Stock rally continues

STAR BUSINESS REPORT

Dhaka stocks soared for the fourth consecutive session yesterday led by gains by the companies whose financial year closes in June.

Normally, shares of such companies start rising in March and April in the hope of better third-quarter results, according to market insiders.

The trend saw the major sectors with their financial year closing in June soar in the market capitalisation yesterday while those ending in December declined.

"The market opened with a positive vibe and continued till the end of the session, as investors regained confidence following the government's recent steps aimed at easing a liquidity crunch," EBL Securities said in its market review.

Investors were mostly keen on buying pharmaceuticals, chemicals, cement, fuel, and power stocks.

The DSEX, the benchmark index of the Dhaka Stock Exchange, rose 14.03 points, or 0.23 percent, finishing the day at 5,879.41.

Turnover, an important indicator of the market, jumped 11 percent to Tk 691.52 crore, with 2.09 crore shares and mutual fund units changing hands.

Of the traded issues, 149 advanced, 143 declined, and 42 closed unchanged.

Beximco dominated the turnover chart with its 1.79 crore shares worth Tk 53.60 crore changing hands, followed by Brac Bank, Ifad Autos, United Power Generation, and Fortune Shoes.

Central Pharmaceuticals was the day's best performer with 8.48 percent gains followed by Anlimayarn Dyeing, AFC Agro Biotech, and Peninsula Chittagong.

Renwick Jajneswar was the worst loser, shedding 5.09 percent followed by Rupali Life Insurance, Reckitt Benckiser, and Aziz Pipes.

Among the major sectors, textile rose 0.85 percent, fuel and power 0.56 percent, and pharmaceuticals 1.69 percent.

On the other hand, financial institutions ended down 1.92 percent and life insurance 1.60 percent.

Shares on the Chittagong Stock Exchange also rose with the bourse's benchmark index, CSCX, increasing 42.52 points, or 0.4 percent, to finish the day at 10,974.66.

Gainers beat losers as 126 advanced, 94 declined and 24 finished unchanged. The port city bourse traded 1.23 crore shares and mutual fund units worth Tk 32.95 crore.

STAR

Quamrul Islam Chowdhury, chairman of the Forum of Environmental Journalists of Bangladesh (FEJB), speaks at a discussion on green growth, organised by UK Aid, Economic Dialogue on Green Growth, Adam Smith International and the FEJB, at the National Press Club in Dhaka yesterday.

Business advisory council meeting of ESCAP held in Hong Kong

STAR BUSINESS DESK

Mahbubur Rahman, chairman of ESCAP Business Advisory Council (EBAC), left Dhaka for Cyberport in Hong Kong on Sunday to attend the fifth meeting of the council and the Asia-Pacific Business Forum 2018.

Rahman, also president of International Chamber of Commerce Bangladesh (ICCB), delivered the opening remarks at the EBAC meeting yesterday.

The leader of the delegation of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), Rahman will deliver the welcome address today at the APBF 2018 that will end tomorrow.

The delegation includes ICCB Vice President Rokia Afzal Rahman, executive board members Anwar-Ul-Alam Chowdhury, Kutubuddin Ahmed and Md Fazlul Hoque, members Mohd Arshad Ali, Asif Ibrahim and Mohammad Shahjahan Khan and Secretary General Ataur Rahman along with Dhaka Chamber of Commerce and Industry President Abul Kasem Khan.

Rokia Afzal and Ibrahim attended the EBAC meeting as members.

The delegation is expected to return on Friday.

The APBF aims to strengthen business engagement in achieving inclusive and sustainable development in the Asia-Pacific region.

Specifically, it will discuss how private sector-led innovation, technology and financing can enhance efforts towards achieving the 2030 Sustainable Development Agenda and associated Sustainable Development Goals.

Labour law needs upgrade to ensure inclusive growth

Analysts say at a dialogue

STAR BUSINESS REPORT

The existing labour law needs to be amended to protect workers' rights and meet international standards, analysts said yesterday.

To achieve inclusive growth, initiatives should be taken to reduce rising property discrimination and income inequality along with ensuring decent work, they said.

They spoke at a dialogue on "Inclusive growth and decent work" organised by the Economic Relations Division (ERD) in the capital.

"We need to upgrade the labour laws to cover all the sectors of the economy," Mikail Shiper, former labour secretary, said at the programme.

The existing labour law could not cover some sectors, because of which many remain deprived of their rights, he said. "The law commission should take proactive initiatives to amend the labour law."

He also suggested the minimum wage for workers be fixed in a way which ensures inclusive growth.

To protect workers' rights properly, trade unions should be formed sector-wise, not factory unit-wise, the former bureaucrat said.

