

Stocks extend losing streak

STAR BUSINESS REPORT

Stocks suffered for the fifth day amid panic sales by investors, who are continuously losing faith in the market.

DSEX, the benchmark index of Dhaka Stock Exchange, dived to its lowest in the last eight and a half months to 4,345 points, after dropping 52.22 points or 1.18 percent. The index closed at 4,344.36 points on July 13 last year. Panic gripped the market as "opacity deluded investors' rationality", forcing them to abandon their holdings, IDLC Investments said in its regular market analysis.

As political calm may not last long, participants depended on their investment thesis and followed their herd instinct, according to the merchant bank.

The top ten scrips accounted for half of the day's turnover, meaning the investors were switching to a few selected stocks, it added.

Turnover, however, slightly rose 6.8 percent to Tk 325.77 crore with transactions of 6.9 crore shares and mutual fund units.

Newly listed United Power Generation and Distribution Company topped the

turnover leaders' chart with 44.46 shares worth Tk 59.42 crore changing hands, followed by Ifad Autos, AGI, MJL Bangladesh and Grameenphone.

Losers outnumbered gainers, as 236 scrips declined and 49 gained, with 23 securities unchanged on the DSE.

All major sectors, except fuel and power that rose 0.63 percent, were in the negative territory with textiles dropping 2.32 percent, engineering 1.85 percent, non-bank financial institutions 1.7 percent, banks 0.82 percent and food and allied 0.77 percent.

United Power was also the day's best performer, advancing 15.69 percent, while Prime Textile was the worst loser, slumping 8.69 percent.

Chittagong stocks also plunged yesterday with the bourse's benchmark index, CSCX, declining 84.64 points to 8,092.93.

Losers beat gainers, as 177 scrips declined and 33 advanced, with 22 securities unchanged on the Chittagong Stock Exchange.

The port city bourse traded 83.19 lakh shares and mutual fund units, generating a turnover of Tk 32.54 crore.

Ecneec gives green light to three projects for Tk 637cr

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The government yesterday approved three projects involving Tk 637 crore, including purchase of two ships for inland river routes.

The decisions were taken at yesterday's meeting of the Executive Committee of the National Economic Council (Ecneec) chaired by Prime Minister Sheikh Hasina.

One of the projects entail procuring two passenger ships for Tk 72.24 crore to enhance communication between the southern region and the capital through the water way.

Each ship will have 764 seats and will run on the Dhaka-Barisal inland route, the planning ministry said in a statement.

At present, there are six ships and five of them are very old and unsafe for passenger transport.

The Ecneec also gave the nod to a Tk 442 crore project for converting the airport bypass road to a national highway.

After the Ecneec meeting, Planning Minister AHM Mustafa Kamal told reporters that the highway would link Bholaganj land port to Sylhet town.

Around 70 percent of the stones are collected from Bholaganj and the limestone that is imported from India is brought through this land port, he said.

At present, around 500 trucks ply this road and the number has been increasing, according to Kamal.

The Roads and Highways Directorate will start implementation of the project in March 2015 and will complete it by February 2018. The Ecneec also gave the go-ahead to a Tk 123 crore-project for building infrastructure to turn 490 play-grounds into stadiums in 489 upazilas.



Bangladesh Bank Deputy Governor SK Sur Chowdury speaks at a corporate governance workshop organised by Eastern Bank on Monday. Ali Reza Iftekhar, managing director of EBL, was also present.

EU quizzes Spain, Italy, Greece, Portugal on bank aid

AFP, Brussels

The EU is seeking information from Spain, Italy, Greece and Portugal to determine if they have illegally supported their frail banks, officials said Tuesday.

The issue is potentially serious since if the four cash-strapped eurozone countries are found at fault they would have to repay the state aid and find other funds to prop up the banks. "We can confirm that administrative letters have been sent to Spain, Italy, Portugal and Greece," European Commission spokeswoman Lucia Caudet said, insisting there was no formal investigation at this point.

The Commission, the European Union's executive arm which polices the bloc's competition rules, wants to know if the four countries have allowed their banks to include Deferred Tax Assets as part of their core capital.

A DTA is effectively a loss which the bank keeps on its books to set against future profits, thereby reducing its tax burden. Core capital, as a percentage of a bank's total assets, is a key measure of a bank's strength.

Authorities worldwide have steadily increased the amount of core capital banks must hold after the 2008 financial crisis and ensuing eurozone debt crisis saw Greece and Portugal bailed out, and Spain seek EU help to stabilise its banks.



