

Shaken investor confidence pushes stocks down

STAR BUSINESS REPORT

Fears of prolonged political chaos continued to rattle stocks with the price indices slumping for the fourth session in a row yesterday.

A non-stop blockade, enforced by BNP, persisted for the 16th day yesterday, halting the supply chain as well as affecting activities on the Dhaka and Chittagong stock exchanges.

DSEX, the benchmark general index of the premier bourse, dropped 73.73 points or 1.51 percent, finishing the day at 4,783.21 points.

DSES, the shariah index, also declined 16 points or 1.39 percent to close at 1,134.35 points.

Investor confidence has been eroding gradually with the worsening political situation, leading them into panic sell-offs, said a top official of a stockbroker.

"Investor presence in the brokerage houses is declining by the day," he said, adding that it seems political insecurity will continue for a long time.

Worried by the continuous fall, a group of retail investors yesterday placed a 10-point recommendation to the Bangladesh Securities and

Exchange Commission, the central bank, the twin bourses and the state-run Investment Corporation of Bangladesh.

The recommendations include stopping IPO approval for next six months, allowing share trade in negative equity accounts, taking steps to increase banks' participation in the market and holding a coordination meeting with all stakeholders.

It was another tough day for stocks, and the bourses have seen a steep fall in indices since the beginning of this week, LankaBangla Securities said.

"Fears over the impact of prolonged political unrest might be the reason behind the ongoing skid in stocks," the stockbroker added.

IDLC Investments in its regular analysis said the market encountered a panic-shaken free-fall during yesterday's session.

However, the benchmark index recovered slightly in the last trading hour, the merchant bank said.

As investors tried to minimise losses amid fears of a further fall in turnover, an important indicator of the market, it rose 14 percent to Tk 281.92 crore compared to the previous day.

Losers outnumbered gainers as 248 declined, 36 advanced and 25 issues remained unchanged on the DSE.

A total of 1.1 lakh trades were executed with 8.66 crore shares and mutual fund units changing hands on the premier bourse.

All the major sectors closed in the red. Non-bank financial institutions took the maximum hit after plunging 2.77 percent, followed by cement 2.14 percent, fuel and power 1.3 percent, banks 1.02 percent and telecom 0.57 percent.

Debutant C&A Textiles topped the turnover chart with 1.87 crore shares worth Tk 42.55 crore changing hands.

The third ICB Mutual Fund was the day's best performer, advancing 7.15 percent, while newly listed National Feed Mill was the worst loser, slumping 10.64 percent.

The Chittagong bourse's CSCX index declined 120.26 points to 8,885.55.

Only 26 issues advanced, 195 declined and 19 remained unchanged on the port city bourse.

A total of 1.19 lakh shares and mutual fund units traded on the Chittagong Stock Exchange, generating a turnover of Tk 32.68 crore.

Political will critical for post-2015 development agenda: economist

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Debapriya Bhattacharya, distinguished fellow of the Centre for Policy Dialogue, has stressed incorporation of aspirations of transformative changes, a credible work plan, and strong expression of political will in the upcoming international development agenda.

Global leaders need to commit themselves to a new framework of international partnership for development cooperation, Bhattacharya said at the United Nations in New York on Tuesday.

Being invited by the president of the United Nations General Assembly, he was addressing the first session of inter-governmental negotiations on sustainable development goals (SDGs).

"This would entail provisioning adequate resources for implementation of the SDGs, making space for private sector and non-state actors in the implementation process, putting in place a rigorous accountability mechanism, and operationalising an effective monitoring and review procedures," Bhattacharya said in a statement released by CPD yesterday.

The session was co-chaired by the co-facilitators of the negotiations Macharia Kamau, ambassador of Kenya, and David Donoghue, ambas-



WILLIAM BLY

From left, Debapriya Bhattacharya, distinguished fellow of the Centre for Policy Dialogue, speaks while Nikhil Seth, director of the Division for Sustainable Development at the UNDESA; David Donoghue, ambassador of Ireland; and Macharia Kamau, ambassador of Kenya, look on at the United Nations in New York on Tuesday.

sador of Ireland.

Bhattacharya, also chair of Southern Voice on Post-MDGs - a network of 48 think tanks from Asia, Africa and Latin America, in his presentation highlighted the issues that should find place in the political declaration on post-2015 agenda.

The global partnership for development for post-2015 should ensure an early and successful conclusion of other parallel international processes

currently underway in the different areas, he said.

"These processes include negotiations in the areas of trade, transfer of technology, climate change, intellectual property rights, taxation and financial rules."

Bhattacharya called upon the member-states of the UN to demonstrate visible political will to endow the post-2015 international agenda with necessary momentum.

ICCB predicts a good year for Asia-Pacific

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The overall Asia-Pacific region outlook for 2015 has been given a considerable boost by the sharp decline in world oil prices in the second half of 2014, the International Chamber of Commerce-Bangladesh said.