Decent work is the major component for inclusive growth, Khondaker Golam Moazzem, research director at the Centre for Policy Dialogue, said in his presentation.

Proper plans should be taken for the next 10 years to ensure inclusive growth, he also suggested.

Only decent work alone cannot ensure inclusive growth, it needs to reduce property discrimination and income inequality, said Rushidan Islam Rahman, former research director of the Bangladesh Institute of Development Studies.

"Workers' wage has increased with time, but the real income did not increase. If inflation is taken into consideration, the real income has rather declined."

She also suggested for addressing regional inequality issues for balanced development in the country.

She gave examples of Rangpur, Rajshahi and Mymensingh, saying people in those divisions were poor compared to those in other parts of the country.

There is enormous pressure on the factory owners from home and abroad now to take corrective measures to ensure safe workplaces, said Rubana Huq, managing director of Mohammadi Group. "So it is not possible to deprive the workers of their rights." Kazi Anowarul Hoque, additional secretary to the ERD, moderated the dialogue where Monowar Ahmed, another additional secretary to the division, and Syed Sultan Uddin Ahmed, executive director of the Bangladesh Institute of Labour Studies, also spoke.

Midland Bank gets new AMD

STAR BUSINESS DESK

Mohammad Masoom has recently been appointed as additional managing director of Midland Bank, the bank said in a press release.

Prior to the appointment, he has been serving Bangladesh Finance and Investment Company Ltd (BD Finance) as managing director and CEO, according to the statement.

Masoom started his banking career with AB Bank. He also worked for Southeast Bank, Trust Bank and National Bank in different positions.

He has also served Mercantile Bank as deputy managing director.

Masoom completed his honors and master's degree in public administration from the University of Dhaka, according to the statement.

WB doubts 7.65pc GDP growth estimate

FROM PAGE B1

Last week, the BBS said the economy is on course for a 7.65 percent growth, driven by double-digit growth in manufacturing and construction sectors.

This is the third consecutive year that the economic growth was above 7 percent after years of languishing in the neighbourhood of 6 percent.

The WB said the latest growth estimate is exceeding Bangladesh's potential GDP growth of 6.5-6.6 percent.

While the economy has remained robust owing to rebound in exports and remittance and strong performance of the agriculture sector, the service sector, whose contribution to the GDP is about 52 percent, has slowed down this year.

Private investments are not taking off yet: it is projected to increase to 23.25 percent of GDP in fiscal 2017-18 from 23.1 percent a year ago, said the WB.

In addition, rising inflation, interest rates on loans, rising default loans, large external deficit resulting from soaring imports payments, revenue shortfall and pressure on expenditures for rising subsidies, the elections and spending on the Rohingyas have made macroeconomic outlook challenging.

"And the banking sector woes remain unattended," Hussain said.

The multilateral lender went on to criticise the recent moves of the government to boost the banking sector.

"These are on balance expansionary actions that are hard to justify when growth is already above the potential, inflation is rising and the exchange rate is depreciating."

The WB also flagged the issue of slowing pace of poverty reduction although the economy is growing at a faster pace in recent years.

The annual pace of poverty reduction fell from 1.7 percentage points in 2005-10 to 1.2 percentage points in 2010-16, despite 6.1-6.5 percent GDP growth during the latter period.

At the same time, inequality increased.

"Welfare differences between the historically poorer west and the rest of the country have re-emerged," Hussain said.

Looking forward, Bangladesh's outlook is positive for factors such as progress in key infrastructure projects, rising shipment of higher value-added garment items and prospect of a spike in remittance.

The multilateral lender suggested regulatory reforms in the banking sectors to address the poor risk practices, corruption and collusion.

It also called for a cautious monetary policy approach and exchange rate flexibility.

"Exchange rate flexibility and monetary policy independence can mitigate external risks. Increased caution on the monetary policy stance is needed given the concerns on rising inflation, surging global crude oil prices and fiscal slippage," Hussain said.

Despite having floods twice impacting agriculture, Bangladesh maintained robust growth in the current fiscal year, said Qimiao Fan, country director of the WB.

But, actions are needed to address some emerging challenges.

For instance, tax revenue as a share of GDP remains among the lowest in the world.

"As the economy generates the wealth of a middle-income country, it also needs to generate the revenue for public services and investment of a middle-income country."

The medium-term revenue strategy development process launched by the National Board of Revenue last week was a positive step in this regard, Qimiao said.

He was also critical of the government's high reliance on National Savings Certificates to meet a part of the budget deficit.

"The means of financing the deficit, mainly through issuance of National Savings Certificates, has become increasingly expensive. It also brings significant distortions in the financial sector, which is facing tightening liquidity and double-digit lending rates."

He also stressed maintaining sound, credible data and monitoring systems to underpin evidence-based policy making.