Employees of Nestlé Bangladesh pose with the children of Maer Achol, a shelter for underprivileged children, to mark World Health Day on the food safety theme in Mirpur, Dhaka yesterday.

Inflation hits five-month high

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Since then, hundreds of goods-laden trucks and passenger-carrying buses were torched. Buses and trucks kept off the roads for fear of attacks. Trains were derailed. As a result, transport cost for carrying goods and products doubled.

The blockade hit everyone and everything: it hit farm incomes badly, disrupted inter-district road and rail transport.

Small businessmen, handlooms, boutiques, roadside shop owners and day labourers, who rely on their day-to-day earnings for making a living, struggled to earn their livelihood. Many were rendered jobless.

Economists had warned the inflation rate would go up further if blockades continued.

Despite the recent easing off, there has not been any announcement from the BNP-led alliance on the withdrawal of the blockade.



Abul Kalam Azad, managing director of Long Beach Hotel Group, and Sabbir Ahmed, head of retail banking and wealth management at HSBC Bangladesh, sign an agreement that would enable HSBC Select customers enjoy discount on rooms, dining and spa services, as well as other complementary benefits, at Long Beach Hotel in Cox's Bazar and Long Beach Suites in Dhaka.

Iran approved to join China-backed infrastructure bank

AFP, Shanghai

Iran has been approved as a founding member of the Beijing-backed Asian Infrastructure Bank (AIIB). China's finance ministry said Tuesday, just days after Tehran sealed a historic framework agreement on its nuclear programme.

Tehran's application was backed by other founding members on Friday, China's Ministry of Finance said in a statement on its website. The United Arab Emirates' bid was also approved.

More than 50 countries, plus Taiwan, have now applied to join the bank in a diplomatic coup for Beijing after Washington initially opposed its allies becoming members. The United States and its Asian ally Japan have not sought to join.

But US Treasury Secretary Jacob Lew said last week that Washington was "ready to welcome" the bank, though he added it should complement existing multilateral institutions such as the World Bank and International Monetary Fund.

Iran's approval -- its application had not been previously announced -- comes immediately after the nuclear deal that China helped to broker.

Under the outline nuclear deal, the United States and the European Union are to lift all nuclear-related sanctions on Iran once the UN atomic agency has verified that Tehran has stuck to its terms.

The proposed limits will see Iran's stocks of highly enriched uranium cut by 98 percent for 15 years, while its unfinished Arak reactor will not produce weapons-grade plutonium.

Businesses will not be harassed to meet revenue targets: NBR

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Citing past experience of its members, MCCCI appealed to the NBR to refrain from putting the burden of extra tax payment on firms, particularly the large taxpaying companies and individuals, to make up the shortfall.

It said in the past firms and persons under the Large Taxpayers Unit (LTU) had to bear the burden of extra tax to allow the NBR make up the shortfall.

"In our opinion, it is punishing the large and compliant taxpayers like us. Businesses under LTU consider it unjust and unfortunate," said MCCCI President Syed Nasim Manzur, adding that the practice will compel many firms and persons to prevent getting included in the LTU.

"It is totally opposite to the declared philosophy of LTU formation. We hope the government will find an alternative solution to meet the deficit," he added.

MCCCI members make up 80 percent of the taxpayers under the LTU, a revenue generator for NBR.

Anis Ud Dowla, a former president of MCCCI, suggested the NBR to avoid freezing bank accounts of large taxpayers, particularly those under the LTU, to realise taxes.

"Because they are not going to disappear," he said. Meanwhile, citing the politi-

cal unrest and sluggish economy, Manzur called for a 'prudent' budget for fiscal 2015-16, one that is conducive to industrialisation and job creation, trade expansion, and helping the government achieve its economic and social objectives.

The country's oldest chamber sought for generous allocation for electricity generation, reduction in duty and taxes for import of basic raw materials and intermediate goods to increase competitiveness of domestic industries.

It also demanded automation in assessment and payments of taxes.

Citing rising inflation, MCCCI recommended raising the tax-free income limit to Tk 2.65 lakh from the current Tk 2.20 lakh. It also demanded lowering of tax ceiling for individual taxpayers to 25 percent from the existing 30 percent. "It will encourage compliance and reduce tax evasion to a greater extent," said Manzur.

The MCCCI also proposed for a reduction in advance income tax to 3 percent at the import stage from the present 5 percent.

