

Stocks end flat amid investors' buying spree

GAZI TOWHID AHMED

The cement sector registered the highest gain yesterday, powered by the investors' buying spree of cement stocks, as most of the manufacturers saw an upward trend in their profits in the first half of this year.

The sector gained 4.09 percent in terms of prices followed by telecoms at 1.87 percent.

The rising profits of listed cement stocks assisted the sector to be the highest gainer of the day, commented IDLC Investments in its daily market analysis.

Out of seven cement companies, six gained 3.79 percent to 8.02 percent in terms of prices.

Five companies disclosed profits, which soared 21 to 71 percent in the first half of this year.

Besides, the new investment of Grameenphone to expand its coverage in rural areas aided the

telecom sector to gain 1.87 percent on the day, the investment bankers said.

GP is set to receive Tk 36 crore funds from the International Finance Corporation, the private sector arm of the World Bank Group.

The LankaBangla Securities also agreed with the IDLC on the cement sector's highest gain.

Among the major sectors, food and allied lost 3.52 percent, non-bank financial institutions 1.49 percent and non life insurance 1.38 percent.

However, stocks ended flat yesterday with benchmark general index of the Dhaka Stock Exchange, DSEX, closing the day at 4,127.48 points, after falling 4.65 points or 0.11 percent.

Natural correction as well as profit-taking was vigilant throughout the trading sessions, IDLC said.

After moving marginally lower over the course of the previous

session, stockmarket registered lower amount of turnover as market faced a wimpy sell pressure, LankaBangla said.

Turnover, the most important indicator of the market, declined 21.66 percent to Tk 541 crore from the previous day.

With uncertainty around global economic prospects, Bangladesh economy is now stable compared to other emerging frontier markets, LankaBangla said.

A total of 1.17 lakh trades were executed with 8.91 crore shares and mutual fund units changing hands.

Of the 293 issues traded on the DSE floor, 103 advanced, 158 declined and 27 remained unchanged.

Bangladesh Submarine Cable Company featured in the most traded stocks chart with 13.55 lakh shares worth Tk 36.16 crore changing hands.

gazitowhid@gmail.com

Bangladesh embassy takes part in German event

STAR BUSINESS DESK

The Bangladesh embassy in Germany participated with a stall of various exportable and culturally reflective items, handicrafts and artefacts on display at the Open Day - 2013 in Berlin.

German Federal Ministry for Economic Cooperation and Development (BMZ) arranged the event.

The BMZ opened its doors with the focus on informing German public about the work of the ministry, the embassy said in a statement yesterday.

"This is an opportunity to present the manifold aspects and positive sides of a country to an international audience."

The Bangladesh embassy stall presented Nokshi Kathas, leather goods, sarees, brass items, garments, ceramic products as well as posters and brochures for promotion of export and tourism.

Visitors were encouraged to take

brochures and presented with pens, USB sticks and key rings with the Bangladesh logo and rickshaw models as souvenirs, which were prepared by the Export Promotion Bureau and Bangladesh Tourism Board.

Furthermore, traditional food items were offered to the visitors as a glimpse of Bangladesh's rich cuisine.

In addition to that, a DVD entitled 'Spectacular Bangladesh' was shown for 23 minutes in the conference room on a large screen, according to the statement.

Germany's Federal Minister Dirk Niebel, State Secretary Hans-Jürgen Beerfeltz and Parliamentary State Secretary Gudrun Kopp attended the event.

A piece of Nakshi Katha was presented to the Beerfeltz.

The commercial wing of the embassy had earlier participated in a similar event arranged by the same ministry on Development Day on May 25 this year.



Muklesur Rahman, managing director of NRB Bank, poses with the participants of an anti-money laundering training organised by the bank at its head office in Gulshan on Monday.

Salt mills to face actions for iodine failure

UNB, Dhaka

The government will take legal actions against the salt mills failing to maintain adequate iodine proportion in their salt production after August 31, said officials of Bangladesh Small and Cottage Industries Corporation (BSCIC) on Thursday.

The warning came at a review of the annual progress of the BSCIC project -- Control of iodine deficiency disorders through universal iodinations of salt (CIDD-third phase) -- at Biam auditorium.

The officials observed that the salt mill owners and other people concerned need to work with greater responsibility to achieve the target of providing 100 percent families in the country with iodised salt by 2016.

At present, 58 percent of the table salt produced in the country is adequately iodised, they informed.

So far, 267 salt iodisation plants have been distributed among eight salt zones of the country with assistance from Unicef under Tk 71 crore BSCIC project, the officials said.

Presided over by BSCIC Director (development and expansion) M Jahangir Mollah, the review meeting was also attended by BSCIC Chairman Shyamsundar Shikdar.

