

Stocks march forward for the second day

STAR BUSINESS REPORT

Stocks advanced for the second day in a row on the back of increased investor participation.

DSEX, the benchmark index of Dhaka Stock Exchange, gained 29.76 points, or 0.66 percent, yesterday to close at 4,531.98 points.

The index rose with modest strength, partly offsetting the sharp pullback seen the previous week, LankaBangla Securities said. The buying interest drove the market forward, as value stocks caught investors' eyes, it added.

IDLC Investments said the central bank's move on loan provision on mutual funds created further breathing space for the market.

Furthermore, the central bank on Sunday extended the commercial banks' deadline for adjustment of single-borrower exposure limit for financing the operations of their subsidiaries, brokerage houses and merchant banks by one more year.

Turnover rose 18.3 percent from the previous day to Tk 428.31 crore upon transactions of 9.72 crore shares and mutual fund units.

Of the traded issues, 197 advanced, 88 declined and 32 remained unchanged at the end of yesterday's trading.

Olympic Accessories dominated the turnover chart with its transaction of 40.98 lakh shares worth Tk 20.75 crore, followed by Lafarge Surma Cement, Beximco Pharma, Square Pharma and Grameenphone.

Among the major sectors, fuel and power gained 1.22 percent in market capitalisation, bank 0.58 percent and pharma 0.4 percent.

Hakkani Pulp and Paper was the day's best performer, advancing 9.9 percent, while Bangladesh Industrial Finance Company was the worst loser, slumping 24.36 percent.

Chittagong stocks also gained yesterday, with the bourse's benchmark index, CSCX, increasing 60.93 points to stand at 8,476.83.

Gainers beat losers on the Chittagong Stock Exchange as 151 advanced and 61 declined, while 40 remained unchanged.

During the course of the day, the port city bourse traded 90.03 crore shares and mutual fund units, generating a turnover of Tk 42.85 crore.

Japan factory production down 2.2pc in May

AFP, Tokyo

Japan's factory output fell a sharper-than-expected 2.2 percent month-on-month in May, reversing a rise in the previous month, official data showed Monday.

The reading from Japan's industry ministry was worse than the rise of 1.2 percent posted in April and market median forecasts for a drop of 0.8 percent.

The reading came after trade data showed earlier this month that Japan's exports rose a weaker-than-forecast 2.4 percent in May.

Analysts had expressed concern about the health of the Japanese economy, particularly that weak demand overseas could dent factory output as manufacturers try to cut the inventory buildup that boosted growth in the first quarter.



SUMMIT PURBANCHO

Muhammed Aziz Khan, chairman of Summit Purbanchol Power Company, presides over the company's eighth annual general meeting at Farmgate, Dhaka on Sunday. Summit Purbanchol declared 25 percent cash dividends for 2014. Md Mozammel Hossain, managing director, was also present.

AirAsia to resume Dhaka-KL flights in July

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Malaysia's low-cost airline AirAsia will resume daily direct flights from Dhaka to Kuala Lumpur on July 11 after keeping its operation suspended in Bangladesh for the last four years.

AirAsia started its operation in Bangladesh in April 2010 and suspended it in June 2011.

"We are seriously considering ways to provide services of a regular carrier although we are a budget airline," said

Sadi Abdullah, managing director of Total Air Services, AirAsia's sales agent in Bangladesh.

"This time we have prepared differently to exist in the market for a long-haul."

The price of the Dhaka-Kuala Lumpur-Dhaka ticket fare is set at Tk 22,499, including all the taxes. The offer is applicable only for online booking.

Every passenger will have a baggage allowance of 30kg and will be pro-

vided with food during the flight free of charge, according to Abdullah.

AirAsia will fly from Dhaka at 00:25am and will arrive in Kuala Lumpur at 6:25am while it will fly for Dhaka at 21:55pm local time and reach the destination at 23:45pm.

Total Air is also offering services for Dhaka-Singapore-Dhaka and Dhaka-Sydney-Dhaka flights.

Tickets will be up for sale at five outlets: Banani, Dhanmondi, Motijheel, Gulshan and Uttara.



AB BANK

Shamim Ahmed Chaudhury, managing director of AB Bank, and Amer Ahmed, director of Scholastica, attend the signing of an agreement at a programme recently. The bank will collect tuition and other fees of the school.

Muhith forecasts an end to 6pc growth trap next year

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Replying to criticism from various quarters about the budget deficit, Muhith said it has been kept at 5 percent of GDP, which is less than in other Saarc countries.

In India, the budget deficit is 7.2 percent, in Sri Lanka 5.9 percent and in Maldives 10.6 percent.

"Compared with other Saarc countries, Bangladesh's budget deficit is still very low."

However, Muhith admitted that the allocations to the education and health sectors did not increase in proportion to the size of budget in the last few years.

The overall development of the country is not possible without the development of the energy and transport sectors, he said.

Subsequently, the topmost priority was given to the energy sector: its allocation was almost doubled to Tk 18,540 crore for next fiscal year.

Four of the eight fast-track projects are from the transport sector. The projects are: the Padma Bridge project, Dhaka mass rapid transit development project, Paira sea port and Sonadia deep sea port.

Some Tk 27,801 crore, which is 8.8 percent of the budget, has been allocated to improve the communication infrastructure sector next fiscal year.

About the government's plan of action to improve efficiency and create jobs, Muhith said a national skill development authority will be formed and a fund created for it.

