

Stocks gain for second week

STAR BUSINESS REPORT

Stocks ended higher for the second straight week with significant improvement in turnover as market sentiment got a further boost from political developments.

DSEX, the benchmark general index of the Dhaka Stock Exchange, finished the week at 3,773.78 points, after surging 6.03 percent or 214.53 points.

The market witnessed five trading sessions last week. Among them, four sessions gained sharply, while one lost moderately. The daily average turnover advanced 119 percent to Tk 357 crore, compared to the previous week.

"The market sentiment took a further boost and the bourse made a stronger advancement, as confidence restored over recent political developments," commented IDLC Investments in its weekly market analysis.

"The budgetary expectations and earnings outlook continue to drive the market. The recent rally seemed to kick start a rise in fresh investments, as previously inactive investors seemed to come out from hibernation," the investment banker said.

"High turnover is indicating that both institutional and individual investors are taking long positions in this deeply discounted market," said LankaBangla Securities in its weekly market analysis.

Investors are probably speculating significant incentives for capital market in the upcoming national budget for fiscal year 2013-14 as this is an election year, the stock-broker said.

Gainers took a strong lead over the losers as out of 289 issues traded during the week on the DSE floor, 242 advanced, 43 declined and four remained unchanged.

Except for Jute, all the sectors performed well. Among the major sectors, non-bank financial institution was the biggest gainer with a 12.91 percent rise, followed by telecoms at 9.20 percent and power at 9.16 percent.

Pharmaceuticals and banks also posted 4.45 percent and 1.73 percent gains respectively. Orion Pharma was the most traded stocks of the week with 1.32 crore shares worth Tk 97.754 crore changing hands.

Prime Bank AMCL First Mutual Fund was the biggest gainer, posting a rise of 40.38 percent, while ACI was the worst loser, plunging by 18.84 percent.

India Walmart lobby case 'closed'

AFP, New Delhi

India's investigation into whether Walmart may have bribed Indian officials to gain wider access to the country's vast market has been "closed" due to lack of evidence, a report said Saturday.

The one-man committee of retired justice Mukul Mudgal probing the matter is likely to submit a report to the government next week saying there was no "adequate" evidence to suggest Walmart was involved in any unlawful activity in India, the Business Standard reported, quoting unnamed sources.

There was no immediate comment available from Walmart or the Indian government.

Walmart said in a routine disclosure report to the US Senate last year that it spent \$25 million over four years on issues related to "enhanced market access for investment in India".

The report stirred a ruckus in India with opposition lawmakers who oppose the chain's entry, saying it will hurt local "mom and pop" stores, demanding an inquiry into whether Walmart made any illegal payments as part of its lobbying.

Mudgal was named by the New Delhi government in January to investigate if the chain broke any Indian laws, and he questioned top store executives including its Asia chief executive Scott Price as part of his inquiry.

Walmart announced in March it expected to suffer financial losses amid its own internal probe into corruption scandals involving foreign subsidiaries from Mexico, India, Brazil to China.

Dell profits plunge on PC woes

AFP, New York

US computer giant Dell said Thursday its quarterly profit plunged 79 percent from a year ago, as a shift away from PCs hammered the company's bottom line.

The net profit for the first fiscal quarter slumped to \$130 million, as the Texas-based group was studying a plan to go private to restructure in the face of a shifting technology landscape.

Earnings per share adjusted for special items amounted to 21 cents a share, far below the average Wall Street estimate of 35 cents a share.

Revenues dipped two percent from a year ago to \$14.07 billion, beating most analyst forecasts.

The results come with Dell and dissident shareholders locked in a battle over the company's value following a bid by founder Michael Dell to take the company private.



AAM Zakaria, managing director of First Security Islamic Bank, opens the relocated office of the bank's Muktadpur branch recently. Syed Waseque Md Ali, deputy managing director, was also present.