Representatives of the chamber also wanted waiver from supplementary duty for domestic manufacturers, so that they can compete with imported goods once the VAT law becomes effective.

BB to introduce real-time bank transactions

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"All scheduled banks are required to take preparation to perform live transactions over the BB-RTGS system," the BB said.

The RTGS will use MX (ISO 20022) message format for data exchange between central bank's systems and participating bank's systems through the existing virtual private network. "The SWIFT network may

be included as a redundant communication channel in the next phase."

The BB has also directed banks to complete installation of necessary hardware and software to introduce RTGS by August 17.

In line with the timeframe, participating banks will prepare their implementation plan and submit to the central bank by April 23.

Govt to lower economic growth target for unrest

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A power division official said, as electricity generation from government-owned power plants was less, more electricity has to be bought from rental power plants, which would require more subsidy than the original estimate. Besides, Tk 500 crore of additional subsidy will be required for the export sector. The original allocation was around Tk 2,000 crore.

In the revised budget, the government's total revenue earning target may be slashed 12 percent to Tk 162,235 crore.

The National Board of Revenue target may be set at Tk 135,000 crore, with a potential cut of 9.83 percent from the initial Tk 149,720 crore.

The non-tax revenue may be Tk 22,662 crore, which was Tk 27,662 crore in the original estimate.

Also, the non-NBR tax may be fixed at

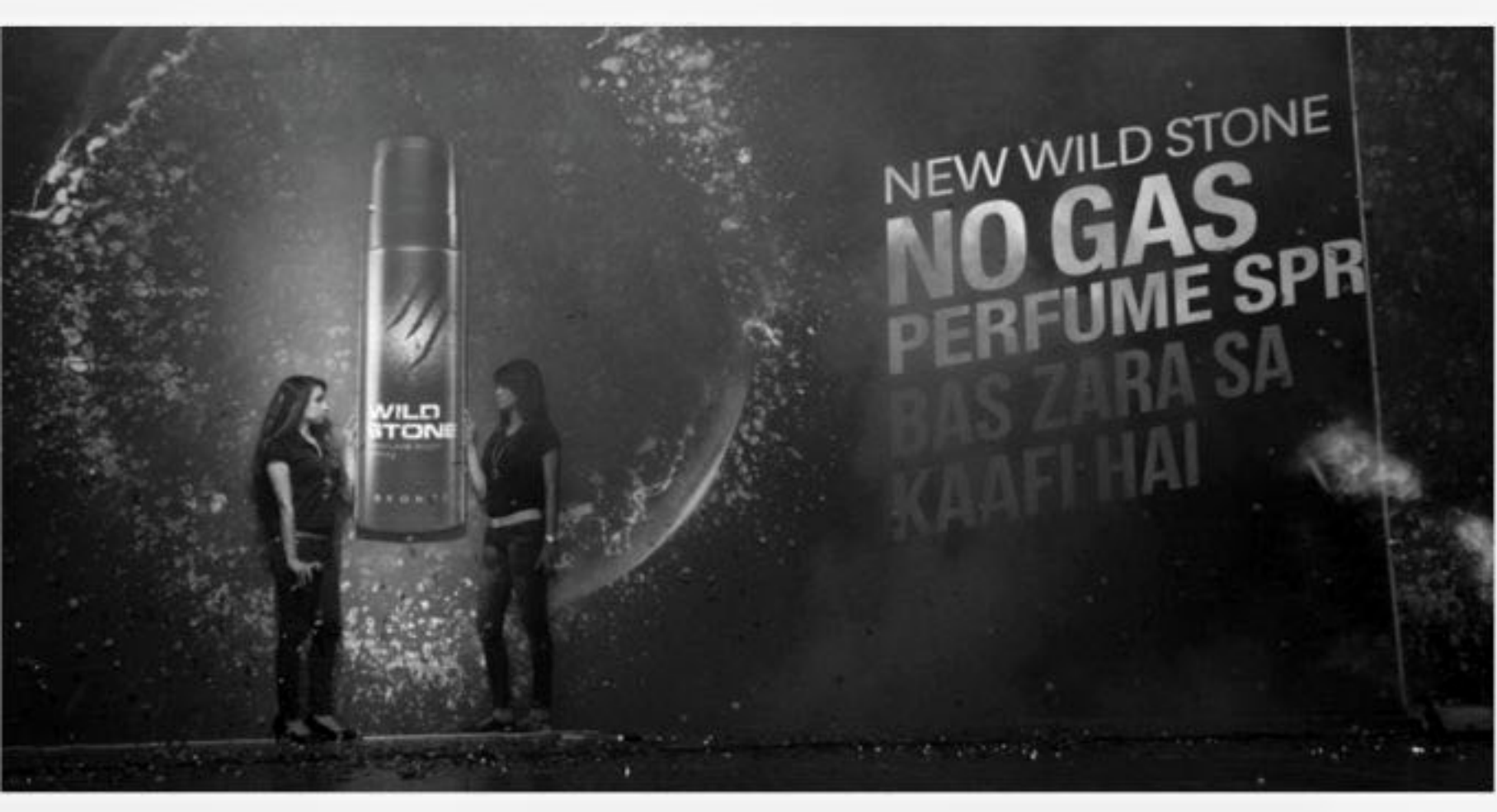
Tk 3,572 crore by reducing Tk 2,000 crore from the original estimate.

