

# Stocks slip for third day amid political turmoil

STAR BUSINESS REPORT

Investors spooked by political turmoil rushed into sell-offs yesterday, leaving the stockmarket in the red for a third day.

DSEX, the benchmark general index of the premier bourse, fell 10.13 points or 0.2 percent, finishing the day at 4,856.94 points.

DSES, the shariah index, declined 2.91 points or 0.25 percent to close at 1,150.35 points.

Negative market sentiments continued to batter market with turnover coming down to a two-week low, said LankaBangla Securities.

Turnover, an important indicator of the market, dropped 13.3 percent to Tk 247.17 crore compared to the previous day.

However, a few sector specific stocks made some gains as some traders considered the market weakness an opportunity to buy, LankaBangla Securities said.

Losers took a strong lead over gainers as 187 declined, 79 advanced and 44 issues remained unchanged on the DSE.

A total of 0.76 lakh trades were executed with 6.91 crore shares and mutual fund units changing hands on the premier bourse.

Newly listed National Feed Mill continued to top the turnover chart for a second day with 22.97 lakh shares worth Tk 9.21 crore being traded.

NCCBL Mutual Fund 1 was the day's best performer, advancing by 10.52 percent, while National Feed Mill was the worst loser, slumping by 9.41 percent.

Chittagong stocks also fell yesterday with the bourse's CSCX index declining by 32.87 points to 9,005.81.

Of the 240 issues that traded on the port city bourse, 58 advanced, 162 declined and 20 remained unchanged.

A total of 82.56 lakh shares and mutual fund units changed hands on the Chittagong Stock Exchange, generating a turnover of Tk 25.23 crore.

# ICMAB awards 66 companies for corporate governance

STAR BUSINESS REPORT

The Institute of Cost and Management Accountants of Bangladesh (ICMAB) yesterday honoured banks, non-banks, apparel companies, multinationals, pharmaceuticals, mobile operators and NGOs for their superlative corporate governance.

The ICMAB Best Corporate Awards 2014 were handed in 14 categories by Finance Minister AMA Muhith at the capital's Sonargaon Hotel.

Janata Bank bagged the top award in the state-run bank category; Agrani came second and Bangladesh Development Bank third.

Standard Chartered Bank won the top prize in the commercial bank category, with HSBC and Commercial Bank of Ceylon coming in second and third respectively.

Islami Bank Bangladesh was judged the best among the commercial Shariah-based banks; Al-Arafah Islami Bank was second and Exim Bank third.

State-run Investment Corporation of Bangladesh was first in the financial insti-

tution category, followed by Infrastructure Development Company and Delta Brac Housing.

In general insurance, Reliance Insurance won the first prize, with Green Delta Insurance and Pioneer coming in second and third respectively.

Nobel-winning Grameen Bank came in first in the 'special' category, in which Bangladesh Submarine Cable Company was second and Power Grid Company third.

Brac topped among the NGOs, while Dhaka Ahsania Mission got the second prize and Sajida Foundation the third.

In telecommunication, Grameenphone came in first and Banglalink second.

Square Pharma was judged first among the pharmaceuticals, and Summit Power won the top prize in electricity.

British American Tobacco Bangladesh topped the multinationals, with Berger Paints coming in second and Singer Bangladesh third.

HeidelbergCement Bangladesh was best among the manufacturers, while Lafarge Surma came second and MI Cement third.

In the textile sector, Saiham Textile came in first.

# German investor confidence up on 'QE effect'

AFP, Frankfurt

Investment sentiment in Germany hit an 11-month high this month on hopes the European Central Bank is about to roll out its heavy anti-deflation artillery, analysts said on Tuesday.

The widely watched investor confidence index calculated by the ZEW economic institute jumped 13.5 points to 48.4 points in January, its highest level in 11 months, ZEW said in a statement.

It was the third consecutive monthly rise and beat analyst expectations for a more modest increase to around 40.0 points.

"The new year started with turmoil in the capital markets. News of the upcoming parliamentary elections in Greece and the Swiss National Bank's decision to abandon the euro cap on the franc's value have led to strong stock market fluctuations," said ZEW president Clemens Fuest.

"However, this seems not to have impressed ZEW's financial market experts with regard to their expectations for the German economy. Instead, decreasing crude oil prices and a depreciating euro have contributed to a further gain of the indicator," Fuest explained.

For the survey, ZEW questions analysts and institutional investors about their current assessment of the economic situation in Germany, as well as their expectations for the coming months.

The sub-index measuring financial market players' view of the current economic situation in Germany jumped by 12.4 points to 22.4 points in January.