Mercantile Bank elects chairman

STAR BUSINESS DESK

M Amanullah has recently been elected the chairman of Mercantile Bank, the bank said in a statement yesterday.

Amanullah is also the chairman of Aman Group of Companies, Aman Spinning Mills, Arena HRI, Arena Securities, Arena Consumer Products, Mousumi Enterprise and a former chairman of Global Insurance Ltd. He is also the founder chairman of Aman Group Foundation, and a trustee member of the governing body of Presidency University, Metropolitan University and the Institute of Business and Information Technology.

He received Sarojini Naidu Gold Medal in 2000 and Deshbandhu Chittaranjan Das Gold Medal in 2002 for his contribution to the banking and insurance sectors, and Atish Dipankar Gold Medal in 2004 for his contribution towards society.



Correction

In a news item with the headline "Stock regulator seeks ideas to attract foreign investors" published in B1 on May 14, it was mistakenly mentioned that a foreign investor now has to pay a 25 percent capital gain tax. Actually, a foreign investor has to pay capital gain tax, subject to the condition that such assessee is entitled to similar exemption in the country in which the assessee is a resident. And 25 percent tax deduction is applicable on dividend income by a foreign investor. We regret the mistake.

Form trade union for own good

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"The armed forces do not have specialised training on rescue operations. People from all walks of life joined the rescue operations in Savar," said M Shakhawat Hussain, former election commissioner. The UNO declared a faulty building safe because of a lack of accountability, he said.

Zafarullah Chowdhury, founder of Gonoshastho Kendro, said the government should arrange the rationing facility for the garment workers immediately.

"Every single garment worker will get the opportunity to enjoy health insurance, if BGMEA spends only Tk 500 for each worker," he said.

This move will also improve our global reputation in the apparel sector, he said. Otherwise, this industry will not survive; the industry is already facing conspiracy from different sections, he added.

Dr Tofail Ahmed, a local government expert, urged the government to investigate all the transactions of the garment owners to identify the flow of funds.

The investigation will help find the reason why most garment makers have failed to construct their own factory buildings even after three decades in operations. Sujon Secretary Badiul Alam Mazumder moderated the secession.



Syed Mahbubur Rahman, managing director of BRAC Bank, poses with the participants of the bank's managers' convention on strategy for capitalising on market opportunities with real-time online branch network, in Dhaka recently.



Dilip Roy, president of Bangladesh Jewellery Samity, opens the third showroom of Diamond World, a jewellery shop, at Bashundhara City shopping mall in Dhaka recently. Dilip Kumar Agarwala, managing director of Diamond World, was also present.

The season of light and the season of darkness

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While current minimum wage isn't enough to match the living standards of a worker, a few details would have to be outlined at first. Post Rana Plaza, there were a few factories that were identified as high-risk establishments. At this point, the quick fix solution for all was to immediately address the wage issue. The question is, will it solve the problem? Are the brands going to agree to buy at a higher price? Will the consumers remember the Rana Plaza incident and pay more for the same basic product? How many consumers look at the 'Made in' labels?

Brands shop for the best price, quality, quantity and compliance. If the first one, price, comes under discussion, they still have the option to source from other competitive markets. Given that we have the maximum capacity to offer, will simply capacity be enough to hold back a customer from moving to other countries?

Before taking any step further, BGMEA, along with the government should have discussions with the brands on how far the brand's pocket can be stretched.

The point on the retroactive payment of wage hike does not make sense as no manufacturer has calculated this up charge in their margins and the minimum wage hike should be given at least three months notice for the manufacturers to enter into fresh margin negotiations with the buyers. Besides, discussion of a raise in minimum wages must be linked with productivity.

However, at this point, a welfare trust

could be set up with the brands paying 1 percent of the FOB (free on board) price and the manufacturers paying 1 percent of their value addition. This could help build up a healthy fund for the workers to fall back on.

As for the fire safety and building code, a few brands have signed up to fund and monitor factory audits, independent of the country's regulations. These audits would be ordered and carried out under the supervision of safety inspectors and their teams as appointed by a Steering Committee headed by a neutral chair and assisted by three manufacturers and three labour leaders.

