

Stocks end flat as investors stay wary

STAR BUSINESS REPORT

Investors' reluctance to inject fresh funds into markets left stocks flat yesterday, as investors remained wary of the economic fallout from the drawn-out political deadlock.

Political unrest took a heavy toll on the Dhaka Stock Exchange as its prime index -- DSEX -- hit a four-month low on Sunday. The market gauge closed at 4,708.33 points, after shedding 8.43 points or 0.18 percent yesterday.

The shariah index of the Dhaka bourse, DSES, fell 3.32 points or 0.29 percent, to close at 1,110.52.

The stock market started feeling the pinch of the nonstop blockade, enforced by the BNP, which has persisted for the last 21 days, as turnover fell amid poor market participation.

Turnover, the most important indicator of the market, declined 8.5 percent to Tk 204 crore, compared to the previous day.

The political situation has kept getting messier and is choking the economic

system. Naturally, investors are looking around, watching out for the upcoming monetary policy statement, and to understand the central bank's response, said IDLC Investments.

Of the 307 issues that traded on the DSE, 129 advanced, 131 declined and 47 remained unchanged.

Among the major sectors information technology gained 1.62 percent in market cap followed by bank's 0.75 percent, pharma 0.47 percent and non-bank financial institutions 0.39 percent.

A total of 0.66 lakh trades were executed with 6.08 crore shares and mutual fund units changing hands on the Dhaka bourse.

C&A Textiles became the top turnover generator of the day with 65.85 lakh shares worth Tk 17.13 crore being traded, followed by Brac Bank, Grameenphone, National Feed Mill and Altex Industries.

Exim Bank First Mutual Fund was the highest gainer of the day with an 8.95 percent increase, while Northern Jute Manufacturing Company was the worst loser, plunging by 8.73 percent.

Motorola looks to take market share from China rivals

REUTERS

Motorola, the mobile handset maker bought by China's Lenovo Group Ltd from Google Inc for \$2.9 billion, is optimistic about its prospects in the Chinese market, its president told Reuters.

Lenovo's acquisition, completed three months ago, ended Google's move into the consumer mobile handset business. The deal has turned personal computer-maker Lenovo into a challenger in the higher-end smartphone market, competing with Samsung Electronics and Apple Inc.

"The (Chinese) market itself is so big here and Motorola has no share today, so we believe that what we're really going to succeed in doing is hopefully take some share from other people in the market," Rick Osterloh, President of Motorola Mobility told Reuters.

Motorola will compete in China with Apple and Samsung in the premium smartphone market and with the world's third biggest smartphone maker Xiaomi Inc in mid- and mid-high level phones. Lenovo is already the number two smartphone maker in China.

"Our approach is to have global products tailored and customised for local markets," Motorola's Osterloh said. Motorola will also stick to relatively high-end products, he said.

Bryan Ma, a Singapore-based analyst at tech research firm IDC, said Motorola might test the waters with smartphones designed for the Americas, but in the next 12-24 months they could announce more localised products.



Rabeth Khan, chief executive officer of MediaAxis, speaks as a jury member of Asia's Most Promising Brands 2013-2014 Awards, held in New Delhi on Saturday.

Ebola to have 'marginal impact' on African economy: UN

AFP, Addis Ababa

Africa's economy is likely to suffer only a minor blow from the Ebola outbreak despite the "considerable" impact on Guinea, Liberia and Sierra Leone, a UN official said Monday.

"From the start, the ECA was confident that the alarmist projections were wrong," said Carlos Lopez, the executive secretary of the UN Economic Commission for Africa.

"We could not visualise more than a marginal impact on the region's performance, given that the three most affected countries account for less than one percent of Africa's combined GDP," he said, adding that the "suffering experienced by Guinea, Liberia and Sierra Leone is considerable."

"Africa's growth forecast is still higher than in any other continent," said Lopez, who was speaking to top African diplomats ahead of an African Union summit on Friday and Saturday.

However he said conflict, insecurity and terror threats, together with a fall in oil and raw material prices, were weighing on the continent.



Shameem Ahsan, chief executive of Akhoni.com, and AHM Mahfuzul Arif, managing director of Computer Source Ltd (CSL), announce the availability of CSL products on the e-commerce site from February 1.



