

# Stock turnover at one-month low

STAR BUSINESS REPORT

Turnover on the Dhaka Stock Exchange dipped to a one-month low yesterday due to investors' reluctance to inject fresh funds in the market prior to Eid-ul-Azha.

The most important indicator of the market declined 18.12 points after from the previous day to stand at Tk 272 crore.

DSEX, the benchmark general index of DSE, closed the day at 3,937.68 points, after falling 31.1 points or 0.78 percent.

Fear of political turmoil hit investors' sentiment negatively, commented IDLC Investments in its analysis.

Investors were selling off shares, especially large cap stocks, ahead of Eid, the merchant bank said.

Investors were focusing on fundamentally strong large cap scrips, as those were providing lucrative price advantages in recent time, it said.

Meanwhile, investors' confidence continued to wane, as turnover went below the Tk 300 crore mark after 32 days, it added.

A total of 0.85 lakh trades were executed

with 6.96 crore shares and mutual fund units changing hands on the Dhaka bourse.

Of the 289 issues that traded on the DSE floor, 57 advanced, 215 declined and 17 remained unchanged.

Most major sectors went red: life insurance 2.18 percent, non-life insurance 2.1 percent, textile 1.73 percent and engineering 1.73 percent.

However, foods gained 1.93 percent and telecoms 1.3 percent.

Square Pharma featured in the most traded stocks chart with 11.87 lakh shares worth Tk 20.61 crore changing hands.

Rahima Food was the biggest gainer of the day, posting a 9.86 percent gain, while Modern Dyeing and Screen Printing was the worst loser, plunging 9.99 percent.

The Chittagong Stock Exchange also declined on the day with its selective category index, CSCX, dropping 56.41 points, to close at 7,674.06 points.

Losers beat gainers 166 to 31, with 16 issues unchanged on the port city bourse that traded 74.09 lakh shares and mutual fund units with a turnover of Tk 24.02 crore.

## Tribunal for stockmarket gets speed

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Khaled fears the delay in setting up the process of the tribunal may create scope for demolition of evidence. "The legal department of securities regulator should ensure it does not happen."

He urged the government to let the tribunal work independently—and without any political pressure.

"We would be able to clear the cases without much delay now. The tribunal will boost investors' confidence," said Saifur Rahman, executive director of BSEC.

In November last year, the parliament amended the Securities and Exchange Ordinance 1969 to empower the government to set up special tribunals to try such cases.

As per the amendment, the government may establish one or more tribunals—each with a sessions judge or additional sessions judge.

## Uncertainty looms over factory survey

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The other platforms are global initiatives—one led by IndustriALL, an international trade union, and the other is North American Alliance, a platform of 22 US-based retailers and brands. Eighty-five retailers joined the platform led by IndustriALL.

Gagan Raj Bhandari, deputy country director at ILO Bangladesh, said the ILO has already signed an agreement with the Dutch government for the release of a portion of the fund. "Similar agreements will be signed with the Canadian and British governments in mid-October," Bhandari said.

"We will assist the [Bangladesh] government in preparing a common checklist for the inspection," he said by phone.

The ILO will hold a meeting with all the three parties on October 6 so they can agree on a common checklist, Labour Secretary Shipar told The Daily Star.

"The government is ready to start its own inspection, but the retailers are now making delays. Everything is advancing in a scattered manner," Shipar said.

Both the platforms of global retailers are yet to submit the list of factories they will inspect, the secretary said.

The global platforms will now come up with their lists by October 12, he said.

However, Roy Ramesh Chandra, general secretary of IndustriALL Bangladesh Council, said they have already agreed in principle to follow the Bangladesh National Building Code for factory inspection.

They will appoint safety inspectors and other officials needed for the inspection within the first week of November, Ramesh said. "We will be able to submit a list of 1,827 garment factories to the government next week for the inspection."

Opening a new office in Dhaka is their next challenge, he said.

## First Bangladeshi MD for British American Tobacco

STAR BUSINESS DESK



Shehzad Munim

Shehzad Munim joins British American Tobacco Bangladesh (BATB) today as its first ever Bangladeshi managing director in over 100 years' history of the company's operation in the country.

Prior to the appointment, Munim worked as the marketing director for South Asia at BAT, the company said in a statement yesterday.

