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DGEN ▲ 1.28%
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Asian Markets

MUMBAI ▲ 4.07%
12,158.03

TOKYO ▼ 1.62%
9,298.61

SINGAPORE ▲ 0.56%
2,178.13

SHANGHAI ▲ 1.49%
2,618.17

Currencies

	Buy Tk	Sell Tk
USD	68.50	69.50
EUR	91.33	96.35
GBP	101.81	107.16
JPY	0.67	0.76

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold ▲
\$918.00
(per ounce)

Oil ▲
\$59.49
(per barrel)

SOURCE: AFP

(Midday Trade)

More News

MCCI suggests cut in costs of deep-sea port

The Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI) suggests the government explore options to reduce the cost of constructing the first phase of the planned Deep Sea Port (DSP), as it finds the return on investment on the project too low to attract investors.

B-3

International

In for a rough year



It is going to be a bleak year. Judging from initial figures on growth rates across the region for the first quarter of 2009, economists are predicting that this year will be characterised by an anemic economic performance. In Asia, the spillovers from the US financial crisis have affected economies in the first quarter, and is seen to continue to affect the region as the rest of the world teeters from decreasing demand and dwindling incomes.

Hitachi posts record \$8.1b annual loss

For Japanese electronics makers, the last fiscal year was one they'd like to forget. Especially Hitachi, which on Tuesday set the wrong kind of record. It posted the biggest ever annual loss by a Japanese manufacturer, and warning of more red ink, said it doesn't expect the global economy to recover until next year at the earliest.

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Contact Us

If you have views on Star Business or news about business in Bangladesh, please email us at business@thedailystar.net

Banks warned against rule breach

STAR BUSINESS REPORT

The central bank has warned boards of directors and chief executive officers of private commercial banks against any violation of rules in governing the institutions, said a circular issued yesterday.

The Bangladesh Bank (BB) has also instructed the boards and CEOs of the banks to exercise their authority in line with a previous BB order issued in 2003.

The allegations, which are usually brought against chairman and directors of a bank, include intervention in loan approval process and regular adminis-

trative works, staying in the bank without any board meeting and unauthorised use of cars, telephone, staff and office room.

The BB also came down on the boards for forming some formal and informal committees, which it said are unnecessary.

The central bank observed that the CEOs of many banks are not exercising their authority in line with the Banking Company Act 1991.

Even the CEOs do not feel it necessary to inform the BB of any violation of regulations in their banks although it is mandatory for them to do so, the central bank

said.

The BB also blamed the CEOs for not developing loan, risk and human resources management guidelines in their respective banks.

"The irregularities are a matter of concern and go against good governance," said the circular.

A senior BB official told The Daily Star that for the banks, the roles of the CEO and the chairman of the board were clearly defined through a BB circular issued on July 24, 2003.

He said guidelines have also been issued regarding responsibility and accountability of the board, chairman of

the board, and CEO/managing director of financial institutions to ensure transparency, accountability, and dynamism in overall financial, managerial, and administrative policies and executive activities.

"But we found that boards of directors and CEOs of many banks are violating the guidelines prescribed in the 2003 circular," the official said, asking not to be named.

He said the BB as the regulator of banks and non-bank financial institutions in the country issued the new circular to warn them against any future violation.

The BB also instructed the banks to place the circular at their next board meetings.

Meanwhile, the central bank issued another circular on regulation of lending to the directors of financial institutions.

The circular asked the CEOs of financial institutions to mention any loan, guarantee or security given to or against a director's name in the balance sheet.

A director will not be allowed to receive more than 50 percent of his/her paid-up share capital, it said.

The BB also asked them to follow the Financial Institutions Act 1993 strictly.

Raise tax-free income threshold in budget

CPD suggests

STAR BUSINESS REPORT

The Centre for Policy Dialogue (CPD) has urged the government to increase the threshold of tax-free income to Tk 185,000 from its existing Tk 165,000 in the next budget for fiscal 2009-10.

The private think-tank also said the limit of such tax-free income should be Tk 200,000 from its existing Tk 180,000 for senior citizens and the disabled.

The CPD made the proposals to Finance Minister AMA Muhith on Monday.

The CPD also recommended withdrawal of Tk 500,000 in annual renewal fees for captive power generators and introduction of zero tariffs on the import of capital machinery.

The CPD also asked the government to impose 15 percent duty on import of rice in view of higher domestic production and a comfortable supply situation.

The budget proposals include a recommendation for forming an export stabilisation fund to provide low-interest rate loans to the affected sectors, returnee migrants and retrenched workers.

