

Stocks fall for second day

STAR BUSINESS REPORT

Stocks continued its descent for the second consecutive day yesterday with selling pressures from investors.

DSEX, the benchmark index, declined 25.2 points or 0.58 percent, before closing the day at 4,283.24 points.

After Monday's sharp fall, the market faced another harsh day yesterday as investors still seem to be stuck in a selling mood, said LankaBangla Securities.

"The opposition party's call for a strike today added fuel to fire," the stockbroker said.

IDLC Investments in its regular analysis said the market saw a volatile session.

The broad market sentiment was negative, forcing the DSEX to shrink, the merchant banks said.

The day's turnover, another important indicator of the market, also declined 4.4 percent to Tk 439.82 crore on the transaction of 9.84 crore shares and mutual fund units.

United Power Generation and Distribution Company topped the turnover leaders' chart with 69.41 lakh shares worth Tk 52.67 crore changing hands,

followed by Western Marine Shipyard, ACI, Khulna Power Company and MJL Bangladesh.

Losers beat the gainers, as 197 scrips advanced and 82 gained with 30 securities remaining unchanged on the DSE.

Among the major sectors, fuel and power gained 1.04 percent in market capitalisation, followed by telecom 0.54 percent and engineering 0.27 percent.

Conversely, non-bank financial institutions fell 1.32 percent, followed by textiles 1.18 percent, cement 1.16 percent and bank 1.09 percent.

Bangladesh Submarine Cable Company was the day's best performer, advancing by 9.92 percent, while Fareast Finance and Investment was the worst loser, slumping by 9.4 percent.

Chittagong stocks also fell yesterday with the bourse's benchmark index, CSCX, declining 33.55 points to 8,053.37.

Losers beat the gainers, as 157 scrips declined and 61 advanced, with 20 securities remaining unchanged on the Chittagong Stock Exchange.

The port city bourse traded 1.01 crore shares and mutual fund units, generating a turnover of Tk 37.23 crore.

Prime Bank gets new DMD

STAR BUSINESS DESK

Syed Faridul Islam has recently joined Prime Bank as deputy managing director, the bank said in statement yesterday.

Prior to joining Prime, he was the head of risk management at Brac Bank. He was also responsible for green banking, process management, corporate special asset management and credit inspection at Brac Bank.

He started his career at ANZ Grindlays Bank in 1984 and has more than three decades of banking experience in branch management, business process reengineering and information technology integration.

Islam also worked as the head of medium business at Standard Chartered Bank in Bangladesh, Prime Bank said in a statement yesterday.

A commerce graduate, he is also a certified credit professional of OMEGA in UK organised by Standard Chartered Group in London and holds a membership at Australasian Institute of Banking and Finance Inc, in Melbourne, Australia.



DSE calls for reducing tax at source on share transactions

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Considering the present market scenario, small investors should be allowed for tax exemption up to Tk 50,000 on dividend income, as it will encourage small investors to invest in the capital market, it said.

If the proposal is taken into consideration, it will help ease the liquidity crisis in the market, the DSE said.

"Small investors will also be benefitted as they have suffered a lot due to the market turmoil previously," the bourse said.

The DSE demanded a reduction in the corporate tax rate for listed companies to 25 percent from 27.5 percent. The corporate tax rate for non-listed companies is 35 percent now.

The bourse also called upon the finance ministry to withdraw the provision of deduction of tax from gains on securities traded in the exchanges, as it is not possible by TREC (trading right entitlement certificate) holders to calculate the gain after adjusting previous five years' capital loss.

"Most TREC holders' companies don't have the capacity to do this task," the DSE said.

As per the law, TREC holders will deduct 10 percent tax on realised gains from share trading by an institution.



JAMUNA BANK

Shaheen Mahmud, chairman of Jamuna Bank, attends the company's first quarterly business conference for 2015 held at Sonargaon Hotel in Dhaka on Saturday. Shafiqul Alam, managing director, was also present.



FSIBL

Syed Waseque Md Ali, managing director of First Security Islami Bank Ltd., and Abdul Hamid Miah, managing director of Union Bank Ltd., exchange documents of an agreement at a program held in Dhaka yesterday. As per the agreement, Bangladeshi residents living in Italy can transfer remittance conveniently.



IUB

M Omar Rahman, vice chancellor of Independent University Bangladesh, and Anis A Khan, managing director of Mutual Trust Bank Ltd., pose at an agreement signing ceremony at the university's campus in Bashundhara, Dhaka yesterday. Under the deal, IUB will conduct a research on development of a business model for the bank.