He joined BATB after completing his graduation from the Institute of Business Administration of Dhaka University in 1997.

In 16 years at BAT, he has served in many senior management positions in Bangladesh, New Zealand, Australia and South Asia area headquarters in Pakistan.

## Slow-paced projects to face WB ultimatum

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"A mid-term review (MTR) for IPFF is scheduled by December 31, which will determine restructuring options and cancellations, if any."

The Election Commission's \$195 million Identification system for Enhancing Access to Services (IDEA) project is also set to be downgraded due to its slow implementation. Approved in May 2011, only 1.7 percent has been disbursed until August.

The \$35 million Disability and Children at Risk project approved in July 2008 would also be reviewed. The project is supposed to be completed in 2014 but has an undisbursed balance of \$28.9 million.

The government has requested a closing date extension of 18 months, from December 2014 to June 2016, which the WB is likely to accept "pending satisfactory disbursement and progress towards PDO achievement."

The Strengthening Regional Cooperation on Wildlife Protection project involving Bangladesh and Nepal, approved in July 2011 to tackle illegal wildlife trade and other selected regional conservation threats to habitats in border areas, is another slow disburser.

The \$36 million project has recently entered problem project status, owing partly to "significant delays in implementation of the Bangladesh program".

Key capacity building initiatives are yet to commence and no civil works contracts have been awarded to date. A six month action plan has been agreed and, depending on the disbursements in the upcoming months, the MTR to be carried by December 2013 may propose restructuring, including a partial cancellation," the WB said.

The Clean Air and Sustainable Environment project, approved in 2009 for completion by December 15, 2016, would also be discussed at today's meeting.

"The PDO remains achievable, but implementation has been delayed," the multilateral lender said. Of the project's outlay of \$62.2 million, \$38 million remains undisbursed.

There have been significant delays in the Rural Water Supply Project and so it is up for discussion at today's meeting. Since the project became live on May 13, 2012, only 2.53 percent of the total outlay of \$75 million has been used.

The progress of the restructured Private Sector Development Support Program, too, would be discussed. The project had a cancellation of \$78 million approximately, reduction in the project scope and revision of the results indicators and targets in July 2013.

The Employment Generation Program Project, which has managed to use 62.8 percent of its allocation of \$150 million since November 30, 2010, is also set for review.

The National Agriculture Technology Project, which has achieved "good outcomes", is also up for discussion. The project is scheduled to close in December 2013 but its overall disbursement of 74 percent remains behind schedule.

The WB and the ERD have been holding tripartite meetings every three months from last year to strengthen the implementation process. The multilateral lender has 41 active projects in Bangladesh.

## Default or not, Asia a hostage to US debt

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Central banks managing FX reserves in Asia have done likewise but on a much smaller scale, partly because they are mindful of the impact they could have on markets when they move their billions.

Data from the US Treasury shows China's holdings of Treasuries has declined modestly, to \$1.277 trillion at the end of July from a peak of \$1.297 trillion at the end of May.

But the composition has shifted. In the three months to March, Treasuries comprised 81 percent of China's \$66 billion purchases of long-term dollar bonds and stocks. That proportion dropped to 56 percent in the second quarter. In July, China sold \$6.4 billion of Treasuries and bought \$20 billion of bonds issued by US government agencies.

The change in China's allocation may reflect signs that the global economy is picking up, said an economist at the China Centre for International Economic Exchanges (CCIEE). China has the world's biggest currency reserves at \$3.5 trillion.

"China may be buying more risky assets," said the economist, who declined to be identified. "When the recovery is shaky, China tends to hold more low-risk assets, such as US Treasuries." Japan on the other hand was a net seller of dollar assets in the first half of the year, but a net buyer of \$15.9 billion in July.

## Fair wages to help retain trade privileges

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Bangladesh must ensure workers' right to association, collective bargaining, occupational safety and fair wages if the country wants to retain the generalised system of preferences (GSP) for garment exports to European markets, Hanna said.

The EU may think of cancelling the "Everything But Arms" scheme, if Bangladesh fails to make sufficient progress in labour rights and safety standards, he said.

Wages for garment workers are nowhere near the amount needed even for basic living, said Roy Ramesh Chandra, general secretary of IndustriALL Bangladesh Council.

