



## Dhaka trade fair kicks off today

STAR BUSINESS REPORT

The month-long Dhaka International Trade Fair (DITF) 2016 will kick off today with hopes of a strong turnout, riding on the prevailing politically-stable situation.

Prime Minister Sheikh Hasina will open the fair at Sher-e-Bangla Nagar in Dhaka.

Some 22 countries have confirmed their participation in the fair being organised by the Export Promotion Bureau.

The country will fetch more export orders this year for a stable political environment, said Commerce Minister Tofail Ahmed at a press briefing on the fair premises yesterday.

The fair garnered orders worth Tk 85 crore in 2015 and Tk 80 crore in 2014, down from Tk 157 crore in 2013. This downfall in orders was attributed to political turmoil at the time.

Organisers expect an average of 1 lakh people to visit the fair every day, which will remain open from 10am to 10pm daily. The entry fee has been set at Tk 30 for adults and Tk 20 for children.

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# SMEs propel economy to higher growth

## Census finds number of economic units doubled between 2003 and 2013

STAR BUSINESS REPORT

The number of economic units has doubled between 2003 and 2013 riding on the fast expanding non-farm activities across Bangladesh, according to the government's latest census.

In 2003, the number of economic units was 37.08 lakh. It swelled to 78.18 lakh in 2013, according to the Economic Census of 2013.

The economic units have increased 71 percent since 1986, when the first economic census in the country took place.

The census, which was conducted between March 31 and May 31 of 2013, was released yesterday by the Bangladesh Bureau of Statistics in Dhaka. It does not include farm activities.

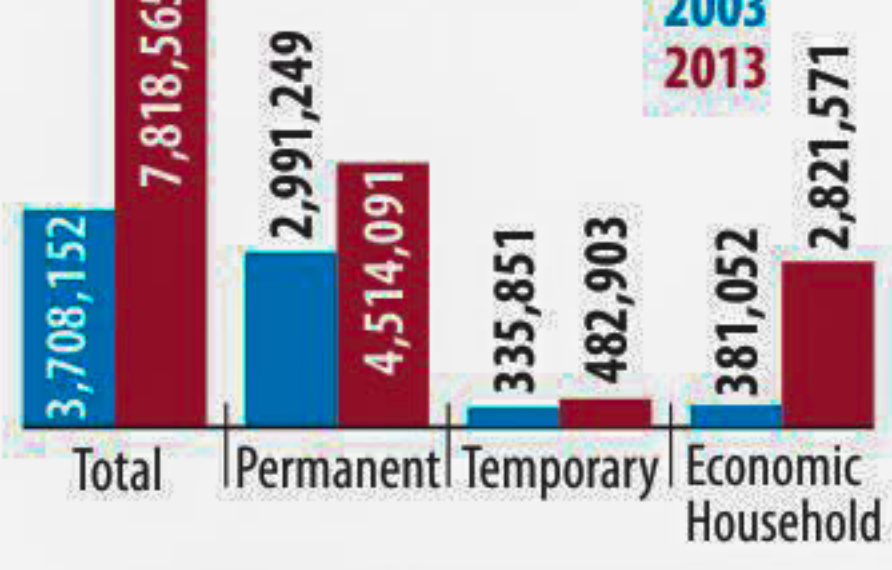
Economic units went up 62.61 percent to 23.21 lakh in the last decade, while those in the urban areas rose 71.48 percent to 55.89 lakh.

Households with economic units also increased over the period -- from 9.23 lakh in 2003 to 28.21 lakh in 2013.

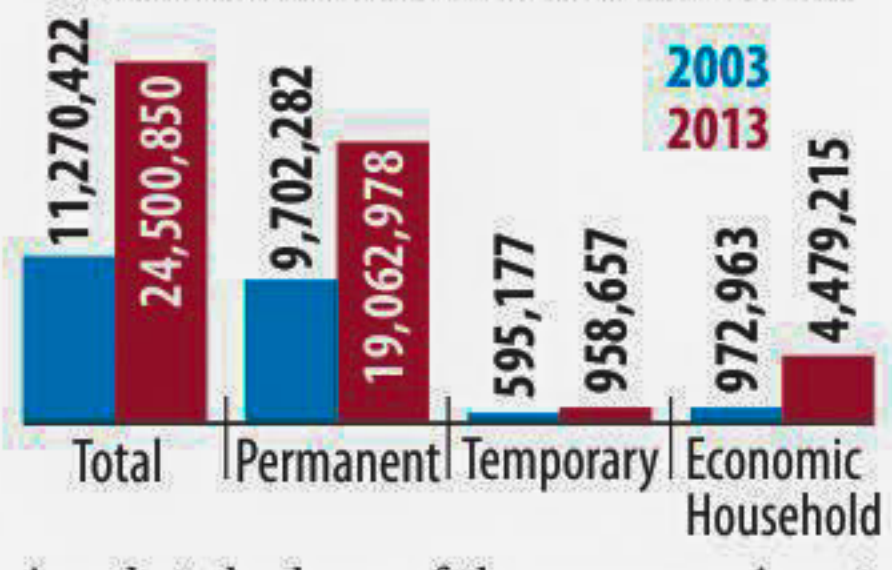
Although still at a low level, the number of female-headed households increased five times since 2003 to 5.63 lakh in 2013.