As for the budget for next fiscal year, it will be around Tk 291,670 crore, 16.43 percent higher than the original budget of the current fiscal year.

The revenue target for the next fiscal year may remain the same, but the NBR's target might go up substantially: it might be 17.79 percent higher than this year's original estimate and 30.64 percent more than the revised estimate.

The NBR revenue collection has been estimated at Tk 176,370 crore for next fiscal year.

The finance minister also said the next budget would place special emphasis on social development, and the health and education sectors. Energy and transport, which received the most attention in the last five years, would take a backseat.



Models pose during the launch of Wild Stone, an Indian perfume brand introduced by Nava Distribution in Bangladesh, at Sonargaon Hotel in Dhaka on Sunday.



Visitors check out products at the stall of Walton, a Bangladeshi electronics brand, at the Nepal International Trade Fair organised by the Federation of Nepalese Chambers of Commerce and Industry at Bhrikuti Mandap Exhibition Hall in Kathmandu, Nepal recently.

Viacom to cut jobs, abandon titles

REUTERS

US media company Viacom Inc said it will undertake a restructuring, including cutting jobs, abandoning some acquired titles and reorganising three of its domestic network groups into two new organisations, to drive growth.

The owner of movie studio Paramount Pictures and cable networks such as MTV and Comedy Central said it will take a related pre-tax charge of about \$785 million in the quarter ended March 31.

Viacom also halted its \$20 billion share buyback program due to the restructuring and the spending on acquisitions anticipated in the current fiscal year. The company's shares fell 1.6 percent after the bell on Monday.

Viacom said the new structure would realign sales, marketing, creative and support functions and increase efficiencies in program and product development.

The company in January reported lower-than-expected first-quarter revenue due to weak advertising spending in the United States. Analysts on average were expecting the company to post a profit of \$428.3 million on revenue of \$3.26 billion in the second quarter, according to Thomson Reuters I/B/E/S.

Huge growth in data business awaits mobile operators: survey

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Forty-one percent subscribers of the fourth-ranked operator are using smartphones while 5 percent use tablets.

Robi, third in the market otherwise, came in second position with 33 percent of its subscribers using smartphones and 2 percent using tablets.

About 30 percent subscribers of Grameenphone, the market leader, are using smartphones and 3 percent are using tablets. About 20 percent subscribers of Banglalink, the second biggest operator, are using smartphones and 2 percent are using tablets, the study found.

The survey found that 35 percent smartphone owners accessed internet through their high-end phones, while 14 percent got access to internet through laptops, tablets and desktops. At 57 percent, Grameenphone has the highest number of subscribers using internet through smartphones, while 45 percent of Airtel subscribers, 34 percent of Robi and 28 percent of Banglalink subscribers use internet through smartphones.

The sample survey is only an estimated representative of 15 million people, which may not give the whole picture, according to Raji, managing director of Ericsson Bangladesh.

Private operators launched 3G services in late 2013 after a trial with state-owned Teletalk in the previous year.

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Garment exports rise 3pc in July-March

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Exports rose 7.43 percent year-on-year to \$2.59 billion in March, a development which acted as a ray of sunshine amid the gloomy economy.

The figure takes the total export earnings so far in fiscal 2014-15 to \$22.90 billion, up 2.98 percent year-on-year.

Exports of other major products like jute increased 6.62 percent to \$652.84 million and home textiles 3.47 percent to \$592.45 million. Exports of leather goods, however, declined 1.14 percent to \$828.36 million.