

Stocks rise on dividend hopes

STAR BUSINESS REPORT

Stocks gained yesterday on the back of a buying spree in anticipation of impressive corporate announcements.

DSEX, the benchmark general index of the DSE, closed the day at 4,270.43 points, after surging 38.49 points, or 0.91 percent.

"Investor participation rose again to align with the improved market confidence from the increased foreign investment," IDLC Investments said in its regular market analysis.

Moreover, investors are taking positions in stocks which are due to report on their earnings in the coming days, it added.

A total of 1.95 lakh trades were executed, with 19.53 crore shares and mutual fund units changing hands on the Dhakabourse.

Turnover, the most important indicator for the market,

advanced 13.41 percent from the previous day to Tk 913 crore.

The textile and insurance sector saw a significant inflow of funds, with their turnover increasing 101.1 percent and 63.6 percent respectively.

Of the major sectors, telecoms gained 3.93 percent and general insurance 3.79 percent.

However, power declined 1.18 percent and tannery 0.49 percent.

Of the 292 issues that traded on the DSE floor, 217 advanced, 62 declined and 13 remained unchanged.

Bangladesh Submarine Cable Company featured at the top of the day's trading charts, due to its transactions of 15.09 lakh shares worth Tk 40.48 crore.

JMI Syringes and Medical Devices was the biggest gainer of the day, posting a gain of 9.93 percent, while Savar Refectories was the worst loser, plunging 7.45 percent.

India approves massive food scheme for poor

AFP, New Delhi

India's ruling party said Thursday a vast new food scheme for the poor was a "game-changer" to fight endemic malnutrition, but analysts expressed concern about the programme's implementation and cost.

The cabinet issued an executive order late Wednesday introducing the National Food Security Bill, which is expected to be approved by the president later Thursday and be a vote-winning measure ahead of elections next year.

The populist programme -- which the government says will add 230 billion rupees (\$3.8 billion) per year to the country's existing 900-billion-rupee food subsidy bill -- will offer subsidised grains to an estimated 810 million people.

It has been pushed strongly by the head of the ruling Congress party, Sonia Gandhi, who has insisted on honouring a 2009 election pledge despite concerns about the impact on government finances and food prices.

"It is going to be a game-changer in terms of poverty eradication," senior Congress leader Tom

Vadukhan told AFP. "If basic needs like hunger are not met, you can't talk about (economic) development."

Despite two decades of strong economic growth, India still struggles to feed its population adequately, with a major survey last year showing that 42 percent of children under five were underweight.

The food measure, which will offer five kilograms (11 pounds) per person per month for as little as one rupee per kilo, is considered key to the Congress-led coalition's fortunes in the national elections due in 2014.

"If it wins us votes, then that is an after-thought," Vadukhan, also a party spokesman, claimed. "Naturally anything good that you do gains you popularity."

India's opposition parties have rounded on the government for ramming through a controversial programme without a parliamentary debate, but the executive order is only temporary and must be converted into law.

It will be introduced later this month or in August in the next session of parliament, which has been stalled for much of the last two years due to

repeated protests by the opposition.

"It is just a political gimmick in a hurry," the leader of the opposition Bharatiya Janata Party (BJP), Rajnath Singh, told reporters on Thursday.

Critics of the food programme say that India can ill-afford such a costly subsidy burden at a time of slowing economic growth and when credit ratings agencies are eyeing the country's large deficit. "India's current macroeconomic position does not provide the space to implement this policy," Sonal Varma, an economist with Nomura Securities, told AFP.

Economic growth is at a decade-low of 5.0 percent, the government is running large fiscal and current account deficits, and the rupee has slumped to a historic low against the dollar.

Indians classed as below the poverty line already receive subsidised kerosene, cooking gas, fertilisers and wheat through what is the world's biggest public distribution system.

But the chaotic welfare programmes are notoriously inefficient and riddled with corruption. Many of the 360 million people who currently receive subsidised grains complain about the poor quality.



Mahbubul Alam, president of Chittagong Chamber of Commerce and Industry, and MA Quader, chief executive of Bay Emporium, inaugurate an outlet of the footwear manufacturer at Ispahani Mor in Chittagong recently.

Premier Bank's new DMD

STAR BUSINESS DESK

Tarek Reaz Khan has recently joined Premier Bank as deputy managing director, the bank said in a statement yesterday.