Other than this, the finance ministry will introduce the Skills for Employment Investment Programme to generate more jobs at home and abroad, Muhith added.

No VAT on e-commerce

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The National Board of Revenue has implemented it on the very day the budget proposal was placed in parliament.

The twin decisions will help the e-commerce sector that clocks up Tk 100 crore in annual sales, said Shameem Ahsan, president of Bangladesh Association of Software and Information Services.

BASIS along with Zunaid Ahmed Palak, the state minister for ICT, had earlier requested the finance minister to reconsider the proposals.

As of May, there are 4.59 crore mobile SIMs that are connected to the internet, as per the telecommunication regulatory commission's data.

17.5 lakh new mobile internet users in May

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By contrast, three WiMax operators together lost about 10,000 users in May.

The number of total internet connections, including mobile, broadband and WiMax, stood at 4.74 crore in May, which was 4.57 crore in April.

The number of active mobile users also increased over 1 percent to 12.6 crore in May from April.

Grameenphone, the largest operator, has 5.28 crore subscribers now, while Banglalink has 3.21 crore and Robi 2.71 crore.

Airtel has 85.16 lakh users, state-owned Teletalk 41.61 lakh and Citycell, the oldest operator, 12.07 lakh.

Banks baffled by BB rewards for good borrowers

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In a notice on March 19, the BB offered good borrowers a rebate of 10 percent on interest accrued against their loan accounts in the face of allegations that the central bank always stands by defaulters. The central bank faced criticism particularly after giving large borrowers, who had Tk 500 crore or above in loans, a special rescheduling facility.

Clients who fulfilled the loan conditions and whose loan accounts have remained unclassified for three consecutive years were termed good borrowers in the BB notice.

But bankers said some issues remain unclear as they do not know whether house building, SME and credit card loans will come under the purview.

Bankers also raised questions how the rebates will be refunded to their customers. Banks that do consumer banking and have a large number of loan accounts will face problems in refunding the rebates.

As a result, banks are yet to offer their borrowers the rebate though three months have passed since the notice was issued.

Association of Bankers, Bangladesh, a platform of banks' chief executives, has recently written a letter to the central bank, expressing their concern about the move, according to Ali Reza Iftekhhar, chairman of the association and managing director of Eastern Bank.

Many good borrowers are not aware of the BB decision. "I do not know about the rebate," said Nasiruddin Biswas, chairman and managing director of Nasir Group of Industries.

The industrialist admitted he is already benefitting from the low interest rates. "I am getting short-term loans for up to one year at single digit interest rates and long-term loans for three to five years at 12 percent," Biswas said.

However, the central bank sees no reasons to be puzzled by its move.

SK Sur Chowdhury, deputy governor of the BB, said: "It is not always true that good borrowers are getting money at lower than the market rates."

He said banks' cost of funds has gone down and they can lend at single digit rates.

"Banks are earning a lot of money and they should offer incentives to good customers to promote a good credit culture," Chowdhury said. "The notice doesn't go against the interests of the banks," he added.

VAT exemption to expand for businesses

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The cabinet also gave its final nod to the Court Fees (Amendment) Act, 2015 pending vetting.

When the act is implemented court fees can be deposited online through e-payment.

Cabinet Secretary Musharraf Hossain Bhuiyan said the amendment will prevent fraud and reduce people's sufferings.

The amendment stipulates a Tk 50,000 fine and six months' imprisonment for violating the rules and selling stamps

without permission.

The existing punishment is Tk 500 fine and six-month imprisonment.

Besides, the cabinet also gave approval in principle to the draft of the Organ Transplantation (Amendment) Act, 2015, aimed at making the existing law more effective in light of the High Court directives in 2011 and facilitate people to take advantage of the advanced medical technology.

The meeting also cleared the draft of the Cadet College (Amendment) Act, 2015.



DHL

Nooruddin Chowdhury, country manager of DHL Global Forwarding Bangladesh, poses at a tree plantation programme recently. The company organised the event to mark World Environment Day.



AIRTEL

Noor Mohammad, chief human resource officer of Airtel Bangladesh, and Md Jashim Uddin, senior manager for sales and marketing at Seagull Hotels, attend the signing of an agreement at a programme recently. Airtel Bangladesh's priority subscribers and employees will get discounts on room rent, food, gymnasium, pool table, billiards and other services at the hotel.



CITI

Citi Bangladesh employees under Citi Women's Network Bangladesh banner raised money to provide 150 plus girls of Happy Homes Project, an initiative of ActionAid Bangladesh, with hygiene products and Eid gifts at an event on Sunday.



MTB

Daniel Muhor, general manager of the Westin Dhaka, and Anis A Khan, managing director of Mutual Trust Bank, attend the signing of an agreement at MTB Centre in Dhaka recently. The bank's MTB Privilege customers and gold cardholders will get exclusive benefits, including 55 percent discount on room rent, at the hotel.



ROTANA JET

Air Vice Marshal M Sanaul Huq, chairman of the Civil Aviation Authority; SK Bashir Ahmed Mamun, chief executive of Speedy International; and Geetha Ravindranath, head of sales of Rotana Jet, attend the launch of the airline's direct flights to Dhaka, at Hazrat Shahjalal International Airport in Dhaka recently.



JENNY'S

Md Mosaraf Hossain, general manager of Jennys Group, opens an outlet of the footwear company at Nahar Plaza on Shahid Rafiq Road in Manikganj recently.