According to another proposal by the CPD, the government should revise tariff on finished goods upward, particularly on luxury goods and put in place an appropriate law to facilitate investment in the private sector under public-private partnership in the budget.

The CPD also asked the government to widen the coverage of the social safety net under different programmes and to enhance coverage and resources under the equity and entrepreneurship fund in the next budget.

The government should undertake special projects to promote Boro crop in the southern region and non-rice crops in Barind areas, increasing agricultural production to reduce regional disparity, according to a CPD proposal.

SALIENT POINTS

● The government has been urged to increase the threshold of tax-free income to Tk 185,000 from its existing Tk 165,000.

● CPD recommends withdrawal of Tk 500,000 in annual renewal fees for captive power generators

● CPD asks the government to impose 15 percent duty on import of rice in view of higher domestic production

● The government should revise tariff on finished goods upward, particularly on luxury goods, says CPD

● The think-tank urges the government to increase the retirement age of government employees from 57 to 60 years

The CPD asked the government to allocate an adequate fund to establish Coal Bangla to address the issue of energy deficit and raise the primary teachers' salary scale from grade 15 to grade 12, an election pledge of the government.

The think-tank also urged the government to increase the retirement age of government employees from 57 to 60 years, establishing a permanent commission on agricultural cost prices and making necessary provisions in the budget for speedy implementation of the recommendations of the National Pay Commission Report.

BTCL plans Tk0.25 flat rate countrywide

STAR BUSINESS REPORT

Bangladesh Telecommunications Company Ltd (BTCL) is set to offer soon a nationwide flat call rate of Tk 0.25 per minute as the new tariff is expected to help the state-run land phone operator add more customers to its network.

The country's largest operator has the capacity to serve 13 lakh users although its customer base remained almost stagnant at 8.72 lakh in the last three years.

"We have decided to offer Tk 0.25 per minute flat rate across the country. Now it's subject to approval from the BTCL board," SM Khabiruzzaman, managing director of the company, told The Daily Star yesterday.

He said: "If approved, we hope the new tariff will come to effect anytime between June and July."

BTCL call rates now range from Tk 1 to Tk 0.10 in different slots of the day across the country.

The operator was faced with a stiff competition when some private sector landline operators entered the market at the end of 2005.

So far 12 private land phone companies added 3.15 lakh customers to their network, whereas BTCL customers remained almost at 8.72 lakh during the time.

As of March 2009, a total of 11.87 lakh customers were connected with landline network. BTCL is the market leader followed by Ranks Telecom's 1.6 lakh customers, National Telecom's 73,468 and Peoples Telecom's 73,388 users.

Media, PR links hit spotlight



Moeen Tariq, managing director of newly launched Concito PR, and Ashwani Singla, chief executive officer of Genesis Burson Marsteller, shake hands at a programme at Radisson Water Garden in Dhaka yesterday.

STAR BUSINESS REPORT

The media and public relations (PR) firms can work hand in hand but should maintain distance at the same time in handling news as their target audiences are not the same, said the group managing editor of an Indian newspaper yesterday.

"Often journalists complain that the public relations firms manipulate news in favour of their clients, as ad revenue matters to the media. Ideally, they both should have mutual respect for each other and not manipulate news," said Ashok K Bhattacharya of Business Standard.

Bhattacharya was speaking at a media seminar that focused on how PR firms and media can work together. The seminar was organised as part of a daylong programme to mark the launch of Concito PR in Dhaka.

In his keynote paper, Bhattacharya said the target audiences of the media and the PR agencies differ, so do their roles.

"The number of news and TV channels has grown manifold in the last six years in India, so have PR firms. Simultaneously, the roles of journalists and PR firm staff have changed as well," Bhattacharya said.

"The number of incidents over the role of PR firms in influencing journalists in favour of their clients has also grown," he added.

Bhattacharya suggested professionals gain expertise in relevant fields and work with ethics.

Mahbul Alam, editor of The Independent, who moderated the seminar, stressed ethical practices by all professionals, including journalists and PR executives.

"The truth can be suppressed for a day or two, but someday the truth would be unearthed and the question of credibility would come to the forefront," he said.

Concito PR, an affiliated agency of Burson-Marsteller, one of the leading PR companies in the world, was launched to provide public relation services in the country.

Iqbal Sobhan Chowdhury, editor of The Bangladesh Observer, Syed Fahim Munaim, managing editor of The Daily Star, and Motiur Rahman Chowdhury, editor of Bangla-language daily Manabzamin, were also present.

Moeen Tariq, managing director of Concito PR, delivered the welcome address.

