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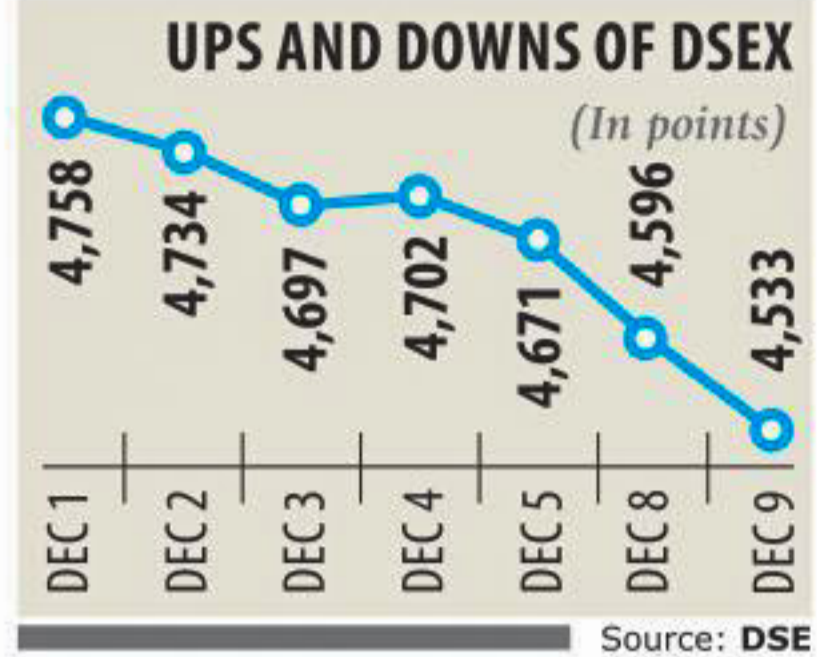
DHAKA TUESDAY DECEMBER 10, 2019, AGRAHAYAN 25, 1426 BS ● starbusiness@thedailystar.net

Stocks in free fall

Foreign investors' retreat, panic sales bring key index to 39-month low

STAR BUSINESS REPORT
 Stocks continued to bleed yesterday as foreign investors were selling off in droves amid panic sales by general investors, sending the benchmark index of the Dhaka bourse to a 39-month low.
 Institutional investors were also on the sidelines due to a fund crisis, market analysts and stakeholders said. The DSEX, the Dhaka Stock Exchange's key index, suffered losses for the third straight day yesterday, plunging by 62.25 points before closing at 4,533.75.
 In the last three trading sessions the index shed 169.23 points, while

Tk 9,066 crore was wiped out from market capitalisation.
 "A lack of confidence is the main problem in the market and the news of economic indicators being gloomy fuelled it," said Minhaz Mannan Emon, one of the DSE directors.
 He said banks, merchant banks, and other institutional investors were also not playing a supportive role, for which long-term initiatives were necessary to revive investors' confidence.
 "We want to meet the finance minister and the governor of Bangladesh Bank to inform them about the market situation," he added. A merchant banker, preferring a n o n y m i t y, said investors have very little confidence in the market as the stock regulator failed to rein in manipulation.
 Some junk stocks top the gainers' or



list almost every day due to the manipulation but only a few have been punished, he said.
 The Bangladesh Securities and Exchange Commission (BSEC) also failed to compel listed companies to maintain the minimum shareholding requirements, he pointed out.
 In 2011, the regulator issued a circular, ordering sponsors and directors to hold a minimum 2 percent of shares of a company individually and 30 percent jointly. However, about 50 companies have failed to comply with the directive.
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Trade deficit widens

Imports dropped 3.17pc, exports 6.65pc during Jul-Oct

AKM ZAMIR UDDIN
 Trade deficit widened slightly in the first four months of the fiscal year when exports fell more than imports, a development that has exposed the sluggishness of the economy.
 Between July and October, trade deficit, a situation when imports exceed exports, stood at \$5.62 billion, up 5.58 percent year-on-year, according to data from the central bank.
 During the period, imports declined 3.17 percent from a year earlier to \$18.13 billion and exports dropped 6.65 percent to \$12.51 billion.
 Current account deficit, however, decreased 36.88 percent year-on-year to \$1.30 billion in the first four months of 2019-20.
 "The ongoing declining trend of imports has helped reduce the deficit in the current account. This is not a good indication for the economy at all," said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh.
 The major indicators of the balance

