

Stocks dampened by political fears

Dhaka benchmark index sheds 6.2 points

STAR BUSINESS REPORT

The fall in share prices continued to take a heavy toll on the bourses for a third day as the investment outlook remained bleak over rising political warm-up, analysts said.

The market ended flat yesterday as investors were reluctant to make fresh investment in the market.

DSEX, the benchmark general index of the Dhaka Stock Exchange, closed the day at 4,071.16 points, after falling 6.2 points or 0.15 percent.

Scrip-wise swings were vigilant during the trading session as 63 out of 290 posted more than 4 percent fall in prices, IDLC Investments said in its daily analysis.

Overall market sentiment was volatile as investors were pursuing a meticulous strategy in their day-to-day trading activities, the investment banker said.

In addition, they were watchful over future market directions and political front-

tier, it added.

Market continued to decline with thin turnover despite falling call money rate and improving liquidity condition in the money market, stated LankaBangla Securities in its daily analysis.

Investors were seen executing 1.03 lakh trades with 7.65 crore shares and mutual fund units on the Dhaka bourse.

Of the 290 issues that traded on the DSE, 153 advanced, 106 declined and 31 remained unchanged.

Amid the major sectors, tannery gained 2.46 percent, foods 2.45 percent and pharma 1.10 percent.

However, telecoms declined 2.74 percent, bank 0.59 percent and non life insurance 0.57 percent.

Grameenphone topped in the most traded stocks chart with 16.2 lakh shares worth Tk 33.24 crore changing hands.

Hakkani Pulp and Paper was the biggest gainer of the day, as it posted 10 percent gain, while Dhaka Bank was the worst loser, slumping by 4.28 percent.

Govt okays wheat purchase

STAR BUSINESS REPORT

The cabinet committee on public purchases yesterday approved a proposal to import 50,000 tonnes of wheat to build stock.

Chittagong-based Smile Food Products Ltd offered to sell wheat at \$282.66 a tonne,

Smile Food Products Ltd, Nurul Karim, additional secretary of Cabinet Division, told reporters.

The panel also gave a nod to the purchase of 31,925 electricity supply-line poles at Tk 62.51 crore.

Finance Minister AMA Muhith presided over the meeting at the Cabinet Division.

Google offers EU competition proposals

AFP, Brussels

US Internet giant Google has submitted new proposals to remedy EU concerns that it is abusing its dominant position in the search market, the European Commission said Monday.

"If the Commission considers the proposals to be satisfactory there could be an agreed solution in the coming months," a spokesman said.

The EU's executive arm had identified four main areas of concern, chief among them that Google gives preference in its search results to its own services, such as surveys of restaurants or hotels.

"Our proposal to the European Commission addresses their four areas of concern," Google spokesman Al Verney told AFP.

"We continue to work with the Commission to settle this case," Verney added, declining to give any specific

details.

Separately, the FairSearch alliance of companies which have pressed Brussels to take action against Google demanded Monday that "customers and competitors ... be consulted in a full, second market test" of its latest offer.

Commission tests of a first Google proposal last spring came back negative.

Accordingly, in July, EU Competition Commissioner Joaquin Almunia wrote to Google chief Eric Schmidt to demand that Google improve its proposals.

The Commission spokesman did not say Monday if the latest offer would be market tested.

Brussels launched its investigation of Google in November 2010 following a complaint by several companies, including Microsoft.

A company found at fault in an EU anti-trust probe can face fines of up to 10 percent of its total annual sales.



Agreement Signing Ceremony for Biman Bangladesh Airlines e-Ticketing through DBBL Internet Payment Gateway
Date: 9th September 2013
Location: Dhaka
Participants: Kevin John Steele, managing director of Biman Bangladesh Airlines, and KS Tabrez, managing director of Dutch-Bangla Bank, shake hands after signing a deal recently. Air travellers from Bangladesh can now pay for Biman tickets online through DBBL Nexus Debit Card, VISA card and MasterCard.

Biman pairs with DBBL for local payments of e-tickets

STAR BUSINESS DESK

Air travellers from Bangladesh can now make online payments for Biman Bangladesh tickets through Nexus Debit Card, VISA card and MasterCard of Dutch-Bangla Bank (DBBL), the bank said in a statement yesterday.

Kevin John Steele, managing director and chief executive of Biman Bangladesh Airlines, and KS Tabrez, managing director of Dutch-Bangla Bank, signed a deal recently, enabling Bangladeshi passengers buy Biman e-ticket using VISA card and MasterCard issued by any Bangladeshi bank.

Biman website has been linked up with DBBL's 3D secured Nexus Gateway for e-payments by local online purchases, according to the statement.

Earlier, passengers only with VISA card and MasterCard issued from outside Bangladesh could buy the e-tickets through the Kasikorn or K Payment Gateway of Thailand.

WTO chief tells negotiators to break Doha deadlock

AFP, Geneva

Negotiators must inject new life into global trade talks within weeks or risk seeing the world slide down the road to protectionism and regional deals, the new leader of the WTO said Monday.