The brands would be paying \$500,000 on a yearly basis to ensure that remedial actions are undertaken in the factories, which need the reforms the most.

Frankly, the cost of turning a Tier 3 factory to Tier 1 would cost around \$12,000. Equipment alone would cost Tk 700,000 (a public address system would cost Tk 200,000) while fire training to 100 percent workers would cost another Tk 215,000. Therefore, factories that have sound structure could easily re-address their fire safety issues and remedy them immediately on a short-term basis.

All parties, including the government, BGMEA and the brands must act fast and unite under the same umbrella.

Rubana Huq is the managing director of Mohammadi Group. Anisul Huq is the ex-president of BGMEA, FBCCI and Saarc Chamber of Commerce.

Regulator moves to curb illegal use of VoIP

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The illegal SIM boxes get bandwidth from different sources such as internet service providers.

However, TIM Nurul Kabir, secretary general of the Association of Mobile Telecom Operators of Bangladesh, said the

regulator can look into the activities of any operator, if necessary.

However, the regulator has also slashed upload speed of the internet gateways to identify the illegal VoIP users as the same upload and download speed is required to make VoIP calls.

Private investment hits record low

FROM PAGE B1

He said a big portion of the investment goes to the export oriented industries.

But the export oriented investment has slowed down substantially as the global recovery is faltering.

Rahman also said the domestic investment fell due to infrastructural weaknesses such as gas and electricity shortages.

Bangladesh Bank in its latest monetary policy gave enough space to the private sector investors. In the policy, the target for private sector credit growth was set at 18.5 percent for the period till June.

But the credit growth was gradually decreasing and came down to 12.72 percent this March, from 19.72 percent in the same month a year ago, according to BB statistics.

Capital machinery import fell by 18 percent in the first eight months of the current fiscal year although the amount went up by 22 percent in the same period last year.

Import of raw materials decreased by 5 percent during the period this year, whereas it increased by 12 percent last year, according to LC (letter of credit) settlement statistics.

A finance ministry official said investment has been slow since the beginning of the current fiscal year due to a weak demand in the EU and US markets.

However, public investment compared to GDP went up by 1.35 percentage points to 7.85 percent this year compared to last fiscal year.

The overall investment grew by 0.30 percentage point to reach 26.84 percent of GDP.

Mustafizur Rahman of the CPD said public investment rose as the utilisation of the government's annual development programme went up.

Chinese tourists warned over behaviour abroad

BBC, China

A senior Chinese Communist Party official has called for Chinese tourists to behave more politely when travelling abroad.

Wang Yang, one of China's four vice-prime ministers, said the "uncivilised behaviour" of some Chinese tourists was harming the country's image.

Among problems he singled out were talking loudly in public and spitting.

However, the BBC's Celia Hatton in Beijing says some Chinese complain they are treated badly abroad.

Foreign travel is becoming ever more popular among China's increasingly affluent citizens.


Chinese tourists spent \$102bn (£67bn) overseas last year, up 40 percent on the year before, and the UN World Tourism Organisation says China is now the single biggest source of global tourism income.



Anu Hena M Mahmud, chairman of DNATA Ltd, general sales agent of Drukair in Bangladesh, poses at the launch of the Dhaka-Kolkata-Dhaka flight of the royal carrier of Bhutan, at Hazrat Shahjalal International Airport in Dhaka on Thursday.



Anisul Hoque, chairman of Social Islami Bank, inaugurates the bank's 87th branch at Akhaura at Brahmanbaria yesterday. Md Shafiqur Rahman, managing director, was also present.




Robi Presents

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23-25 May, 2013, 10 AM to 08 PM
Pan Pacific Sonargaon Hotel, Dhaka

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উপভোগ করুন মালয়েশিয়ান সাংস্কৃতিক অনুষ্ঠান

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