IMO-US team visits QNS Container Services in Ctg

STAFF CORRESPONDENT, Chittagong

A delegation of International Maritime Organisation and American Homeland Security visited the private off dock of QNS Container Services Ltd on Tuesday.

Among 16 inland container depots, the delegation chose QNS Container Services Ltd for visit to see the security condition and compliance with international ship and port facility security code, which is mandatory for Chittagong port and the off docks.

QNS Chairman Nurul Qayyum Khan welcomed the delegation and showed them the facilities and security aspects of the off dock.

NBR registers 21pc rise in July receipts

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"Monitoring also supported income tax receipts to grow faster," Md Bashir Uddin Ahmed, member of tax administration and human resource management of NBR, told The Daily Star earlier.

Around Tk 1,837 crore of income tax was collected in July, up 28.1 percent from a year ago, but still short of the monthly target.

Customs collection, too, rose last month, by 7.68 percent year-on-year to Tk 2,989 crore, according to NBR.

The tax administration aims to collect Tk 136,090 crore in fiscal 2013-14, 25 percent more than the previous fiscal year's receipts.

Biman to resume Yangon flights in November

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Biman will run flights on the Dhaka-Yangon route with two turbo-prop aircraft that it has already moved to lease, Steele said.

The airline plans to resume flights on a number of domestic routes in November following the lease of the two cost-effective turbo-prop planes, Steele said.

Biman floated a tender for the second time for the lease and expected to get the aircraft by October.

Except for Chittagong and Sylhet from where international flights operate, Biman suspended flights on all domestic routes in September last year to cope with a sudden shortage of aircraft and to continue uninterrupted hajj flights.

The government has invested around Tk 15,000 crore in the aviation sector, with more in the pipeline, said Civil Aviation Minister Faruk Khan who attended the agreement signing ceremony at the Caab headquarters.

Air Vice-Marshal Mahmud Hussain, chairman of Civil Aviation Authority of Bangladesh, and Win Swe Tun, deputy director general of the Department of Civil Aviation of Myanmar, signed the deal.

The government has reduced aeronautical charges on domestic route to promote operations on them, he said.

Banks loans still elude micro-enterprises

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"This will make the credit programme more focused, as it will help Bangladesh Bank monitor the MSMEs' access to credit more effectively."

In Bangladesh, economic entities are dominated by micro-enterprises, accounting for more than 98 percent of the total enterprises. A little over 70 percent of the enterprises are owned by the non-poor, the study found.

Around 71 percent of micro-enterprises are located in rural areas mainly because of the expansion of rural microcredit during the past decade.

The SMEs grew at an annual rate of over 6 percent between 1981 and 2001.

A total of 8,936 households were randomly selected from 275 upazilas in 63 districts across the country for the study.

suman.saha@thedailystar.net



Hidetoshi Amano, head of sector analysts' team, planning division for Asia and Oceania of Bank of Tokyo-Mitsubishi UFJ Ltd, recently calls on Helal Ahmed Chowdhury, managing director of Pubali Bank.



Nurul Qayyum Khan, chairman of QNS Container Services Ltd, poses with an inspection team of the International Maritime Organisation and American Homeland Security, at the QNS off dock in Chittagong on Tuesday.

Dispute settlement centre for RMG sector

STAR BUSINESS DESK

A workshop on assessing feasibility of a national dispute settlement centre for the readymade garments sector was held at the Lake Castle Hotel in Dhaka on Monday.

The proposed medium will act as a pilot concept at the national level to serve as an intervention to resolve labour disputes, provide pro-active legal advisory services and support the workers and management in resolving industrial conflicts.

The Integrated Community and Industrial Development Initiative Bangladesh (INCIDIN), which has also developed feasibility study on the establishment of this centre, organised the workshop with support from GIZ.

The event was facilitated by the Promotion of Social and Environmental Standards in the Industry, a joint project of the governments of Bangladesh and Germany implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH.

"This is a proposal. We at GIZ believe that sustainable development of the RMG sector requires the involvement and cooperation of all relevant stakeholders. Thus, we follow a multi-level approach," said Olaf Handloegten, country director of GIZ.

"We as GIZ advisers, would like to stimulate a discussion on this issue and hope that in the end we can come up with a fruitful result."

The concept of individual dispute settlement centre may be examined in order to promote better industrial relations in RMG sector of Bangladesh, said Md Israfil Alam, member of the parliament and chairman of the parliamentary standing committee on labour and employment ministry.

Impact not so imminent

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The overall surplus in the external balance was \$5.12 billion last fiscal year, a huge jump from \$494 million in the previous year.

The portfolio investments, such as in the stockmarket, are low in Bangladesh and were a net of \$287 million last fiscal year, a central bank official said.

