

## Stocks

DGEN ▲ 1.19% 2,900.56

CSCX ▲ 1.40% 5,743.34

## Asian Markets

MUMBAI ▼ 3.03%  
13,570.31

TOKYO Closed

SINGAPORE ▼ 2.66%  
2,476.51


SHANGHAI ▼ 1.56%  
2,201.51

## Currencies

	Buy Tk	Sell Tk
USD	68.00	69.00
EUR	99.00	103.52
GBP	124.42	129.60
JPY	0.64	0.67

SOURCE: STANDARD CHARTERED

## Commodities

	<b>Gold</b>	▲
	\$890.07	(per ounce)
	<b>Oil</b>	▲
	\$106.28	(per barrel)

SOURCE: AFP

(Midday London Trade)

## More News

### Insurers short on skills



Professional manpower is scarce in the country's growing insurance industry when over 60 companies have sprung up in the private sector in a span of 22 years. This is what Nasir A Choudhury, a doyen in Bangladesh's insurance business, spelt out his experience on completion of his 50 years of successful career.

B-4

### Dhaka shares rise on banks

Dhaka stocks gained yesterday, powered mainly by bank shares. The benchmark index of Dhaka Stock Exchange, DSE General Index, rose 34.21 points, or 1.19 percent, to 2900.56 points. The DSE All Share Price Index also increased 26.29 points, or 1.08 percent, to 2444.33 points.

B-2

## International

### India eases external borrowing rules

With Indian banks likely to face a cash crunch for lending, the government has relaxed the norms for external commercial borrowings (ECB) for domestic companies engaged in infrastructure sectors such as power, roads, airport and ports.

B-4

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# BB relaxes forex transaction rules

REJAUL KARIM BYRON and SARWAR A CHOWDHURY

The central bank has liberalised foreign exchange transaction rules to some extent for exporters, foreign investors and other foreign currency users in the context of comfortable foreign currency reserve condition.

The Bangladesh Bank (BB) yesterday issued two separate circulars to this effect and allowed all banks to issue international credit, debit and pre-paid cards to foreign currency users.

As per the liberalised rules, roaming mobile phone bill can be paid through the cards and in some cases currency can be remitted abroad without prior permission from the central bank.

A BB senior official said the central bank has taken the steps to make the forex transaction rules more liberalised and time-befitting.

"Since the commencement of floating exchange rate in 2003, our reserve is now in a strong position at around \$6 billion," he said, adding that the liberalised rules are aimed at vibrating the businesses and promoting higher education abroad.

According to one of the BB circulars, banks now can issue international credit card/debit cards against the balances held in the exporters' retention quota foreign currency (FC) account.

The banks can also issue international cards in favour of up to three top-level executives of an exporting firm/organisation holding retention quota FC accounts, the circular said.

An exporting firm/organisation can avail of the card facility from a card issuing company only, it said.

The banks may issue inter-



national credit card/pre-paid card against the annual personal travel quota entitlement.

The circular said international credit card/pre-paid card may be issued favouring officials of government/ autonomous/ semi-autonomous institutions for official/ semi official visits abroad against forex entitlement fixed by the finance ministry.

It said the international credit or pre-paid cards may be issued favouring private sector participants for attending seminars, conferences and workshops abroad arranged by recognised international bodies.

However, while issuing the cards the banks shall endorse an amount not exceeding the entitlement on the passport.

The banks can issue international debit or pre-paid cards to the private sector Hajj agencies to meet food, lodging expenses of the pilgrims in Saudi Arabia against forex entitlement fixed for each individual.

International pre-paid card may also be issued to intending individual pilgrims for meeting expenses in Saudi Arabia while performing Hajj. However, the banks shall endorse an amount not exceeding Hajj entitlement on the passport or pilgrim pass.

The BB circular said interna-

tional credit card/pre-paid card against the annual personal travel quota entitlement.

tional cardholders may pay their mobile phone roaming service utilisation bill to mobile phone operators in Bangladesh through international card.

The circular said effective control system must be ensured by the issuing bank to guard against unwanted drawings in excess of the entitlement or balance in the respective foreign currency accounts.

To facilitate monitoring towards limiting the liabilities on account of card use, the FC account holding banks may advise the card-issuing bank about the credit balances of the FC account.

All records, documents and accounting statements relating to issuance and use of credit cards should be kept ready and available for inspection by the central bank when required.

The card issuing banks will have to submit report to the central bank time to time, the circular added.

In the other circular the BB said from now registration fee of government officials, employees of banks and financial institutions, faculties of nationally recognised banking training institutions for participating training, seminar and workshop abroad can be sent through the banks.

The banks may allow remittance of subscription fee for academic or research journals to be procured from abroad by public universities and medical colleges, recognised national research institutions, University Grants Commission-approved private universities and government-approved private medical colleges up to \$3,000.