CROWN CEMENT

Mohammed Jahangir Alam, chairman of Crown Cement Group, and Tim Evans, regional head of middle market enterprises in Asia-Pacific region at HSBC, pose at a ceremony held at the company's corporate office in Dhaka on Monday.

Many Rana Plaza victims worse-off than before: CPD

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Injured Jesmin said she would earn Tk 10,000-Tk 11,000 a month by working at one of the five garment factories housed at the ill-fated building.

A single mother, she led a decent life with her only child, until her spinal cord snapped in the events that transpired on April 24, 2013. She had undergone treatment for five months.

"Till date I feel sick. I cannot work for my physical condition and trauma," she said, adding that she has received a total of Tk 60,000 only in compensation.

"Is it my just compensation?" she asked, adding that she has to spend Tk 3,000-4,000 a month for treatment and medicine.

Monowara Begum said she had received only Tk 20,000 after the death of her husband, a construction worker at the site at the time of the disaster.

CPD, in its report, said the amount of financial support received by victims and their families is insufficient for their needs. But considerable progress has been made in terms of disbursement of financial support.

So far, victims were given 70 percent of the sanctioned money, said CPD.

"There are some progresses. But still some jobs are undone," said Debapriya Bhattacharya, distinguished fellow of CPD.

The think-tank said the injured workers are getting treatment facilities through various initiatives but workers living in remote areas especially outside of Dhaka face difficulties in availing the benefit.

A total of 2,122 workers have been re-employed up to the second year.

A number of surviving workers started their own businesses since the deadly event, and they face different kinds of difficulties in operating their businesses, Moazzem said.

With regards to factory inspections, after a slow start substantive progress was made in the second year, according to CPD.

As of April 2015, the number of garment factories assessed for structural safety has risen to 2,703, which is 77 percent of the total of 3,500 factories.

"Bangladesh's apparel sector has undergone noteworthy restructuring and reforms over the last two years. There are already signs of positive changes in all areas - ranging from improved support to the victims to the development of the sector."

Syed Sultan Uddin Ahmmed, assistant executive director of Bangladesh Institute of Labour Studies, however, expressed dissatisfaction over the delay in trials of the persons responsible for the deadly chapter.

"South Korea has ensured justice within one year of the ferry disaster. But we could not do it in two years."

Abdus Salam Murshedy, president of Exporters Association of Bangladesh, said 700 factories located in shared or converted buildings have shut down due to international retailers' unwillingness to place orders in such structures.

He also urged the retailers to pay higher to ensure compliance.

Mikail Shipar, secretary of the ministry of labour and employment, said the financial support given to the victims was given as compensation, not as charity.

A total of Tk 183 crore, including assistance from the Prime Minister's Relief and Welfare Fund, has been disbursed, Shipar said.

Asked about the large variations in payments among victims, he said the money was sanctioned 'very judiciously' for the victims in line with the convention 121 of the International Labour Organisation.

Mixed results from Rana Plaza steps: TIB

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It said 114 new trade unions were given licence but there are allegations that Tk 5,000 to Tk 10,000 were realised to provide the licence.

A hotline was supposed to be set up at the labour directorate but it is yet to see the light of the day because of a lack of political will, said TIB.

A time-befitting fire service guideline was formulated in September last year, but it was later cancelled because of the influence from Bangladesh Garment Manufacturers and Exporters Association and Bangladesh Knitwear Manufacturers and Exporters Association, which argued that the implementation of the guideline is costly and impractical.

TIB said although the number of warehouse inspections has gone up, the quality of the inspections has not been enhanced.

The commerce ministry is formulating a guideline to run subcontracting but there has not been any timeline for its submission.

The report said two committees were formed to sort out the disagreement between Rajuk and the local government bodies in approving building designs, but the committees are not able to play an effective role due to political interference.

Rajuk has introduced electronic system to accept online application for design approval. Still, the process is not graft-free, it said.

The city development authority has also failed to take any steps in appointing experts for scrutinising building designs.

The report said factory owners are also not sending workers' attendance sheets and salary registers to BGMEA

regularly.

More than 17,000 garment workers were rendered jobless after 32 factories were permanently closed and 21 factories temporarily closed following inspections from the Accord on Fire and Building Safety in Bangladesh, the Alliance for Bangladesh Worker Safety and Bangladesh University of Engineering and Technology (Buet).

But steps were not taken to re-employ them, according to the report.

BGMEA is also sidestepping its duty to develop a database for garment workers on the excuse of lack of funds, said the TIB report.