Md Zakiullah Shahid, chairman of Prime Insurance Company, poses during the company's annual branch conference at Gulshan Club in Dhaka recently. Mohammadi Khanam, managing director, was also present.

# Ryanair vows to fight Italy customer service fine

AFP, Rome

Ryanair said Tuesday it would fight a 550,000-euro (\$637,000) fine imposed by Italy's anti-trust body for running customer service lines that charged premium rates but rarely resolved passengers' problems.

"We note the ruling and have instructed our lawyers to appeal," the Irish airline said in a statement.

The fine follows an investigation launched in June 2014 which resulted in the budget airline being given 90 days to end the "extreme difficulty" and high costs faced by passengers trying to reach a Ryanair employee to discuss their bookings.

The anti-trust body AGCM said most of the complaints it had received were from people who had found it difficult and unreasonably expensive to obtain reimbursements or alternative flights in the event of cancellations and get detailed bills for tax/expenses purposes.

Customers also complained it was difficult or expensive change bookings prior to flights and test information about arrangements for passengers in wheelchairs.



Hasan Iqbal, Afroza Gul Nahar, Hosneara Begum

# New DMDs for Janata Bank

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Hasan Iqbal, Afroza Gul Nahar and Hosneara Begum have recently joined Janata Bank as deputy managing directors, the bank said in a statement yesterday.

Prior to the appointment, Iqbal was the general manager of Sonali Bank. He is a chemistry graduate from Jahangirnagar University.

Nahar worked the general manager of House Building Finance Corporation before joining Janata. She obtained a master degree in agri-economics from Bangladesh Agricultural University.

Begum was a general manager at Rupali Bank prior to joining Janata, according to the statement. She holds a master degree in political science from Dhaka University.

# Violence choking investment: analysts

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The ongoing political turbulence has already started affecting the financial sector, said Anis A Khan, managing director of Mutual Trust Bank.

"2014 was a good year for the country's economy as more long-term and SME loans were disbursed thanks to a relatively stable political environment," he said. "But we are now worried about how this year will turn out."

Bangladesh has to improve its regulatory environment for attracting more foreign and private investment, said Sadiq Ahmed, vice chairman of the PRI.

Complex regulations and bureaucratic hurdles tend to increase the costs of doing business and thereby hurt the growth of investment, he said.

Bangladesh received relatively low amount of FDI compared with other developing countries, Ahmed said.

In 2013, FDI inflow to Bangladesh was \$1.6 billion, for China the figure was \$124 billion, India \$29 billion, Indonesia \$18 billion and Vietnam \$9 billion, he said.

The growth scenario suggests that the current private investment should grow from 21 percent of gross domestic product to at least 27 percent, while public investment should climb to 9 percent of GDP from 6 percent now, to achieve a GDP growth rate of 8 percent by 2020, he said.

Bangladesh has failed to receive the desired level of FDI mainly due to three big constraints related to access to electricity, enforcement of contract and land registration, Ahmed said.

On average, it takes 1,442 days to enforce a contract and the financial cost of enforcement is as high as 67 percent of the claim in Bangladesh, he said.

But, it takes only 400 days in Vietnam and 453 days in China to enforce a contract; the financial costs are 29 percent and 16 percent of the claims respectively, he said.

The difficulty of getting access to electricity is equally telling. It takes 429 days to get access to electricity in Bangladesh, compared with 91 days in Indonesia, 104 days in Sri Lanka, and 106 days in India, Ahmed said.

For property registration, Bangladesh takes 244 days while it is only 20 days in China, 27 days in Indonesia and 47 days in India.

Such bottlenecks also encourage local investors to launder money from the country despite presence of lots of initiatives of the central bank to prevent it, he said.

Zaidi Sattar, chairman of PRI, stressed facilitation of trade to increase competitiveness of exports.

Bangladesh's customs is responsible for high trade cost due to excessive manual procedures and documentation requirements, which cause delays in customs clearance, he said.

Uniformity of product and regulatory standards is another challenge to lure more FDI and enhance trade, Sattar said.

"Mutual recognition agreements can resolve the problems related to variability of standards and certification. For this, the country must pursue economic diplomacy, especially in South Asian countries."

Uzma Chowdhury, director for corporate finance at Pran Group, stressed more collaboration with neighbouring countries to enhance trade.

"We can grab a big portion of the market, especially in India, if the two countries go for more collaboration."

SA Samad, executive chairman of the Board of Investment, also agreed that the country is not getting the desired amount of FDI.

Considering its potential, Bangladesh should get at least \$5 billion of FDI a year, he said.

Mostafa Abid Khan, director of Bangladesh Foreign Trade Institute, and Ahsan H Mansur, executive director of the PRI, also spoke.