Brazilian Roberto Azevedo, in his first address to the World Trade Organization's 159 member economies, warned that they must break the deadlock in time for a make or break summit in Bali in December.

"It is clear the system is in trouble," Azevedo told his debut session of the WTO's ruling body, the general council. "The perception of the world is that is we have forgotten how to negotiate. The perception is paralysis. It is essential that we breathe new life into the negotiating process. That's why success at the Bali ministerial is vital," he said.

"While the benefits of success would be great, the consequences of failure would be even greater. The future of the multilateral trading system is at stake. Those who stand to lose the most are the smallest and most vulnerable."

Members of the WTO, which sets the rules of global commerce, launched their "Doha Round" negotiations at a summit in Qatar in 2001.

Customs must co-operate with VAT and income tax

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This year's revenue target of Tk 136,000 crore, although ambitious, is achievable, the NBR chairman said. "Your [the business community's] support is required to achieve it."

Hussain said over 70,000 homeowners and almost the similar number of business entities does not have any tax files at present. "We have identified them and will go step-by-step in bringing them to the tax net."

He also emphasised on the need for more co-ordination among the fiscal, monetary, export and import policies for an integrated trade regime.

Rokia Afzal Rahman, president of MCCI, said the association has decided to hold a quarterly meeting in a bid to exchange ideas with the business community. "Today's [yesterday] meeting was the first of its kind."

Japan's Suntory to buy GSK drink brands for \$2.1b

AFP, Tokyo

Japanese drinks giant Suntory said Monday it would buy the top-selling Lucozade and Ribena brands from British drugs firm GlaxoSmithKline (GSK) for \$2.1 billion.

The deal, part of Suntory's bid to expand overseas to counter a shrinking domestic market, was expected to be completed by the end of the year.

Energy drink Lucozade and the Ribena juice brand would help Suntory's food and beverage unit move closer to hitting a 2.0 trillion yen (\$20 billion) annual sales target in 2020, the Japanese firm said.

The non-alcoholic drinks unit, which debuted on Tokyo's stock exchange in July after a \$3.9 billion share sale, said it would "actively pursue" more cross-border deals.

Parent company Suntory Holdings - which also distributes other foreign names including Jim Beam bourbon in the domestic market - spun off the lucrative non-alcoholic unit as it eyes more foreign acquisitions.

"We are expanding our business in emerging markets and strengthening our business platform in order to improve profitability by further developing our existing brands and growing our production and sales," the company said in a statement.

Suntory said the deal would cut costs while giving it a foothold in Britain, the second-largest drinks market in Europe.

"Complementing our existing brands, the addition of the sales network associated with these two global brands will give us a platform in countries where GSK already operates such as Nigeria as well as Malaysia and thereby enable us to expand the sales of our whole brand portfolio," it added.

The 210.6 billion yen (\$2.1 billion)

purchase comes after Suntory bought Europe's Orangina Schweppes Group for about \$3.3 billion in 2009.

Last year, the Japanese firm said it would form a joint venture with Chinese brewer Tsingtao to expand its reach in the world's biggest beer market, while it has also said it would buy a 51-percent stake in Indian food and drink maker Narang Group.

Major Japanese beverage makers have aggressively sought to expand abroad in recent years to offset their shrinking domestic market, while a strong yen made the foreign shopping spree relatively cheaper.

On Monday, GSK said the cash sale was the result of a business review earlier this year after which it announced its desire to sell the drink brands.

"Lucozade and Ribena are iconic brands that have made a huge contribution to GSK over the years, but now is the right time to sell them as we increase the focus of our Consumer Healthcare business and execute the delivery of our late stage pipeline of pharmaceuticals and vaccines," the British firm said in a statement.

It said the sale proceeds would be used partly to bring down debt and for "general corporate purposes".

Shares in Suntory's food-and-beverage unit closed up 0.42 percent at 3,515 yen in Tokyo Monday with the deal announced after markets had closed.

Some of the unit's IPO proceeds would be used to pay off short-term bank loans while the rest is earmarked for "strategic domestic and international investments aimed at growing the company", the subsidiary said earlier this year.

The founding family of Osaka-based Suntory, which was established in 1899, retains a stake of nearly 90 percent.

Philippines only emerging Asian nation with strong momentum: OECD

AFP, Paris

The Philippines is the only emerging Asian nation with strong business cycle momentum, although China and Singapore have stabilised, the OECD Development Centre said Monday.

Chinese growth was now returning to trend, meriting a "Stay the same" reading for the business cycle, after a slowdown that had weakened momentum across ASEAN nations.

India had a "weak" business cycle reading with growth below trend in latest Asian Business Cycle Indicators report.

Singapore and Malaysia were now rated as stable.

Indonesia and Thailand had weak ratings.

The OECD said "the key imminent downside risk facing Southeast Asia, China and India is the turmoil in the financial market, triggered by the prospects of tapering of quantitative easing (QE) policy in the US."

