

DHAKA WEDNESDAY DECEMBER 23, 2009

Stocks
DGEN
4,408.95

Asian Markets
MUMBAI
16,692.00
TOKYO
10,378.03
SINGAPORE
2,823.82
SHANGHAI
3,050.52

Currencies	
Buy Tk	Sell Tk
USD	68.60
EUR	100.86
GBP	113.16
JPY	0.74

SOURCE: STANDARD CHARTERED BANK

Commodities	
Gold	\$1,095.40 (per ounce)
Oil	\$73.77 (per barrel) (Midday Trade)

## Wage commission for workers soon: Minister

STAR BUSINESS REPORT

The government will form a wage commission for regular industrial workers of all sectors within the shortest possible time and amend the existing labour law, said Labour and Employment Minister Khandker Mosharraf Hossain yesterday.

"The government is pledge-bound to ensure the workers' rights. The main prerequisite for ensuring their rights is fair wage. I will take initiative to form the wage commission within the shortest possible time," he said.

The minister was speaking at the inauguration of a two-day seminar on rights at work and social protection in the Asia-Pacific region and evaluation of social dialogue in these countries.

Asia-Pacific regional and Bangladesh committees of World Federation of Trade Unions (WFTU) co-organised the seminar in Dhaka.

Mosharraf said the government has taken initiative to amend the existing labour law to make it time-befitting and a sub-committee has already been formed in this regard.

"The sub-committee has received around 400 recommendations related to the amendment and it will submit proposal to the final committee after reviewing the recommendations," Mosharraf said.

## Banks to reschedule loans without downpayment

Muhith brushes off fears of financial indiscipline

STAR BUSINESS REPORT

Finance Minister AMA Muhith has said the industrial units that faced closure or were affected by the anti-graft drive during the last caretaker government rule will have scope for loan rescheduling without any downpayment.

The number of such affected units is 31. "Scope for loan rescheduling is open only to them, not others," he said responding to reporters' queries at the Economic Relations Division yesterday.

The minister also made it clear that only the industrialists who could not run their units properly due to the "intervention" of the then interim government will get this benefit on a case-by-case basis, as separate arrangements are in place for sick industries.

Earlier on Monday, the central bank issued a circular for commercial banks, followed by a review meeting at the finance ministry with Muhith in the chair.

The circular said the affected units would be allowed such loan rescheduling without downpayment until June 30, the last day of the current fiscal year.

Saturday's review meeting, where Bangladesh Bank Governor Atiur Rahman was also present, suggested banks provide the affected businessmen with this facility.

Pointing to the fact that those industrial units remained closed for the last one year, as some owners either fled the country to avert the then anticorruption operation or faced freezing of their accounts, the finance minister said the new opportunity will help them return to business as usual, enabling them to pay back loans.

The government's move also aims at

restoring business confidence, Muhith said, brushing aside the fear that the scope might hamper financial discipline.

He further noted that this lack of business confidence is among the four factors that led to sluggishness in investment.

The Bangladesh Bank circular says the loans borrowed by some businessmen, who fled the country, went into hiding or were imprisoned during the caretaker government's rule, stood overdue and classified because their firms had been affected.

The central bank wants to infuse dynamism into the national economy by activating the firms through bringing about a change in the status of the industrial units as loan defaulters, the circular further clarified.

The commercial banks have been advised to reschedule the loans without downpayment considering merit of the case on the basis of banker-subscriber relations, said Bangladesh Bank's circular.

Bangladesh Bank Deputy Governor Nazrul Huda told The Daily Star that different loanees have long been urging the central bank to relax conditions for the affected firms to get an opportunity for loan rescheduling.

Huda said: "We don't have any scope to verify authenticity of all. All appeals are not genuine, but some deserve consideration."

"The banks are in a better position to know why the industrial units were affected. So, we thought something should be done for the really affected ones."

The central bank's top official categorically said the circular had not made room for waiving interest on loans, only the conditions for downpayment would be relaxed.

The directive will come into effect from January 1.

Another BB circular said export development fund has been increased to \$300 million from \$150 million.

According to a central bank study, amounts deposited with the commercial banks shrink by 5 percent to 8.5 percent within a year, even after interest on the deposit is added, as banks deduct different charges from the amounts.