"Even to be in line with the millennium development goals, a person must earn above \$120 a month to be able to remain above the poverty line," news agency UNB quoted Ramesh as saying.

The poor leadership of garment factory owners is the main reason for the recent labour unrest over a wage hike, Ramesh said.

The wages of the RMG workers are not increasing in tandem with the increase in production and export earnings in the sector, said Prof MA Taslim, chairman of the economics department of Dhaka University.

Garment production increased three-fold since 2006-07, but the labour force did not increase accordingly, which indicates the wage rate is not increasing as per productivity, he said.

Export earnings from the sector stood at \$8 billion in 2005-06, which hit \$21.5 billion in 2012-13, he said.

Given the higher increase in export earnings compared to the number of labour force since 2006-07, the employers cannot deny the increase in profit in this time, Taslim said.

Problems of the garment sector will not be solved if the workers are used in political activities, said Asif Ibrahim, a former president of Dhaka Chamber of Commerce and Industry.

PPRC has developed a database of 1,168 workers, including dead and injured ones, said Hossain Zillur Rahman, executive chairman of PPRC.

At the beginning of the event, 16 families of the dead and injured workers of Rana Plaza collapse were promised jobs and financial aid.

With details from UNB

## Bill placed in parliament to regulate MLM firms

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"Although specific laws are there in different countries of the world to control and monitor MLM activities, there is no law in Bangladesh. As a result, no actions can be taken against the MLM companies despite having allegations of raising funds with promises of hefty returns within a short time," the bill says.

The law, if enacted, will bring the MLM companies under a legal framework. "It will also ensure transparency and accountability by MLM firms and protect peoples' interests," the bill added.

The law bans the pyramid schemes in MLM business.

A pyramid scheme is a business model that involves promising participants payment or services, primarily for enrolling other people into the

scheme, rather than supplying any real investment or sale of products or services to the public.

Most MLM companies in Bangladesh were following the pyramid model of business, which benefited the members at the top of the pyramid.

In absence of a law, people were cheated by MLM companies such as Destiny 2000, Unipay2u and ITCL since the introduction of the business model in Bangladesh in 1998.

Under the proposed law, the MLM companies will be allowed to trade eight types of products—household, electric and electronics, home appliances, cosmetics and toiletries, herbal, telecom services, training-related products and agricultural products.

However, no product can be marketed without packaging, and the

package will contain details about the product such as the name of the manufacturer, manufacturing and expiry dates, retail price and information on quality.

Failure to do so would lead to a maximum of two-year imprisonment and Tk 2 lakh fine.

No product or service can also be sold at higher price than the mentioned value in the packet. In case of violation, the law suggests three years' imprisonment at most and up to Tk 5 lakh penalty.

If an MLM company is found selling nonexistent products, its operators will face an imprisonment of up to five years and a fine of up to Tk 20 lakh, according to the proposed law.

The legislation also suggests double punishment if an MLM firm or an operator violates a rule twice.

## ICT law under fire

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"Our objective was to avoid incidents, like the ones in Ramu and Bogra, that harm lives," he said at the discussion moderated by Abdul Kaim, joint editor of the Prothom Alo.

ICT Secretary Nazrul Islam Khan called upon the stakeholders to put forward their recommendations so the government can incorporate those before the amended law is finally passed in parliament.

Mustafa Jabbar, president of Bangladesh Computer Samity, a trade body, said the law is not enough to curb cyber crimes.

"If the flaws of the law are not fixed, general people will suffer the most," he said.

Barrister Sara Hossain said the government should remove some terms such as 'country image' and 'religious sentiment' from the proposed amendment.

Russell T Ahmed, general secretary of ICT trade body -- Bangladesh Association of Software and Information Services, said, "We live in a country where misuse of law is rampant and the government has put the weapon of misuse in the hands of police."

"So the government should take preparations to face that," he said.

The country is not ready yet to try cyber criminals as no national data centre or other infrastructure has been developed, Ahmed said.

Ahmed Swapan Mahmud, executive director of Voice, a development organisation, said the amendment will impose self-censorship on the internet users.

Sumon Ahmed Sabir, an ICT expert, said cyber crimes will mark a rise now as the country has gone for 3G technology or high-speed wireless internet.

"The legislation also suggests double punishment if an MLM firm or an operator violates a rule twice.

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