The overall GDP growth in the region is, therefore, expected to be around 4.7 percent in 2015, almost the same as 4.6 percent growth in 2014. However, GDP in the Asian countries is expected to grow at 5.1 percent in 2016, ICCB said in its news bulletin yesterday.

However, global economic recovery has remained very fragile in the recent years and much weaker than that of recoveries that took place in the wake of previous economic crises.

The International Monetary Fund expects world gross domestic product growth to reach 3.8 percent this year, firmly above the 3.3 percent expansion it estimated for last year, the chamber said.

Asia's largest economies -- China and Japan -- will continue to face headwinds in 2015. Japan is struggling with ageing demographics and very high government debts, which limit its long-term GDP growth potential to around 1 percent per year.

China is also facing sluggish growth due to weakness in residential property market, as well as the consequences of rapid credit expansion in the financial system

since 2009, it said.

India was in an economic crisis during 2013, but now looks set to be one of the best emerging markets recovery stories for 2015, as inflationary pressures have fallen sharply during recent months from cheaper oil imports.

However, despite softening growth rates, experts consider that the Asia-Pacific region remains the leader for global growth and despite short-term headwinds from global economy, Southeast Asia will strengthen to global production base, the ICCB said.

The United States and Britain are in the vanguard of strong recovery while the eurozone and Japan have all the hard work left to do to restore economic wellbeing, it said.

The uncertainty means interest rates will stay low, which is good news for consumers, who will get an additional windfall from the boost to spending power they get from a collapse in crude oil prices. This is especially true in the US and Britain where employment is bouncing back sharply, the editorial said.

The strength of the US dollar and the weakness of many of the world's other leading currencies could result in a full-scale currency war in 2015. Many important currencies have weakened in recent months, and that may force other countries to weaken their own currencies to protect export competitiveness, it said.



BANK ASIA

Sharfuddin Ahmed Jhantu, mayor of Rangpur, and Md Mojaffor Hossain, executive vice president of Bank Asia, open the 99th branch of Bank Asia on Station Road, Rangpur on Sunday.

ICMAB awards 3 firms of Summit for good governance

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Summit Power, Summit Purbanchol Power Co, and Khulna Power Company were awarded with the first, second and third prizes respectively for good governance in the power sector, at the ICMAB Best Corporate Awards 2014.

This is the third consecutive year that these firms of Summit Group received such recognition from ICMAB, the group said in a statement yesterday.

Finance Minister AMA Muhith handed over the awards given by the Institute of Cost and Management Accountants of Bangladesh, at a programme at Sonargaon Hotel in Dhaka on Tuesday.

Earlier, Summit Meghnaghat Power Company, another subsidiary of Summit, received the Best Power Generation Project award under the private sector power generation projects category, at the National Electricity Week-2014, according to the statement.

Mobile cash grows on rural customers

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"The growth is a result of trust and confidence of the common people who need this kind of service and who do not have other regulated alternatives," said Kamal S Quadir, chief executive of bKash that has 1.08 lakh agents across the country.

Bangladesh Bank's consistent regulation and strict monitoring on compliance have helped the sector toward solid growth, he said.

More unbanked people, especially in the rural areas, are joining formal banking activities through mobile phones as it allows them affordable and hassle-free transactions, he said.

Dutch-Bangla Bank also registered more than 100 percent growth in mobile banking accounts last year. Currently, it has 38 lakh mobile banking customers as of December, said Abul Kashem Md Shirin, deputy managing director of DBBL that introduced MFS in 2011.

The bank has around 1.11 lakh agents across the country -- even at the union parishad level, he said.

Shirin urged all financial service providers to get more people to open own mobile banking accounts to enjoy real benefits of the service. "Currently many people are getting mobile financial services without their personal accounts, relying on agents' over-the-counter services." "This needs to change, for real economic benefits to the user."

Personal accounts have wider use, including interest on savings, security, option for receiving remittance and mobile top-up. The growth of cash transactions by mobile phone, however, was lower in 2014 compared to the previous year.

In 2013, mobile banking registered 186 percent growth in cash transactions and 262 percent in the number of subscribers.

"The growth has slowed down and plateaued due to strict regulation and the limiting factor of no 'instant account' opening practices," said Quadir.

"We welcome such regulation and tell clients that it is better to activate their accounts after verification to ensure security."

bKash has now around 1.6 crore registered mobile wallet users, 30 percent of which are active, according to Quadir.

The growth of mobile financial service was a little slower last year due to stricter monitoring by the central bank, said Mahfuzur Rahman, executive director and spokesperson of Bangladesh Bank.

"We want to bring financial services to all people in the country, and are promoting mobile banking with assured risk-free transactions to that aim," he said.

The central bank has recently strengthened its monitoring on mobile financial services as it observed some criminal activities in the recent past, Rahman said, adding that the BB also penalised a number of MFS providers for irregularities.

BB opted for the bank-led model to promote mobile banking as it minimises settlement risks arising from such transactions, he said.

Regulations on mobile financial services (MFS) make banks responsible for installing anti-money laundering and anti-terrorism financing tools into the system and monitor performance of their agents.