## DIBOR takes off in Jan

STAR BUSINESS REPORT

Banks will get a benchmark interest rate or reference rate by introducing Dhaka inter-bank offered rate (DIBOR) formally from January 1, Bangladesh Bank (BB) said yesterday.

Quoted rates will be posted on the website of Bangladesh Foreign Exchange Dealers' Association (BAFEDA) on daily basis, the central bank said in a circular.

The BB in the circular also asked all banks to quote and send their rates both for lending and borrowing by 12 noon everyday to the dealers' association.

DIBOR is an interest rate at which banks can borrow and lend funds in marketable size among them. The DIBOR will be fixed on a daily basis by the association.

"Already 20 banks out of 48 are quoting their rates everyday from this month (December). The BB move has made it formal so that all banks participate in the short-term money market," said Syed Abu Naser Bukhtear Ahmed, chairman of BAFEDA and managing director of Agrani Bank.

DIBOR is also fixed every day for reference purpose. It indicates a key interest

rate level used for setting rates on loans and floating rates on notes and for calculating cash settlement of derivative instruments of certain interest rates.

India, Sri Lanka and Pakistan have already introduced their benchmark interest rates to help smooth operation of their financial markets.

LIBOR or London inter-bank offer rate is well known and quoted by different countries' financial markets.

Bankers said implementation of DIBOR would help create a short-term money market, which is required for a liquid and active foreign exchange forward market. They also hoped this initiative would open new avenues for further foreign investments in Bangladesh.

"Lending rate will be determined on the DIBOR plus rate. Rates will vary depending on the clients and risks involved," said Bukhtear Ahmed.

He said good clients (less risky) would get loans at lower rate, while it will be reversed for risky customers.

Anis A Khan, managing director of Mutual Trust Bank, hailed the move and said the banking sector has finally got a reference rate.

## HC dedicated benches likely for tax cases

SAYEDA AKTER

The government has taken a move for formation of two dedicated benches in the High Court Division in January to fast-track tax-related cases.

Initially, 600 tax-dodge cases will be placed at these two benches. Nasiruddin Ahmed, chairman of the National Board of Revenue (NBR), said the disposal of the cases would help the authorities collect a large amount of unpaid revenues.

"The government is trying to make the tax collection system more effective, so that it can increase revenue earnings," he said.

The two dedicated benches are likely to be formed after the winter vacation of the Supreme Court.

At present, around 18,000 NBR-related cases, involving around Tk 8,000 crore in revenues, are pending with the High Court.

The NBR chief also said the government is planning to introduce an alternative dispute resolution (ADR) to settle cases out of court.

ADR is an out-of-the-box legal framework that enables the authorities to resolve cases through mutual understanding and across the table negotiations.

"The government also considers introducing ADR to resolve tax evasion cases out of court. We will be able to enhance revenue collections promptly through this system," said Ahmed.

In this system, both parties compromise on certain aspects to strike a balance.

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Kunal Ahooja (5-R), chief executive officer of Spice Mobiles Ltd, and Ghalib Ahmed Ansari (6-R), chief executive officer of True Distributions Ltd, pose with models at the launch of Spice handsets at Radisson Water Garden Hotel in Dhaka yesterday.

## BB cuts bank service charges

STAR BUSINESS REPORT

Bangladesh Bank (BB) has directed all commercial banks not to impose any kind of service charge on savings and current accounts.

The central bank in a circular issued yesterday asked the commercial banks not to realise three types of charges -- incidental charge, minimum balance fee and service charge.

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## Spice it up

### Four handsets launched

STAR BUSINESS REPORT

True Distributions Ltd introduced a series of Spice mobile handsets in Dhaka yesterday, looking to grab a share of the vibrant cellphone market.

Kunal Ahooja, chief executive officer of Spice Mobiles Ltd, part of Indian multinational company Spice Corp, said the market share of Spice mobiles is increasing rapidly in India as the handsets have some "consumer-friendly special" features and devices.

Speaking at the launch of the handsets at Radisson Water Garden Hotel, Ahooja said the company launched its mobiles in Nepal last year and Bangladesh is the third country for the Spice brand.

In his speech, Mehbوب Chowdhury, chairman of South Asian Mobile Forum, said: "A greater cooperation is needed among handset makers and operators in the region."

Ghalib Ahmed Ansari, CEO of True Distributions, said: "We hope Spice will bring greater value for money to subscribers in Bangladesh."



## Trade and Supply Chain

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