It also said BGMEA has continued to realise additional incentives from the government using various excuses and political influence.

Since the collapse of Rana Plaza, the Alliance, the Accord and BUET have inspected respectively 584, 1,103 and 647 factories.

But the buyers are not participating in the post-inspection reform activities, which is a threat to the whole initiative, said the report, adding that the buyers' groups are also bypassing their commitments to help subcontractors.

TIB said most of the buyers had agreed to increase prices of the products they source from Bangladesh in order to contribute to improving working environment in the factories and ensuring labour rights.

The increase in the cost is too low. Besides, 30 percent of the work orders were cancelled in the last one year, in response to the rise in product price.

The anti-corruption body said there has been no list of those who have been compensated. There were also allegations of lack of transparency in fixing the compensation

amount and procrastination in disbursing the sum.

It said 14 retailers, such as Lee Cooper, JCPenny, Matalan and Carrefour that were linked the Rana Plaza did not contribute any money to the Rana Plaza Donors' Trust Fund.

On the legal side, the Criminal Investigation Department has not submitted two probe reports linked to two cases on Rana Plaza.

TIB recommended formation of a separate ministry for ensuring governance in the garment sector as well as a public sector board for ensuring timely completion of various initiatives.

A fund has to be formed to ensure compliance at subcontracting factories and small factories, it said.

A workers' welfare fund has to be formed with 1 to 1.5 cents from the selling price of per piece of garment. The ratio of buyers and factory owners might be 75:25.

TIB also called for setting up of tribunals to ensure speedy trials of the cases linked to the Rana Plaza collapse and Tazreen Fire.

Speaking at the briefing, TIB Chairperson Sultana Kamal said the accused in the incidents such as Rana Plaza and Tazreen Fire are not facing accountability, due to which these types of incidents are taking place again and again.

TIB Executive Director Dr Iftekharuzzaman said although the minimum wage has increased after the Rana Plaza collapse, the rise was not in line with the living standards.

He also pointed out that while laws were passed after the twin incidents to address the problems, they are already being abused to commit irregularities and corruption.



JCI

Irfan Islam, president JCI Dhaka South, along with other board members, hands over books and stationery to 100 underprivileged students of Pothojodha School operated by Pothojodha Foundation South at the launching programme of a project themed 100 happy faces in Dhaka recently.

ADB cuts economic growth forecast for Bangladesh

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The services sector grew 5.8 percent in fiscal 2014, compared with 5.5 percent the year before, mainly due to higher agricultural growth, and stronger trading activity during the second half of the year.

The ADB said growth is expected to rise to 6.4 percent in fiscal 2016, aided by higher remittance and export growth, as well as the continued economic recovery in the US and the euro zone.

It said, if the political situation stabilises, consumer and investor confidence is likely to rise, thereby stimulating demand and strengthening growth momentum.

In addition, infrastructure constraints are expected to ease with the completion of the ongoing projects, particularly the power plants.

The ADB also said Bangladesh needs to maintain political stability and improve the quality of governance to boost investment.

The ongoing political unrest, if it lingers, will further decrease investor confidence, and affect implementation of annual development programme and revenue collection.

It may affect macroeconomic stability, pushing up inflation and affect the external balance.

The ADB also said a sound financial system is vital for private and foreign investment. The capacity of banking to finance large projects and to provide sufficient trade finance is limited.

Discipline in the banking system needs to be strengthened by effective competition, efficient management, high credit standards, and enhanced supervision and corporate governance, especially in state-owned banks, it said.

Although an expected increase in gas and electricity prices may put some pressure on prices over the coming months, average inflation is expected to moderate to 6.5 percent by the end of June. This will happen due to easing supply constraints, a better crop outlook, a supportive monetary policy, and a sufficient public stock of food grains, the lender said.

Lower food and oil prices in the international market will also contribute, it added.

VENDOR ENLISTMENT OFFERS

Energypac Power Generation Ltd. (EPGL) has started journey from 1995 and the Company aims to provide Reliable, Safe, Environmental friendly Power to the Government, Industrial, Commercial, and Residential facilities of Bangladesh. Indeed succeeded in significantly contributing to the country's Power Engineering, Management, Generation and Distribution system.

EPGL would like to invite "enlistment offers" from reputed firms/ suppliers/ manufacturers/ sole agent/distributors/ wholesalers/ contractors/procurement providers for the following categories:

1. General Supplies
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3. Hardware and paints
4. Services
5. Tools and equipment
6. Sanitary and fittings
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