# Plan for power tariff hike runs into opposition

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Diesel and furnace oil accounted for more than 18 percent of the total electricity generated last fiscal year. It costs Tk 27.91 and Tk 17.06 to produce each unit of power from diesel and furnace oil respectively.

In fiscal 2013-14, generation of a unit of electricity by gas cost Tk 2.50, by coal Tk 6.22 and hydropower Tk 1.43. India sold each unit of the 470MW of electricity at Tk 5.06.

Rahman said Bangladesh has no other immediate option but to go for diesel and furnace oil

at the moment.

The gas reserves are dwindling and the nuclear power plants and the large coal-fired plants will not be ready before 2020. And hydropower does not offer huge potential.

"Bangladesh has no choice but to continue to produce electricity from costly imported oil until 2020," he said.

After analysing the proposal from the BPDB, a technical committee of BERC however recommended 5.16 percent hike in bulk tariff in order to meet the state-run company's additional

financial requirements.

Meanwhile, the utility providers have also sought to raise retail tariff by 22 percent: they proposed to hike the average retail price to Tk 7.47 a unit from the present average of Tk 6.10.

The hearing on this proposal takes place today and will go on for three days. If BERC gives it a go-ahead, consumers' monthly power bill will shoot up significantly and go on to affect the family budget.

The government counted Tk 6,100 crore in power subsidies last fiscal year.



# Rupali Bank appoints DMD

STAR BUSINESS DESK

Debashish Chakrabarty joined Rupali Bank as deputy managing director on Sunday, the bank said in a statement yesterday.

Chakrabarty began his career in 1987 with the World Bank Project, and later worked at MIDAS and House Building Finance Corporation.

He holds a masters in finance and banking from Dhaka University and an MBA from University of Brussels.

# Investment vehicle eyes flagship Sahara hotels in \$2b bailout for Subrata Roy

REUTERS, Mumbai

An investment vehicle lining up a \$2 billion package to help bail the boss of India's troubled Sahara out of jail said it expects to ultimately take control of landmark hotel assets like New York's Plaza after the conglomerate fails to repay lenders.

Saransh Sharma, a San Jose, California-based investor leading the rescue plan, said he doesn't think Sahara will be able to pay off the more than \$1.5 billion it plans to borrow to cover bail terms for Subrata Roy. Sharma said that will help his fund, Mirach Capital Group, take over the hotels.

Roy has been held in a New Delhi jail for more than 10 months over Sahara's failure to comply with a court order to refund billions of dollars invested in outlawed bonds.

# Regulator proposes floor prices for spectrum auction

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An operator, which has more than 20 MHz spectrum in the 900 MHz and 1,800 MHz bands, will not be able to participate in the first round of the auction for 5 MHz in the 1,800 MHz band. Grameenphone has 22 MHz in the two bands.

"If Grameenphone can buy more than 10.6 MHz spectrum at the upcoming auction, it will have a monopoly on the market," the BTRC official said, asking not to be named.

At the same time, he said, the operators who will get 5 MHz spectrum in the first round of the auction will not be allowed to take part in the second round, where Grameenphone will participate.

Munir Hasan, a director of Grameenphone, said, "We are yet to receive the guideline of the auction. But as far as we know, the process is discriminatory."

he added.

At the auction for 2,100 MHz band, an operator will be able to purchase maximum 10 MHz and minimum 5 MHz, the BTRC official said.

The floor price for the 2,100 MHz band has been set at \$22 million on the basis of the prices at the 3G auction in 2013 when the price for each megahertz spectrum in the same band was \$21 million, he said.

Taimur Rahman, a senior director of Banglalink, said, "The 3G spectrum price already seemed very high as our data price per megabyte is very low and recuperating that cost is becoming very difficult. So we think that spectrum price should be low to ensure data proliferation throughout the country."

"We have another challenge of convincing our shareholders to invest further with the current issues pending such as tax administrator's claim of SIM tax," he added.

# New DMDs for Krishi Bank

STAR BUSINESS DESK

Md Arifur Rahman, Md Jalal Uddin and Gandhi Kumar Roy have recently joined Bangladesh Krishi Bank as deputy managing directors, the bank said in a statement yesterday.

Before joining Krishi Bank, Rahman was the general manager of Rupali Bank, and Roy was the general manager of Karmasangsthan Bank, while Jalal Uddin was promoted to DMD from the post of general manager, according to the statement.



Habibur Rahman, deputy managing director of Prime Bank, and Jong Yeong Park, managing director of Korea Exchange Bank, attend the signing of a deal for providing 'Easy-One' account/remittance services to non-resident Bangladeshis in South Korea, at a programme at KEB head office in Seoul, South Korea, recently.