It noted emerging Asian economies with large current account deficits that are more vulnerable to rapid capital outflows such as India and Indonesia bore the brunt of the financial turmoil.

The OECD warned volatile global oil prices due to tension in the Middle East could also pose a problem if the situation persists.

Free mobile SIMs for hajj pilgrims

STAR BUSINESS DESK

Intraco Ltd, a sister concern of Intraco Group, will distribute 90,000 SIM cards to the hajj pilgrims this year free of cost, which will help the pilgrims to contact with their families during their stay in Saudi Arabia.

The travellers will be able to know their Saudi mobile numbers before leaving Bangladesh and make phone calls to the near and dear ones for free just after reaching Saudi Arabia.

The SIMs will also help them receive calls from Bangladesh for free and make calls at a cheap rate, Intraco Group said in a statement yesterday.

Distribution of the SIM cards has begun with the first hajj flights taking off this year at all international airports and hajj camps of the country, according to the statement.

Corruption returns as main hurdle to business: study

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They also said the corporate ethics of firms were not "good enough".

"These indicate that Bangladesh is still struggling with structural and governance weakness," said Khondaker Golam Moazzem, additional research director of CPD, said yesterday, while calling for "highest efforts" from the government to improving these bottlenecks.

"The existence of these weaknesses is pulling down the economy from attaining a higher level of competitiveness."

Although Bangladesh's competitiveness has made some progress, it was not adequate to facilitate the targeted levels of growth and investment, Moazzem said.

The constraining factors of corruption, infrastructure deficiency, inefficient government bureaucracy and limited access to finance have remained the same over the years, he said.

"Banks are now cautious in trade financing after the scams of Hall-Mark and Bismillah groups," he said, adding that implementation of Financial Reporting Act is urgently needed.

However, few specific policies such as the monetary policy and initiatives like the public-private investment in the energy and power sectors have helped made positive changes in competitiveness, he said.

Mustafizur Rahman, executive director of CPD, said Vietnam, one of Bangladesh's main competitors, is growing very fast.

"To compete, Bangladesh needs to make progress in areas of innovation, technology, skilled human resource and new market creation, apart from improvement in administration and good governance," he added.

Moazzem also said the government's intervention in the media industry was a big concern for the businessmen, who considered it to be "a threat to freedom of media".

The GCR is one of the world's most comprehensive and respected assessments of country competitiveness, offering insight into policies, institutions and factors driving productivity and then, enabling sustained economic growth and long-term prosperity.

Grameenphone to launch 3G by mid-October

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"This marks the beginning of a new chapter in the history of GP and Bangladesh. The country is getting ready for the data-centric era," Sood said.

The operator will not charge its customers for migration to 3G services, and users will not need to change existing SIM cards either.

The company will introduce affordable and competitive 3G packages to meet the demand of its different customer segments, the company's officials said.

The company will have different data packages for 3G subscribers but that will not affect the tariff of voice users.

Preparation for a 3G network has already been taken and the operator just needs a clearance from the regulator to import some radio equipment to offer the services, said Tanveer Mohammad, chief technology officer of GP.

Currently, about 10 percent of mobile users have 3G-enabled handsets, which are the core requirement for the service.

People will more easily adopt the services when affordable mobile handsets capable of supporting 3G are available within a price range of Tk 4,000 to Tk 5,000, Tanveer said.

Grameenphone with more than 44 million subscribers started operations in 1997.

Regulator asks DSE to use new online platform

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The body found the MSA Plus platform, acquired from UK-based software vendor Xchanging for around \$600,000, to be faulty and recommended migrating to a new one.

The premier bourse has already reached out to NASDAQ Stock Exchange, a premier US-based bourse, to find a solution, said a DSE official preferring anonymity.

"The American bourse last month gave a demonstration of an improved technology-based trading system. The DSE board was very much impressed and directed the management to start negotiations with NASDAQ."

He added that the bourse, however, did not make the full payment for the MSA Plus software as "it never worked properly".

The securities regulator had also formed an investigation committee in February, as investors faced problem in placing buy and sell orders of Orion Parma's shares on its debut day.

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Bad loans up 80pc in industrial sector

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"Scams in the banking sector have also pushed up the bad loans," said Shafiqul Alam, managing director of Jamuna Bank that witnessed a rise in its default loans due to Bismillah Towels.

Helal Ahmed Chowdhury, managing director of Pubali Bank, said a political consensus is a must to boost the confidence of the business community, who have taken on a wait-and-see position.

The lack of confidence is also evident in the import of capital machinery and raw materials.

Overall imports dropped 4.36 percent year-on-year in fiscal 2012-13, with capital machinery import declining 15.85 percent and industrial raw materials 2.50 percent.



Md Fayekuzzaman, managing director of ICB, and Humayun Rashid, managing director of Energypac Power Generation Ltd (EPGL), sign an agreement recently on sales of EPGL shares worth Tk 70.04 crore through private placement.