The capital accounts are also not convertible in the country, which successfully stops a rush in capital flight.

On the other hand, the Indian rupee has fallen by 15 percent against the dollar, Indonesian rupiah by 8 percent, Brazilian real by 20 percent and Turkish lira by 10 percent, since the start of the year.

The decline in these currencies has accelerated since May 22 when Ben Bernanke, chairman of the US Federal Reserve System, signalled his intention to cut Fed's massive programme of dollar printing and bond purchases as early as this September.

Fed has been pumping \$85 billion a month into the financial markets through purchase of US Treasury securities and mortgage-backed bonds since December 2012, which fostered a flood of speculative capital into the emerging economies such as India, Brazil, Turkey and Indonesia.

The prospect of a reduction and ultimate halt in quantitative easing has led to higher interest rates in the US, and almost overnight the hot money that boosted the emerging economies has embarked on a flight back to the US.

Hassan Zaman, chief economist of Bangladesh Bank, said the key differences between India and Bangladesh is that Bangladesh is running a current account surplus and India is not.

"We are also much less reliant on short term capital flows for our external financing. This is why the current portfolio flows-led crisis is unlikely to have the same effect

on the taka," he said.

Still, the central bank is not complacent at all, Zaman said. "We know that we are not immune from external shocks since we also had to deal with our own currency depreciating rapidly between December 2011 and February 2012."

He said the rupee depreciation would help those Bangladeshi industries which are reliant on imported industrial raw materials, such as cotton, from India, while they would of course affect export competitiveness in others.

"However, it is too early to discuss the real impact of the current currency slump since markets may well have overreacted and we don't know what the new equilibrium will be."

Hussain of the WB said India, Indonesia and Turkey compete with Bangladesh in export markets. Such a large depreciation of their currencies is likely to toughen competition for Bangladesh.

The impact will depend on the permanence of the currency depreciation, the impact of the policy response in these countries, the feedback effects on their inflation rates, and the impact on the cost of intermediate input and raw material imports in Bangladesh, he said.

"If the foreign exchange markets have over-reacted to Bernanke's signal then clearly a reversal will follow after the markets calm down and the reversal may be expedited if the policy tightening measures already announced in these countries begin to have the desired effects on market sentiments."

The WB official said these countries would also lose the competitiveness gained from currency depreciation if the latter Stokes up their inflation.

"Also, Bangladesh is a large importer of raw materials and intermediate inputs from India. The depreciation of the rupee has

Suzuki teams up with Rancon

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"I have a long desire to manufacture motorbikes locally. Today, my dream has come into reality," said A Rouf Chowdhury, chairman of Rangs Group, adding that his company plans to manufacture the two-wheeler vehicles locally within the next three years.

The plant is expected to be complete by December and the company to start selling motorcycles in February or March, according to Romo Rouf Chowdhury, managing director of Rangs and Rancon Motor Bikes.

Around 20,000 motorcycles will be assembled within the first year by sourcing all components in the completely knocked-down (CKD) format from India.

Initially, three models (ranging from 110, 125 and 150cc) will be on offer, with their prices

ranging from Tk 1.25 lakh to Tk 2.5 lakh.

"Motorcycles have tremendous prospects here as proper transportation system is yet to be established," said the Rangs Group MD, while singling out the rural areas.

"In many village areas, people cannot travel by bus due to narrow roads. In that case, motorcycles would be the best alternative."

The Rangs MD went on to highlight the discrimination faced by the motorcycle assemblers, who pay 100 percent duty on CKD imports whereas the local manufacturers only pay 40 percent.

"There prevails a 60 percent tax gap between the motorcycle assemblers and manufacturers—it needs to be addressed as the motorbike is no longer a luxury item."

All but Citycell to take part in 3G auction

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Sunil Kanti Bose, BTRC chairman, said, "This is a good sign that the operators are now confident and are going to participate in the auction."

On Citycell, he said the operator could not arrange the earnest money. The operator also requested the regulator to allocate 5 megahertz spectrum after the auction so that it can offer 3G services when it manages the money, Bose said.

However, Citycell runs on EVDO (enhanced voice-data optimised) technology, which is equivalent to the 3G. The operator had also requested the regulator to transform its technology to GSM (global system for mobile communication) from CDMA (code division

multiple access).

Banglalink CEO Ziad Shatara said: "By confirming our participation in the 3G auction, we reiterate our commitment to deliver to our customers, the next generation of technologies and value propositions."

Mahmud Hossain, chief corporate affairs officer of Grameenphone, said they would be able to offer the service within this year.

Mahmudur Rahman, executive vice president of Robi, said, "We have submitted the earnest money and hope the issues related to tax on SIM replacement and amortisation will be resolved before the auction date."