the two leading think-tanks in the region would provide unique opportunities for future development of the micro-insurance sector.

The joint programme aims to implement sustainable insurance models for all relevant risks in the areas of health, agriculture, livestock, climate change, natural catastrophes or composites that are suitable for the local environment.

Khalily thanked Prof Dror for MIA's commitment to this noble endeavour. He also promised full cooperation to make the initiative a success.

Dror said the collaboration would open up immense potential for the people of Bangladesh as well as would transcend beyond the border.

Mandeep Maini, a consultant of MIA, and Prof Syed M Ahsan, team leader of Microinsurance Programme at InM, were also present.

Nearly $50b left Russia illegally in 2012: central bank

AFP, *Moscow*

Russia's central bank said on Wednesday that $49 billion had left the country illegally last year through capital flight, equal to 2.5 percent of the country's gross domestic product.

Outgoing central bank chairman Sergei Ignatyev told the Vedomosti daily that of $14 billion of that amount came in illicit trade operations while the rest left Russia through "dubious" cash schemes.

"This could be payments for deliveries of drugs, (illegal) shipments, bribes and paybacks to officials...or managers carrying out purchases in big private companies," Ignatyev said.

"Or these could be tax avoidance schemes," he said.

Capital flight has battered the Russian economy throughout the post-Soviet era and is seen as the primary indicator of a lack of investor confidence in the country's reforms.

Polls among investors show concern not only about graft and corruption but also a lack of court independence and fears that Kremlin politics could impact fundamental economic decisions.

President Vladimir Putin has made the fight against corruption into a priority of his fourth mandate and a series of new probes -- including one involving former defence minister Anatoly Serdyukov -- have been launched in recent months.

But no official studies have been conducted on criminal cash flows out of Russia and Ignatyev's revelations suggest the problem is worse than originally thought.

Ignatyev said more than half of the dubious cash operations -- called "grey schemes" by investors -- were performed by a web of companies that all appeared to be interlinked.

"You get a feeling that they are all being controlled by one well-organised group of people," Ignatyev said without specifying whom he thought this might be.

Vedomosti speculated however that Ignatyev was talking about bankers rather than Kremlin insiders.

It added that the government was taken aback by the idea that the hugely-respected Ignatyev suspected a single powerful clan was behind most of the illegal flight.

"This is the first time I have heard anything about a single group," the business daily quoted a senior government official as saying.

"But we are working hard on this problem with the central bank. We have submitted a bill against money laundering," the unnamed official said.

The comments from the usually-reserved Ignatyev -- set to retire in June after 11 years on the job -- reveal a degree of exasperation by Russia's chief financial overseer.

Ignatyev said the overall flight of capital was caused not only by a poor investment climate but also by a recent redistribution of property among Russia's elite.

"It seems that Russia is witnessing a change in generations among those who own businesses," said the banker.

"Those who created their businesses in the early 1990s are gradually stepping away from their affairs, selling their business... and investing not only in Russian assets, but also foreign ones."

Germany's BND intelligence service estimated this year that the accounts of Cyprus now held $26 billion in Russian cash -- an amount greater that the annual gross domestic product of the tax haven island.

Analysts meanwhile said seasoned investors in Russia should not be too surprised by Ignatyev's disclosure or the prescription necessary for solving the problem.

"The story about grey capital flows is not a new one," VTB Capital said in a research note.

"We believe that improvements on this front, coupled with developing an investment climate, will turn Russia's economic conditions to the better."

INM

Extreme left, David M Dror, chairman of India-based Micro Insurance Academy, exchanges documents with MA Baqui Khalily, executive director of Institute of Microfinance in Bangladesh, after signing a deal to provide insurance related information at a programme in Dhaka recently.

BEPZA

An official of Oasis Hi-Tech Sportswear Ltd pays arrears to a worker of the erstwhile D&S Mode (BD) Ltd at a ceremony recently. Oasis acquired Korea's D&S.

JENNYS

Nasir Khan, chairman of Jennys Group, launches the group's shoe outlet at Rajmoni Ishakha Shopping Complex at Kakrail in Dhaka recently. Md Anisuzzaman, general manager for sales, was also present.

RMG should follow fishery's lead

FROM PAGE B1

The EU decided to withdraw the mandatory testing on food consignments from Bangladesh following positive feedback from a visiting FVO audit team in March, 2012.

"There is no alternative to ensuring quality and compliance of the fish production and processing in the country if the earning from fisheries export is to be sustained," said Abdul Latif Biswas, minister for fisheries and livestock.

He said the country's testing capacity has improved vastly owing to the two new laboratories in Khulna and Chittagong.

"An international-standard laboratory is on the way in Savar," Biswas said, adding that much work still remains to be done to get international accreditation.

The minister also urged the government agencies concerned to take stern actions against the use of banned and unauthorised chemicals, drugs, pesticides and feeds in fisheries.

The fishery sector supports livelihood of nearly 20 lakh people, with its exports in fiscal 2010-11 being Tk 4,604 crore.

A booklet on the achievements made in the fisheries production under the Better Work and Standards Programme-Better Fisheries Quality Project, jointly implemented by the DOF and UNIDO, over the last three years, was unveiled at the event.

Ujjal Bikash Dutta, secretary of the fisheries and livestock ministry; Syed Arif Azad, director general of the department of fisheries; and Dr TS Shetty of UNIDO, Mahmudul Hossain, Bangladesh Frozen Foods Exporters' Association, also

Better days for rural artisans soon

FROM PAGE B1

But it is the matter of export promotion which has received the most attention in the policy draft.

It stipulates creating a catalogue of the country's artisanal products, showcasing local handicrafts at Bangladesh missions worldwide and at local hotels, identifying major exporters as commercially important persons, introducing e-commerce, preferential terms of trade at developed countries, export credit guarantee scheme and promotion fund.

"It has been a complex process. So many different things had to be thought of," she said, adding the draft has been in the works since 2010.

SU Haider, president of Bangla Craft, expects no opposition to the draft from policy makers.

"[The policy] will massively help the sector and enhance the country's brand," he said.

Handicraft exports are not recorded separately but under broad categories of leather, wood, textiles and jute, and the policy aims to change it.

"Once export data is gathered, we will get to see how important the sector actually is and how much more it can contribute to the economy," he said.

Garment makers urge BB to ease conditions of inland bill purchase

FROM PAGE B1

If a company indulges in corruption, the government should bring it to book, but the entire industry cannot suffer for a few companies, he said.

Mohiuddin talked with journalists after a meeting with BB Governor Atiur Rahman at the latter's office in Dhaka.

Leaders of Bangladesh Knitwear Manufacturers and Exporters Association, Bangladesh Textile Mills Association, and Bangladesh Association of Banks were present at the meeting.

Mohiuddin also urged the central bank to ease the conditions of loan rescheduling so that the companies do not become loan defaulters within a short period of non-repayment.

In line with the loan classification rules that came to effect in December last year, an ongoing loan operation will be classified in the event of non-repayment of any instalment within three months, instead of the previous six-month duration.

The garment makers also urged the central bank to take measures to reduce the banks' lending rates. However, the central bank officials did not make

Bengal Fine Ceramics summoned to hearing

FROM PAGE B1

The security rules stipulate that all listed companies on the Dhaka and Chittagong stock exchanges submit their audited financial report within 120 days of the year-end.

The BSEC served notice on the company on February 14 asking it to explain in writing the reason