The number of permanent establishments rose 50 percent to 45.14 lakh in 2013 from 29.91 lakh a decade ago, show-

### ECONOMIC ESTABLISHMENTS



### PERSONS ENGAGED IN ECONOMIC ESTABLISHMENTS



ing that the base of the economy is getting stronger, according to BBS.

More women are engaged in economic activities. In 2003, 12.29 lakh women were involved in economic activities, which more than tripled to 40.51 lakh in 2013.

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## Missed opportunities in fuel price drop

SAJJADUR RAHMAN

Consumers and businesses in Bangladesh have missed out on the benefits of cheaper oil prices throughout 2015 as the government did not adjust the prices downward, in line with the plunge in the global market, analysts said.

The decline in oil prices has been reflected to varying lengths in the domestic prices of oil products across the world. The price fall pass-along effect exceeded 50 percent on most oil products in Pakistan; the country adjusted its fuel prices on a monthly basis and also ensured lower tariff in electricity bills for its people.

India adjusted its fuel prices 22 times in recent months to constantly reflect the global market, so that the domestic producers and farmers get the maximum benefit of lower input costs. The Sri Lankan government also reduced oil prices and committed to providing a fuel price formula to its citizens so that pricing remained transparent.

These are not isolated incidents in just India, Pakistan and Sri Lanka; it is true for all the consumers in the world, except Bangladesh. The government appears to be least bothered about adjusting fuel prices in line with the international market price. The Bangladesh government last revised the price of oil three years ago, when a barrel of crude oil cost nearly three times greater than the current price at around \$40 a barrel. The average import price of crude oil was a little over \$75 a barrel in fiscal 2014-15, down from nearly \$110 a barrel in the previous year. The average price this year dropped to \$52 a barrel, according to Bangladesh Petroleum Corporation (BPC).

"Consumers here are being deprived of the benefits of falling oil prices," said Ahsan H Mansur, executive director of Policy Research Institute.

According to Mansur, inflation is going down across the world, but it is not fully reflected in the Bangladesh economy because of the non-adjustment of oil prices.

His point is evident in inflation data as well. Together with favourable commodity prices, cheaper oil has contributed to a rapid deceleration of inflation in several countries.

From December 2014 to November 2015, the 12-month average inflation rate in Bangladesh fell by 11 percent to 6.2 percent. Meanwhile, India's inflation fell by 28 percent to 4.8 percent, Pakistan's rate by 62 percent to below 3 percent.

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# Jump-start private investment in 2016



Towfiqul Islam Khan



Nazneen Ahmed



Raisul Kabir



Tania Wahab

SOHEL PARVEZ

The New Year rolls on with the hope that the business and investment climate will finally pick up after almost nine months of false starts.

There is now a universal consensus that the economy will attain higher growth only if private investment can be augmented, said Towfiqul Islam Khan, research fellow of the Centre for Policy Dialogue.

"Regrettably, it was not possible in the year that ended. So, the government needs to mark 2016 down as the year of private investment in Bangladesh."

Over the last three years, private investment remained around 22 percent of gross domestic product,

which is way below the requisite level to propel the economy to a higher growth path.

If the government does not take some drastic steps, businesses will continue to face the same challenges in 2016 as in 2015: infrastructure deficit, slow implementation of reform agenda, high borrowing costs, tepid global recovery and political uncertainty.

However, Nazneen Ahmed, senior research fellow of Bangladesh Institute of Development Studies, said the overall business and investment environment in 2015 was slightly better than that of 2014.

She cited factors such as political stability, downturn in interest

rate in banks, stable inflation rate and better supply of electricity.

"Overall, the economy performed well given the gloomy start to the year because of political unrest," she said, adding that if political stability continues the business environment will improve further.

Khan said 2015 dished out an important lesson: that apparent political stability is not enough to drum up confidence for private investment.

"I hope there will be no instability in politics in 2016," said Raisul Kabir, chief executive of Brain Station 23, a software firm that received the BASIS Outsourcing Award for three consecutive years

to 2015 and the HSBC Export Excellence Award in 2013.

Tania Wahab, managing partner of Karigar, a leather goods company, echoed the same.

"We need to show that we can make quality footwear and leather goods. At the same time, it is vital to ensure that Bangladesh is safe for foreign investors and buyers."

Political instability wards off foreign investors, she added.

For revitalising private investment, political stability will be equally important, Khan said, adding that the government will also have to ensure that the law and order situation is in favour of the businesses.

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## BB bullish about 2016

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The economy will experience a quantum jump to a new phase of 7 percent growth rate or more in 2016 if the current political stability persists, said Bangladesh Bank Governor Atiur Rahman.