These include not only data for poverty measurement and tracking, but also data on the national income accounts, inflation and the budget.

Analyst shows ways to cut Indo-Bangla trade gap

FROM PAGE B1

Even 10 to 15 years ago, Bangladesh's aid versus trade ratio was 1:1 but now it has become 1:15, Rahman said.

He spoke at the "bilateral conclave on India-Bangladesh relations, deepening cooperation and the way forward" at the Pan Pacific Sonargaon hotel in Dhaka.

The Institute for Policy, Advocacy and Governance organised the discussion. Amit Datta Roy, senior research fellow at the institute, moderated the event.

Bangladesh has the largest bilateral trade deficit with India, importing goods worth $6 billion through the formal channel and exporting nearly $600 million worth of goods, said Rahman.

The two governments should sign a much-needed mutual recognition agreement for more Indian acceptance of sanitary and phyto-sanitary certification of goods made in Bangladesh to help the latter export more, he said.

"We should go beyond the SAFTA (South Asian Free Trade Area). We should sign [an agreement for] comprehensive economic partnership for more business," Rahman said, urging India to give trade facilities beyond zero-tariff.

Bangladesh earlier enjoyed zero-duty benefit on all exports to India, except 25 alcoholic and beverage items.

In 2012, India imposed a 12.5 percent countervailing duty on the export of Bangladeshi garments, the country's main export item. As a result, Bangladesh's export to India has not increased at expected levels.

Rahman called for removing non-tariff barriers, improving the banking system along border areas and upgrading infrastructure at land and river ports of both the countries.

He reasoned that 80 percent of goods were imported from India through the land ports while only three ships have made use of the Ashuganj river port in the past three years.

Rahman said both India and China should not be at loggerheads when it comes to investing in Bangladesh.

India has promised to invest $8 billion in Bangladesh while China has proposed to put in $25 billion.

Bangladesh will need $100 billion in foreign direct investment in the next 10 years, so both countries can invest here without competing with each other, he said.

The value of goods imported from India, through formal and informal channels, stands over $10 billion. So, the $600 million worth of exports from Bangladesh are insignificant, said Mir Nasir Hossain, a former president of the Federation of Bangladesh Chambers of Commerce and Industry.

Hossain suggested that Indian businessmen invest in IT and power sectors as the government has approved a separate special economic zone in Bangladesh for them.

Prabir De, coordinator at the ASEAN-India Centre, suggested greater collaboration, holding more meetings and building more partnerships to resolve outstanding bilateral business issues.

He urged Bangladeshi companies to set up more business units in Rangpur and Saidpur for easy transportation of goods to India, taking advantage of the geographical proximity.

Power is now the major sector for Indian investment in Bangladesh while pharmaceuticals and IT are the other two, said Goutom Ghosh, director of the Federation of Indian Chambers of Commerce and Industry.

Banks get more time to lower advance-deposit ratio

FROM PAGE B1

The central bank has also slashed the cash reserve requirement by one percentage point to 5.5 percent to inject additional fund of Tk 10,000 crore into the market, fulfilling another BAB's demand. The central bank made funds cheaper last week for banks by cutting its repo rate -- the rate at which the central bank lends money to commercial banks -- by 75 basis points to 6 percent. In a separate move, the government has taken a decision to allow state agencies to deposit 50 percent of their funds with private banks from the previous ceiling of 25 percent.

MHM Fairoz, CEO of Singer Bangladesh, opens a "Singer Mega Outlet" at Moghaltuly in Comilla on Sunday.

SINGER BANGLADESH

Accord's extension now more difficult

FROM PAGE B1

Earlier on October 26 last year, the same bench of the court issued an order, asking why the unilateral decision of severing of the business ties of Smart Group with the Accord signatories will not be declared illegal.

On the same day, the Accord said on its website that the government has already extended its tenure by three years.

After noticing the news of the extension on the Accord website, the court gave a supplementary rule on it and restrained the government until April 4 from extending the tenure of the Accord.

After the injunction was issued, Rahman was informed that the Accord members would be able to do business with Smart Jeans now. Rob Wayss, executive director for the Bangladesh operations of the Accord, did not respond to requests for comments.

The Accord on Fire and Building Safety in Bangladesh is a five-year independent, legally binding agreement signed on May 15, 2013 between more than 200 retailers and trade unions designed to build a safe garment industry in the country.

It intends to stay on in the country for three years after its current agreement expires on May 31 mainly to monitor the trade union activities of garment workers.

Commerce Minister Tofail Ahmed on several occasions said the government will extend the tenure of the Accord only by six months to help it take preparation to leave the country.

Although, there is an uncertainty in the formation of the second Accord, until yesterday nearly 140 global retailers and brands signed it, according to the IndustriALL, a global rights group.