Prior to joining Premier Bank, Khan served as the general manager and head of retail banking products and wealth management at Standard Chartered Bank.

Khan brings with him 20 years of banking experience.



Baby milk firms to lower China prices

BBC NEWS

Food giants Nestle and Danone have said they will cut prices of some of their infant milk formula products in China.

The move comes a day after China launched a probe into alleged price fixing by foreign infant milk makers. Demand for foreign brands has surged in China after tainted milk scandals resulted in distrust of local rivals.

Nestle's unit, Wyeth Nutrition, will slash prices by as much as 20%. Danone said it was co-operating with the probe and was preparing a price-cut proposal.

Nestle also added that it would not raise prices of any new products over the next year. "Wyeth Nutrition has always respected and been willing to abide by China's laws and regulations, and is actively cooperating with the anti-monopoly investigation into the company," the firm was quoted as saying by the AFP news agency.

According to some estimates, foreign brands now account for about half of all infant milk sales in China. Nestle, Danone, Mead Johnson Nutrition and Abbott Laboratories are among the firms that are being investigated by the China's National Development and Reform Commission. Over the past few years China has faced a series of milk-related scandals.

In 2008, six infants died of severe kidney damage and an estimated 300,000 babies suffered from kidney stones after drinking tainted baby formula.

The formula, from several major Chinese dairy companies, was tested and found to contain melamine, an additive that falsely boosts the protein levels in milk.

In December 2011 and July 2012, two Chinese companies recalled baby formula containing high amounts of aflatoxin, a carcinogen produced by fungus in cows' feed.

Online TIN registration draws huge response

FROM PAGE B1

The NBR has also opened a call centre and five services centres, including two in Dhaka, to help taxpayers get TINs online at www.incometax.gov.bd.

The other services centres are in Chittagong, Khulna and Rajshahi, Rahela said.

NBR Chairman Md Ghulam Hussain said at a press conference on Wednesday that such a high response from TIN-seekers indicates that people want to pay taxes.

"We only need to take the services to their doorsteps," he said.

GSP cut may weigh on investment: Moody's

FROM PAGE B1

"The resulting strain to Bangladesh's credit profile could detract from the considerable progress in fiscal and banking sector reform that the country has made under its \$969 million Extended Credit Facility with the International Monetary Fund."

The recent tragedies such as Tazreen Fashions fire and Rana Plaza building collapse have prompted the government to undertake a number of steps to improve labour conditions.

GB panel's final report due July 20

FROM PAGE B1

In his statement, Muhith said all Grameen social business ventures are owned by Prof Yunus, and the former managing director of Grameen Bank took several thousand crores of taka in dividend from Grameenphone.

Prof Yunus has termed the statement from the minister completely false.



Rubana Haque, managing director of Mohammadi Group, and Showkat Hossain Masum, economic journalist at Prothom-alo, attend a seminar on the garment sector recently as part of BRAC University & Prothom-alojobs Career Fair-2013.



M Wahidul Haque, chairman of AB Bank, and Kyle F Kelhofer, country manager of International Finance Corporation, exchange documents of deals for short-term financing facility and global trade finance programme for the bank recently.

Existing labour law better than the proposed draft

FROM PAGE B1

"Even if the worker has worked for 20 years at the factory, he/she would not get any service benefit."

"This is a total injustice for the workers," said Kazi Reazul Hoque, acting chairman of National Human Rights Commission in Bangladesh. He demanded that this provision be addressed in the final law.

In the draft, a worker will get one and a half months' basic salary as gratuity for each year after the completion of eight years of service, said Nasim.

"But, it is of no use to the apparel workers as over 95 percent of the garment factories don't provide gratuity."

A garment worker generally gets compensation from the factory owner when leaving, so he suggested the government focuses on improving the compensation packages instead.

The government initiated the process of amending the current Labour Law 2006 after questions arose about the country's continued eligibility for generalised system

of preferences (GSP) for the US market, owing to its low labour standards and occupational safety.

But the scope for free formation of trade unions at factories, one of the prime demands of the advocacy parties the world over, however, was not addressed properly in the proposed draft. "It still fails to protect trade union leaders or those who will operate the union," Nasim said.

The proposed amendment has some negative provisions, which must be addressed to ensure a proper and professional trade union, said Ayesha Khanam, president of Bangladesh Mahila Parishad, a women's human rights organisation.

Another new clause was put in the draft which empowers the owners to terminate a worker's contract for leave of absence upwards of 10 days without notice, Nasim said.