"The economy performed pretty well in 2015 despite initial political stopover in January, and it picked up momentum in the later months. All macroeconomic indicators remained upbeat," he told The Daily Star.

While summarising the performance of the economy, Rahman termed the foreign exchange stability stunning.

He said the exports and remittances picked up in the later part of the year, and both the rates of interest and inflation are moving downward.

The export development fund has gone up to \$2.5 billion, as foreign currency reserves crossed \$27 billion, equivalent of nearly eight months' import bill.

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## Market saw 12 new IPOs in 2015

IPOs in 2015			
ISSUER	FACE VALUE PER SHARE	PREMIUM PER SHARE	IPO SIZE IN TOTAL
Asian Tiger Sandhani Life Growth Fund	Tk 10		Tk 60cr
United Power Generation	Tk 10	Tk 60	Tk 237.6cr
Bangladesh Steel Rolling Mills	Tk 10	Tk 25	Tk 61.25cr
Tosrif Industries	Tk 10	Tk 16	Tk 63.87cr
Olympic Accessories	Tk 10		Tk 20cr
Amam Feeds	Tk 10	Tk 26	Tk 72cr
KDS Accessories	Tk 10	Tk 20	Tk 24cr
Simtex Industries	Tk 10	Tk 20	Tk 60cr
Regent Textile Mills	Tk 10	Tk 15	Tk 125cr
Information Technology Consultants	Tk 10		Tk 12cr
Vanguard AML BD Finance Mutual Fund	Tk 10		Tk 70cr
SEML Lecture Equity Management Fund	Tk 10		Tk 25cr

SARWAR A CHOWDHURY

Twelve companies got listed on the stockmarket in 2015, raising around Tk 830 crore through initial public offerings.

Of the new securities, nine were equity stocks and three were mutual funds, according to Dhaka Stock Exchange data.

In 2014, a record number of 20 companies raised around Tk 1,200 crore from the stockmarket.

Experts said the regulator's conservative policy in approving IPOs, a time-consuming process and entrepreneurs' reluctance to go for market exposure held back the primary market.

Fifty companies submitted their IPO proposals to Bangladesh Securities and Exchange Commission in 2015.

The regulator adopted a go-slow policy while approving IPOs mainly due to the downward trend in the secondary market, an official of the commission said.

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## BTRC reconsidering daily recharge cap decision

STAR BUSINESS REPORT

The telecom regulator is reconsidering its decision to put a daily recharge limit of Tk 500 for pre-paid mobile subscribers, after uproar from users and operators.

"We have decided to revisit the decision considering the inconvenience of the subscribers," said Shahjahan Mahmood, chairman of the Bangladesh Telecommunication Regulatory Commission, after a meeting with mobile phone operators at his office yesterday.

All six operators opposed the government move, as it would inconvenience subscribers, affect revenues, and impact services and the whole digitisation process.

Currently, there is no bar on the daily recharge, though Tk 1,000 is the limit for every single transaction.

The BTRC issued a directive on December 28 to cap the maximum recharge amount following a government order aimed at preventing illegal termination of overseas incoming calls.

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## Stocks end year on a positive note

STAR BUSINESS REPORT

Stocks closed higher on the last trading day of 2015 with positive expectations for the New Year.

DSEX, the benchmark index of Dhaka Stock Exchange, rose 24.72 points or 0.53 percent, finishing the day at 4,629.64 points.

IDLC Investments said the last trading session of the year ended with subtle motion while investors pondered to set the course for the New Year.

"The whole session observed slight volatility but as the day progressed, the index moved up in the last hour," the merchant bank said.

LankaBangla Securities, in its regular analysis, said stocks saw fluctuations in the price level amid a lack of direction.

"The index picked up to more

than a three weeks' high as investors prompted to pick up the value of stocks for the year ahead," the stockbroker said.

Turnover, another important indicator of the market, also jumped up, by 18.3 percent to Tk 434.39 crore, with 9.7 crore shares and mutual fund units changing hands on the DSE.

Of the traded issues, 133 advanced and 141 declined with 50 securities closing unchanged on the premier bourse.

Emerald Oil Industries dominated the turnover chart with 29.44 lakh shares worth Tk 18.79 crore changing hands, followed by Summit Alliance Port, Square Pharma, Quasem Drycells and Olympic Industries.

Among the major sectors, food and allied increased 4.01 percent in

market capitalisation, followed by banks that rose 0.59 percent, fuel and power 0.31 percent and telecommunication 0.25 percent.

Conversely, the cement sector declined 0.47 percent, followed by textiles 0.3 percent and non-banking financial institutions 0.2 percent.

Emerald Oil Industries was the day's best performer with 6.2 percent in gains, while Keya Cosmetics was the worst loser, shedding 17.8 percent.

Chittagong stocks also closed higher yesterday with the bourse's benchmark index, CSCX, increasing 36.56 points or 0.42 percent to finish the day at 8,572.12 points.

Losers, however, beat gainers as 108 securities declined and 90 advanced, while 30 finished unchanged on the Chittagong Stock Exchange.

MTB wishes you Happy New Year 2016

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