Lack of prudential policies and mismanagement in the financial sector are responsible for the existing crisis in the balance of payments, says Ahsan H Mansur, executive director of the Policy Research Institute

TRADE DEFICIT	CURRENT ACCOUNT	OVERALL BALANCE
-5,323	-2,066	-444
-5,620	-1,304	-229
		FY19 FY20
		BALANCE OF PAYMENTS (Jul-Oct)
		In millions of dollars

of payments are not in good shape, reflecting the feeble situation of the economy, he said.
 A lack of prudential policies and mismanagement in the financial sector is responsible for the existing crisis, he said.
 The government has not taken any appropriate measure to attract foreign direct investment and diversify export destinations, said Mansur, also a former official of the International Monetary Fund.
 Besides, the financial sector is facing various problems, especially for want of corporate governance and proper monitoring on part of the financial regulators, he said.
 "This has led to a large amount of defaulted loans in the banking sector in recent periods."
 Defaulted loans surged 24 percent to Tk 116,288 crore in September compared to that in December last year, Bangladesh Bank data showed.
 Because of the presence of the high volume of defaulted loans, private sector credit growth dropped to a nine-year low of 10.04 percent in October as the majority of banks are unable to give out loans as expected.
 Mansur said businesses are persistently showing reluctance to set up new units or expand existing ones because of a lack of confidence.
 "The unwillingness has put an adverse impact on the economy, hitting both exports and imports and the overall balance of payments."

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Facebook to stand by small businesses

Bangladesh among target markets, officials say

MUHAMMAD ZAHIDUL ISLAM, from Singapore
 Facebook yesterday said one of its main goals is to support growing businesses, especially small entrepreneurs who are selling products and services in a limited way but have the potential to hit the global market.
 At a daylong programme - APAC Press Day - at Facebook's Singapore office, senior executives of the social media platform said a lot of small and medium entrepreneurs have unique business ideas but they don't have budgets to afford traditional media for campaigns.
 Facebook is promoting the businesses across the globe, they said.
 Karen Teo, vice-president and head of the Asia-Pacific global business group at Facebook, said globally 140 million businesses are taking support from Facebook at present. The social media platform is promoting local entrepreneurs so that they can explore opportunities internationally.
 Referring to a survey, she said one out of three business owners is in the Asia-Pacific region and seven of 10 women business owners are using Facebook as a platform to grow.
 "These women have a positive outlook about the future business and they are growing faster," Teo said.
 In an interview with The Daily Star, James Tan, product marketing director for the region at Facebook, said countries like Bangladesh are part of their plan.
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Tannery relocation led to job losses: experts

STAR BUSINESS REPORT
 The relocation of the tannery industry from Hazaribagh to Savar has not brought any good news for its workers and deepened their woes further in the form of job losses instead, workers and experts said yesterday.
 "In spite of huge investment and government efforts to make tanneries environment-friendly and create jobs by moving to Savar, the industry is now facing more challenges," said Mahmudul Hasan Khan, manager for programme at the Bangladesh Labour Foundation (BLF).
 "Workers were dealt with the biggest blow for this modification as tannery owners are cutting jobs blaming dull exports," he said.
 Exports of leather and leather goods dropped around 30 percent year-on-year to \$1.08 billion in 2017-18. It fell further to \$1.01 billion in 2018-19, according to data from the Export Promotion Bureau.
 In the first five months of the current fiscal year, receipts from



Experts attend a seminar on tannery workers and challenges of the sector at the National Press Club in Dhaka yesterday.
 leather and leather goods exports slumped 10.03 percent to \$391.09 million. "Not only that, workers weren't paid the government-set minimum wage for the sector and many factories are subcontracting works to cut the number of staff," said Khan.
 He was presenting a keynote paper at a dialogue on "Tannery workers after relocation to Savar: challenges and way forward" organised by the BLF at the National Press Club in Dhaka.
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Top VAT-payers to be honoured today

STAR BUSINESS REPORT
 The National Board of Revenue will honour the country's top VAT-payers today in its bid to encourage compliance and raise awareness on the need to pay tax to finance national development.
 Some 144 have become eligible to be recognised as the highest VAT-payers in the fiscal year of 2017-18. Of them, nine would be awarded for depositing the highest amount of the indirect tax nationally.
 The firms have been nominated as per rules that say that a firm would qualify if it pays 10 percent higher value-added tax than the previous fiscal year and has no tax dispute, pending cases or any tax and bank loan default, said Bashir Ahmed, first secretary for VAT Implementation & IT of the NBR.
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