The central bank has set limits on daily transactions through mobile banking in term of size and frequency in a bid to minimise risks. Person-to-person money transfer--'cash in' and 'cash out'--are the most popular types of transactions.

Of the 28 banks that got regulatory approval to provide mobile-banking services in 2010, 19 have launched MFS.

Envoy profit quadruples as clothing orders pour in

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The company's earnings per share stood at 1.21 in the first quarter, according to the Dhaka Stock Exchange website.

Envoy shares traded between Tk 54.9 to 59, closing at Tk 55.7 on the Dhaka bourse yesterday.

On December 10, Envoy entered an agreement to sell cloth to Prosperity Textile, a denim manufacturer in Guangdong province of China, according to DSE.

The Chinese textile maker will also share technical know-how with Envoy, especially for product development, it said.

Envoy's net profit fell 28.61 percent year-on-year to Tk 31.09 crore during the year ended September 2014. However, the company recorded a year-on-year turnover growth of 10.23 percent, to Tk 439 crore.

C&A Textiles becomes turnover leader on debut

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The major portion of the company's revenue comes from its garment unit, which contributes 68 percent of total revenue, according to BRAC EPL Stock Brokerage.

The remaining 32 percent of its revenue comes from the textiles unit, which supplies dyed textile to other export-oriented garment factories, the stockbroker said.

The company's main raw materials--yarn and dyeing chemicals--are procured from countries like India, Turkey, Singapore and Taiwan. Net profit of the company fell 14.84 percent to Tk 6.64 crore year-on-year in the January to March period last year, according to Dhaka Stock Exchange. The company's earnings per share stood at 0.51 during the period.

Big firms to go for rice milling

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Layek Ali of the mills' association, however, expressed worries that the milling capacity might exceed the annual production of paddy.

"The market will be saturated and competition will intensify. As a result, many small and medium husking mills will not survive making workers jobless," Ali said.



SAMSUNG

Choon Soo Moon, managing director of Samsung Electronics Bangladesh, inaugurates the first flagship service centre of the company at AL Complex in Mohakhali, Dhaka yesterday. Shimyong Jung, service director, was also present.

Facebook adds 4.5m jobs to global economy

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Since 1.4 billion people use Facebook -- and spend an insane number of hours engaging with the website and mobile app -- Facebook is increasingly used as a marketing platform for businesses to connect with consumers.

The study argues that Facebook has created a new line of workers that didn't exist before: social media managers. Those 189,000 people (according to Deloitte) are responsible for promoting a brand on Facebook and other social media sites.

Deloitte estimates that Facebook's marketing platform added \$148 billion to the global economy last year. Facebook app makers bought software development tools, adding \$29 billion to the economy and consumers' purchases of smartphones and modems "motivated by Facebook"

added another \$50 billion. These economic impact studies are common, and they're typically sponsored by the companies themselves. They help make companies' cases when lobbying for tax relief.

But they are notoriously fraught with curious logic. Deloitte notes that it uses something called "output multipliers," which are used to calculate Facebook's supply chain and employee spending effects.

For instance, a new Facebook server farm would create dozens of jobs for maintenance guys. But those people also need to eat -- so it creates a job for a sandwich shop worker.

A spokesman for Deloitte said the study "has robust methodology and an approach based on recognised economic methods." The company noted that it has performed this kind of analysis for other companies too.

Large borrowers to get 15 years to repay default loans

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Seeing the company's contribution to the economy and its employment count, the central bank, in an unprecedented move, agreed to bail Beximco Group out of its liquidity crisis and subsequently asked the concerned banks to come up with suitable rescheduling packages.

The banks have forwarded their packages to BB and are now awaiting its green light for activation.

Once the restructuring policy is functional, the central bank will give the go-ahead to the restructured loan packages of Beximco Group,

and some 20-30 large business groups too will seek advantage of the framework, said a BB official.

Their banks too are in favour of the move, as it prevents their default loan portfolios from ballooning, he added.

About the need for restructuring, BB Board Member Sadiq Ahmed earlier told The Daily Star: "The board members are mindful that in a market economy unforeseen circumstances can adversely affect the business of borrowers, and in extreme circumstances bank loan restructuring might become necessary to set the business on a viable

path."

In that regard, the board members agreed that it was best to have a well-defined loan restructuring policy that will provide the business case for restructuring instead of case-by-case ad-hoc decisions based on connections, he added.

Meanwhile, at a seminar in June last year, the BB governor said a well-functioning mechanism for debt restructuring and resolution has become the need of the hour, as distressed businesses are starved of financing needed for recovery.

Financial institutions in

Bangladesh are barred by law from fresh lending to defaulting borrowers regardless of circumstances.

He also said that the market failure in helping distressed businesses recover entails significant loss to the economy, not only in lost output and employment in the stricken businesses, but also in erosion of competitiveness of other businesses that face higher cost of borrowing.

This is a major cause behind the downward stickiness of lending interest rates and the intermediation spreads in the market, Rahman added.