Supun Weerasinghe, chief executive officer of Robi Axiata, and Matiul Islam Nowshad, chief corporate and people officer of Robi, launch the company's e-waste management campaign yesterday. The campaign will last till February 12.

Kuwait projects \$24b deficit despite spending cuts

AFP, Kuwait City

Kuwait on Monday projected a \$24-billion deficit in its new fiscal year budget despite a massive spending cut due to plunging oil prices.

Revenues for 2015-2016 are projected at \$41.1 billion, 43.6 percent down from estimates in the current year, Finance Minister Anas al-Saleh said.

The budget cuts spending to \$65.1 billion, 17.8 percent below estimates in the current budget, the minister said.

Saleh said the budget for the new fiscal year, which starts April 1, was approved by the cabinet Monday and still needed to be debated by parliament.

OPEC member Kuwait relies heavily on income from oil, whose price has crashed by around 60 percent since last June.

The price of Kuwaiti crude has plummeted from around \$103 a barrel last year to about \$41 a barrel currently.

Modi promises business-friendly India to US executives

AFP, New Delhi

Prime Minister Narendra Modi vowed to banish India's reputation as a tough place to do business Monday, promising a competitive tax regime and an end to excessive red tape in a pitch to US executives delivered alongside Barack Obama.

As the US president said there were still "too many obstacles" for businesses wanting to break into the vast Indian market, Modi admitted that unpredictable tax rules had scared off investors in the past.

The right-wing prime minister, who came to power last May after pledging to transform the Indian economy, also promised to address concerns about intellectual property that have longirked potential investors.

"You will find an environment that is not only open, but also welcoming," he said in the address to Indian and US executives, such as PepsiCo chairman Indra Nooyi and MasterCard president Ajay Banga.

"We will guide you and walk with you in your projects. You will find a climate that encourages investment and rewards enterprise. It will nurture innovation and protect your intellectual property.

"It will make it easy to do business."

Under the previous left-leaning Congress government, investors frequently complained about a hostile business climate in India, frustrated by bureaucracy and corruption.

India slipped two places down the World Bank's ease of doing business rankings last year to 142 out of 189 countries.

Without setting a timeline, Modi promised that he would make India one of the top 50 most attractive places to do business.

Under Congress, many foreign busi-

nesses also complained about an aggressive and arbitrary taxation regime.

British mobile giant Vodafone is currently embroiled in a bitter, \$2.4-billion battle with India's tax authorities, while Finnish company Nokia had a plant in India seized over a tax dispute.

Vodafone is battling the demand for back taxes over its \$10.7-billion purchase of Indian mobile operations in 2007 from Hong Kong-based Hutchison Whampoa, while India's tax authorities have also locked horns with Royal Dutch Shell, IBM and other international companies.

In his speech, Modi acknowledged that the tax rules had been too harsh and that he planned to lessen the burden.

"We have removed some of the excesses of the past. We will soon address the remaining uncertainties."

The prime minister's pledges drew praise from Obama in the middle of his three-day trip to Asia's third largest economy, which has been struggling through its worst slowdown since the 1980s. But the US president said there should be no illusions about the scale of the task ahead, adding that their economic relationship "is defined by so much untapped potential."

"We have to keep working to make it easier to do business in both of our countries," said Obama. "There are still too many barriers, hoops to jump through."

"We hear this consistently from business leaders such as you," Obama added, speaking alongside Modi. "We have got to do better."

Before becoming prime minister, Modi spent more than a decade as chief minister of the thriving coastal state of Gujarat which won a reputation under his stewardship as India's most investor-friendly place.

New Saudi leaders to press economic diversification

AFP, Riyadh

Saudi Arabia's new leadership will push forward efforts to diversify the growing but oil-dependent economy, while easing procedures for investors, senior officials said on Monday.

"The smooth transition of power to King Salman is a testament of the stability and the commitment that our leadership has," Abdullah al-Othman, governor of the Saudi Arabian General Investment Authority (SAGIA), told a conference.

Salman acceded to the throne of the world's leading oil exporter last Friday after his half-brother King Abdullah died aged about 90.