The circular said the banks may open Non-resident Taka Account in the name of the proposed company of foreign investors contemplating to invest in Bangladesh without prior approval of the central bank.

The banks are allowed to release forex for admission and studying by Bangladeshi nationals in regular courses such as undergraduate, post-graduate, language course pre-requisites to bachelor degree and professional diploma/certificate courses in recognised institutions abroad subject to verification.

The banks are to ensure while opening an L/C that full description of goods to be imported is given in each credit along with the unit price of the merchandise.

The banks should also obtain confidential report on the exporters from their branches or correspondents abroad or in their discretion.

The banks will need to satisfy themselves as to the standing of the exporter by consulting standard books of reference issued by international credit rating agencies.

The banks will do this in all cases where the amount of the LC/contract exceeds Tk 5 lakh against pro-forma invoices issued directly by foreign suppliers.

The amount is Tk 10 lakh against indents issued by local agents of the suppliers.

# GP boss steps down

Departure won't hurt IPO plan, company officials say

MD HASAN

Anders Jensen, chief executive officer of Grameenphone, resigned from the company on Monday.

Grameenphone in a press statement to The Daily Star said, "Anders Jensen has recently decided to shorten his tenure as the CEO of Grameenphone primarily due to family reasons."

Meanwhile, the company officials have made an assurance that Jensen's departure will not hurt the IPO issue.

Grameenphone has finalised its plan to raise \$300 million (Tk 2,058 crore) -- \$ 150 million from the stock market and the rest through private placement or pre-IPO.

The company's IPO proposal is now under consideration of Securities and Exchange Commission.

In October 2007, Jensen replaced Erik Aas when the company had enjoyed tremendous growth. But later the Jensen days in Grameen were marred by different unlawful incidents such as VoIP business conducted by his previous management.

The Grameenphone board appointed the Swedish national to head the largest mobile phone operator for three years until October 2010. But Jensen decided to leave his position by December 2008.

At an internal meeting with his colleagues Monday, Jensen disclosed that he would step down. The company officials however denied elaborating why Jensen's ended his chapter here.

Company insiders said Jensen's replacement by locals is likely for the first time.

Meanwhile, on the speculation over his replacement, the company officials said the decision is yet to be made. They, however, admitted that some locals are in race.

The locals might get priority



Anders Jensen

this time as the deal between Grameen Telecom and Telenor said "Grameenphone will have to recruit majority managers from Bangladesh in order to have a majority managers from Bangladesh after six years of company's incorporation."

However Jensen's decision came at a time when the shareholders of the company Grameen Telecom and Norway's Telenor are battling each other over owning majority stake of the company.

Besides family reasons, Jensen's cost cutting strategy, shareholder's conflict and illegal VoIP scam have become challenges for him from the beginning to run the \$3.2 billion Grameenphone.

On October 9, just 8 days after his stepping into the company as its CEO, Jensen had to face the first blow from the telecom regulator's Tk168.4 crore fine for Grameen's illegal international call termination practiced by his predecessor.

The telecom regulator filed a case against 10 former and in-service high officials including

two former CEOs of the company, accusing their involvement in illegal VoIP at a local police station on January 16.

The January 16 case is a follow-up of an eight-day RAB (Rapid Action Battalion) raid starting from December 6, 2007 on the GP head office at Gulshan. The raid found huge equipment of illegal VoIP.

Meantime, in June 2008, Grameenphone fell in another trouble for its job cut strategy. Around 500 contractual employees lost their jobs.

Grameenphone became Telenor's most profitable venture by the end of June 2006. Throughout the year 2006, it made an operating profit of 1,836 billion kroner on sales of 4,314 billion kroner.

But the recent half yearly financial report to June 2008 showed that its operating profit dropped 57 percent.

Grameenphone is a joint venture owned 62 per cent by Telenor and 38 per cent by Grameen Telecom Corporation.

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# Bernanke, Paulson urge swift action on US bailout



US Treasury Secretary Henry Paulson (L) and Federal Reserve Chairman Ben Bernanke arrive to testify before the Senate Banking Committee on Capitol Hill in Washington yesterday.

AFP, Washington

US Federal Reserve chairman Ben Bernanke and Treasury Secretary Henry Paulson urged Congress yesterday to swiftly pass a 700-billion-dollar financial bailout or put the economy at risk.

Bernanke warned that despite unprecedented steps already taken in the crisis, global financial markets "remain under extraordinary stress."

In remarks prepared for delivery, Bernanke said action by the legislature was "urgently required to stabilise the situation and avert what otherwise could be very serious consequences for our financial mar-

kets and for our economy."

Nervous global markets were looking to both Bernanke and Paulson to aggressively push lawmakers to give the Treasury the authority to borrow 700 billion dollars to buy toxic mortgage-related assets from struggling financial institutions, in a bid to counter a credit crisis.