After US, EU to stress-test banks

AFP, Brussels

EU countries are to subject their biggest banks to so-called "stress tests" in coming months to see if there are any more nasty surprises lurking on their balance sheets, officials said Tuesday.

However, they insisted that, unlike recent US stress tests, the aim was not to identify which banks need more capital and how much, but rather the risks that may threaten the broader financial sector.

Washington published the results from stress tests of the shell-shocked US banking sector on Friday, which showed that 10 big US banks need a total of 74.6 billion dollars in extra capital.

EU officials said that European tests would focus on big banks with wide-ranging businesses that operate across Europe's borders and are key links in the broader financial system.

"It's not about looking into specifics or defining further needs of capital for specific banks but rather it's about finding out if there is something we should worry about," one EU official said on condition of anonymity.

EU finance ministers agreed in principle to tests at a meeting in Brussels last week and officials are hammering out the details with the aim of presenting the results to ministers in September, officials said.

Committee of European Banking Supervisors spokeswoman Efstathia Bouli said that

the national supervisory authorities would subject banks to the tests "so as to increase the level of aggregate information among policy makers in assessing the European financial system's potential resilience to shocks."

"The idea is to have a sample of systemic, representative banks, but not all of the banks," another EU official said on condition of anonymity.

Although the financial crisis is rooted in the US housing market, European banks have suffered dearly from turmoil, especially since many had liabilities supported by less capital than some of their US counterparts.

As a result, many European countries rushed to bail out banks and guarantee their lending between them in the midst of a crisis of confidence in the sector last year.

However, EU governments have struggled to coordinate their support for struggling banks, with no pan-European authority really in charge of overseeing the sector.

Although European leaders have been urging banks for months to come clean about the true health of their balance sheets, concerns remain that toxic assets may still be lurking on their books.

In Paris, IMF Europe director Marek Belka urged European governments to carry out stress tests on banks, saying that "policy makers should shift to a more proactive approach."

SEC asks GP to raise share face value



A customer care centre of Grameenphone. The capital market watchdog has directed the mobile operator to raise its share face value from Tk 1 to Tk 10.

SARWAR A CHOWDHURY

The stock market regulator has asked Grameenphone (GP) to convert its Tk 1 share to Tk 10, a decision that matches with the premier bourse's policy of not listing any securities below the face value of Tk 10.

The desire for such conversion was conveyed to a GP delegation when it met last week the newly appointed chairman of Securities and Exchange Commission.

The \$ 65 million or Tk 449 crore initial public offering (IPO) prospectus of the country's largest mobile phone operator

now awaits the SEC approval. GP agreed with the proposed change in the face value of its shares, but it sought a formal request from the commission.

Contacted, GP Chief Executive Officer Oddvar Hesjedal said: "We are positive towards making such a change, which is subject to a formal request from the SEC."

The attendees of the meeting with the capital market watchdog quoted GP officials as saying that if necessity arises, GP will raise its share face value to get listed on bourses.

The Dhaka Stock Exchange expressed its firmness in early

March not to list any securities with a face value of Tk 1.

The DSE had pointed out that retail investors often fail to evaluate a Tk 1 share wrongly, as they are used to dealing with shares with face values of Tk 10 and Tk 100.

"The wrong judgement of investors creates market volatility," the DSE president said.

The SEC also urged the GP to give details about the company's valuation and how the price of each share was discovered during pre-IPO or private placement.

Regarding the GP IPO floatation in two phases, it was dis-

cussed at the meeting that there is no need to float the IPO in such a way, as the market has the capacity to absorb the issue.

The market will not face any liquidity crisis or volatility because of the GP IPO, where Citigroup Global Markets Bangladesh is the issue manager.

GP's \$ 60 million pre-IPO has already been settled with some 50 local institutional investors with a value of Tk 7.50 per share including premium of Tk 6.50 each share.

In a presentation to the SEC on March 25, 2008, GP disclosed that it had a valuation of \$ 3.75 billion (Tk 25,875 crore), which the regulator termed high. Later in June 2008, the company revised its valuation down to \$ 3.2 billion, which was accepted by the SEC.

GP is the market leader among six mobile operators having 21 million customers, followed by Banglalink's 10.83 million and AKTEL's 8.76 million.

Norway's telecom giant Telenor owns 62 percent of Grameenphone, which was launched in 1997, with the rest 38 percent stake being held by local Grameen Telecom.

GP's operating profit jumped to 530 million Norwegian Kroner (NOK), or Tk 562.86 crore in the first three months of 2009, which was NOK 289 million up from the same period of 2008, according to Telenor's financial report posted on its website recently.

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