"King Salman has been a strong supporter of promoting the kingdom as an investment destination," Othman told the Global Competitiveness Forum.

The annual event, organised by SAGIA, brings together high-ranking Saudi officials with world business leaders.

Among those attending is Eric Schmidt, executive chairman of tech giant Google.

Oil makes up about 90 percent of Saudi government revenues but Othman said the kingdom aims to expand the health, transport and mining sectors, along with information and communications technology.

"Already we've identified healthcare and transportation investments valued at \$140 billion in the coming five years," Othman said.

There is also a plan to "transform" the financial services, tourism and real estate sectors while focusing on education and "innovation", he said.

"Now we have one of the most tech-savvy populations in the world."

Critics have complained of the adminis-

trative obstacles to doing business in Saudi Arabia but Civil Service Minister Abdulrahman al-Barrak told the gathering that "fighting red tape... is a priority."

Othman added that after detailed study the government has been trying to address investors' concerns.

"We've introduced a fast-track process that will enable investors to obtain licences within five days", he said.

During Abdullah's "transformative" rule, Saudi Arabia joined the G20 group of major world economies as well as the World Trade Organization. "Foreign direct investment grew at an average rate of 10 percent (and) increased by five-fold to reach \$220 billion," Othman said.

"Productivity growth in the private sector has averaged an impressive 8.4 percent annually since 2005."

A 50 percent fall in world oil prices since last June has left Saudi Arabia projecting its first budget deficit since 2011, emphasising the need to diversify.

"We expect that the government will continue spending in the near future because we have great surpluses," despite lower projected revenues, the civil service minister said. The kingdom's reserves are estimated at \$750 billion.

Britain's Peter Mandelson, now Lord Mandelson, a former European trade commissioner, told the forum that Saudi Arabia's accomplishments are "impressive, but there is still a long way to go."

World leaders have converged on the kingdom since Friday to pay their respects.

On Monday, the latest to arrive included Canada's Governor General David Johnston. US President Barack Obama is to make a stopover on Tuesday, after cutting short a trip to India.

Blockade batters business in Ctg

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Business in Khatunganj, the port city's wholesale hub for daily essentials, has also suffered from the blockade, with traders losing around Tk 4,000 crore in lost sales in the last 20 days.

On a normal day, the average daily turnover in Khatunganj is Tk 900-1,200 crore, but it has fallen to around Tk 200 crore a day due to blockade and hartals, said Syed Sagir Ahmed, general secretary of Khatunganj Trade and Business Association.

"We cannot send our goods out and those remain in the warehouses day after day," he said, adding that perishable goods like onions are going bad, causing Tk 200-250 crore in losses every day.

The worst is that 15,000 day labourers, who have no other source of income, have been almost jobless, Ahmed, also a director of Chittagong Chamber of Commerce and Industry, said.

"Like the politicians' right to do politics, it is our right to do business. Why would they throw petrol bombs on goods-laden vehicles? Why would they violate our rights to do business?"

Although loading and unloading activities are normal inside Chittagong port, the drivers fear carrying goods outside due to violence on the highways, said Ismail Bara Miah, joint general secretary of Chittagong District Truck and Covered Van Workers' Union.

Some seven workers have been burnt in petrol bomb attacks on the Dhaka-Chittagong highway in the last 20 days, he said. Two of them died from the injuries.



Golam Mostafa, assistant manager of Ifad Group, receives the best importer award at a programme to mark the International Customs Day yesterday.

Data centre, purchase of ships get green light

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Under the project, a high performance, well-structured and well-protected four-tier data centre will be established, which the government, non-government and foreign multinational companies can use to store data.

The data centre will cost \$154 million and is likely to be the sixth largest in the world, said the official.

Meanwhile, the shipping ministry in its proposal said the need to bring in new additions to the Bangladesh Shipping Corporation's fleet of eight has become particularly pressing.

The eight ships have an average age of 30 years and it becomes difficult to abide by the various rules of international agencies when using foreign routes.

A huge amount of money is required to bring in new ships, which is not possible using the government's own fund. Subsequently, the shipping ministry proposed to purchase the ships with concessional loans from China.