But lawmakers have signalled they will not be hurried into approving the largest US government financial intervention since the Great Depression.

Bernanke underscored the urgency of the swiftly escalating global credit squeeze.

"At this juncture, in light of the fast-moving developments

in financial markets, it is essential to deal with the crisis at hand," Bernanke pleaded.

Paulson echoed the central bank chief's comments, warning that if Congress did not act quickly, a credit crisis could threaten "all parts of our economy."

Paulson warned against losing the "bipartisan consensus" on the urgency of the bailout with attempts to lard the bill with add-ons.

"We need to build upon this spirit to enact this bill quickly and cleanly, and avoid slowing it down with other provisions that are unrelated or don't have broad support," he said in the prepared text of his testimony.

# United Airways to fly beyond border today

UNB, Dhaka

United Airways Bangladesh Ltd, a private airline founded by non-resident Bangladeshis, will launch its maiden international passenger flight today.

A 37-seated Dash 8-100, a Canadian aircraft equipped with the latest aviation technologies and navigation equipment, of the airline is scheduled to take off from Dhaka for Kolkata, said a press release on Tuesday.

United Airways will initially operate one passenger flight everyday on Dhaka-Kolkata route. Everyday the flight will depart from Dhaka to Kolkata at 1520 hrs.

The one-way fare on Dhaka-Kolkata route is Tk 7,009 and fare on a return ticket is Tk 13,314 (inclusive of all taxes). As a part of its inaugural offer, the airline is providing passengers with a free ticket on their purchase of two tickets to travel on the route.

The airline is currently operating from Dhaka to Chittagong, Jessore, Sylhet and Cox's Bazar, which would be extended to Dhaka-Barisal route from September 28, 2008. Shortly, the airlines will also start operating from Dhaka to Sypdur.

Besides, United Airways, the first-ever public limited company in the country's aviation sector, is planning to expand its operations to Bangkok, Kuala Lumpur, Bahrain and Dubai by July 2009.

# SME refinancing trebles

High interest rate poses an obstacle to BB scheme benefit

SAJJADUR RAHMAN

Loans under the Bangladesh Bank's SME refinance scheme have increased more than threefold to about Tk 100 crore in the April-June quarter from the previous quarter, according to the central bank officials.

Some Tk 28.25 crore loans were disbursed in the January-March period.

"We have disbursed against almost all applications. This time we did not want to hang on the claims of the financial institutions," a senior BB official said yesterday.

As part of the government moves, the central bank in 2004 introduced a refinance scheme (revolving) with Tk 100 crore to increase small and medium enterprises' access to bank finance at lower rate.

Later, the fund was increased to Tk 300 crore in fiscal year (FY) 2007-08 and Tk 500 crore for FY 2008-09.

The BB has SME refinance agreements with 16 banks and 22 non-bank financial institutions. These banks and non-bank financial institutions lend the SMEs and receive refinancing from the BB on a quarterly basis.

Of the institutions, Eastern Bank, Dhaka Bank, Mercantile Bank and One Bank disbursed the highest amount of SME loan last quarter.

According to BB officials, Eastern Bank received the highest Tk 21.5 crore from the

## SALIENT POINTS



● The scheme launched in 2004 with Tk 100 crore

● Allocation increases to Tk 500 crore for fiscal 2008-09

● BB has agreements with 16 banks and 22 non-bank financial institutions for refinancing

● Central bank lends at 5 percent interest rate, but banks charge as much as 20 percent from SMEs.

● Some Tk 98 crore was refinanced in April-June quarter, up from Tk 28.25 crore in the previous quarter

BB for financing the SME sector.

Among the non-banks, IDLC, MIDAS and United Leasing were the leaders in SME credit financing.

Meanwhile, a section of BB officials complained that some financial institutions charge the SME loanees their usual rates without considering the fact that the BB is refinancing

the amount, which is contrary to the government and BB's desire that SMEs get easy access to bank finance relatively at a lower rate.

"Although BB takes only 5 percent interest rate from the banks and non-bank financial institutes, they charge as much as 20 percent interest rates for the loans," another BB official said. It is also learnt that no bank takes less than 13 percent interest for the loans.

The BB has fixed 10 percent interest rate for two other similar schemes -- housing and women entrepreneurs but it has failed to do so with the SME scheme.

Banks are cashing in on the situation and imposing charges as much as they can due to absence of any BB directive in this regard, the central bank official also pointed out.

"We have found in our monitoring that banks charge highest 20 percent and lowest 13 percent interest rates for the loans under the SME refinance scheme," he said.

Initially, the BB imposed 4 percent interest rates, which was raised to 6 percent. But the financial institutes had shown reluctance in going ahead with the scheme. Later the BB was compelled to withdraw the directive on interest rate in May 2004 and allowed financial institutes to fix a rate in accordance with their business policies.

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