The revision also exempted wholly export-oriented garment factories and wholly-owned foreign companies from sharing 5 percent of their profits with the workers, he said.

BB joins global network to battle money laundering

FROM PAGE B1

Last year, the country's financial sector was rattled by a Tk 3,500 crore Hall-Mark loan scam from Sonali Bank's Ruposhi Bangla Hotel branch. BB had dug out massive irregularities in the loans. At present, the Hall-Mark bosses and some officials of the bank are in jail, facing court cases.

However, the central bank appears to be flexible on the Basic Bank loan scam. The bank has reportedly issued loans on forged

documents and many loans were given to fake companies.

Allah Malik Kazmi, a senior adviser to BB, said combating money laundering inside the country is a task of Bangladesh Financial Intelligence Unit, but it is unable to perform due to poor capacity.

"The Egmont Group membership will also help us spot money laundering inside the country," Kazmi added.

High-flying luxury: battle for Asia's jet-set is hotting up

REUTERS, Singapore

With limousine pick-ups and on-board chefs, Asia's premium airlines are investing hundreds of millions of dollars on luxury services in a bet on a rebound in business from the wealthy, even as low-cost carriers fly high with the booming middle class.

Although business and first-class traffic has fallen significantly in the last few years as companies cut costs, carriers such as Singapore Airlines Ltd (SIA), Cathay Pacific Airways Ltd and Qantas Airways Ltd are estimated to still earn about 35 to 40 percent of passenger revenue from the high-margin segment.

Yields per premium passenger are around four to five times higher than those for economy class, underscoring why airlines are keen to pour money on amenities that range from luxurious cabins to fine dining.

Asia-Pacific airlines are the most profitable in the global aviation sector, industry data shows.

"If you don't upgrade your products, you are always going to be under pressure to drop the price more significantly," Tan Pee Teck, SIA's head of product and services, told Reuters in an interview.

"So, when people see the investment, see something new, fresh, there'll always be people who are going to try it, just like the way the A380 was launched."

While low-cost carriers such as Malaysia's AirAsia Bhd and Indonesia's Lion Air have been grabbing headlines with record plane orders to feed rapid demand for travel, the battle for Asia's richer travellers has also been heating up.

Singapore's flagship carrier has hired BMW Group's design unit, DesignworksUSA, to roll out new first-class seats featuring more privacy and personal stowage space.

The first-class cabins, along with more comfortable seats on business class developed by another design firm, will be put on Boeing's 777-300ERs and enter SIA's fleet later this year. SIA will showcase the new products at a media event on July 9.

The launch comes as SIA, considered the gold standard for customer service, and famous for its iconic "Singapore Girl" in sarong kebaya uniform, faces pressure from free-spending Gulf carriers.

State-backed Emirates Airline, Etihad Airways and Qatar Airways are investing heavily to attract travellers with fleet upgrades, extensive networks and new perks.

On its A380 flights, Emirates offers shower facilities for first-class passengers and an on-board lounge with open bar in first and business class cabins. It also provides a complimentary chauffeur service to first- and business-class passengers in more than 55 cities.

This has not gone unnoticed. "On my long-haul flights these days, I will go for Emirates over Singapore Airlines whenever I can," said Barry Lea, who has flown business class on SIA and Cathay.

"I find their in-flight entertainment top notch. It's all very well taking Singapore Airlines and being sort-of attended to by Miss Worlds but, on a 17-hour flight, the novelty wears off."

Emirates is relentlessly expanding its network from Dubai and this has given it a strategic advantage.

"Schedule is always going to be key," said Nick Rees, who manages Emirates' Singapore and Brunei operations. "Where we see our network being particularly strong is, we have one stop in Dubai to 35 points in Europe."



Shamim Zade Basuniya, president of Institute of Engineers Bangladesh, attends a seminar on "Performance based design: ductility and prevention of structure failure" organised by the BSRM Group, in Dhaka recently. Kazi Anwar Ahmad, head of Dhaka corporate office of BSRM, was also present.



Participants of an event of Panasonic -- Panasonic presents ideas change lives showcasing programme -- pose with certificates, in Dhaka recently.



Utpal Bhattacharjee, head of BD Carbon, attends a local stakeholder consultation, organised by Akij Particle Board Mills Ltd for Akij Particle Biomass Thermal Energy Generation Project, at the factory premises recently.