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

Orascom loses appeal on France Telecom



AP, Cairo

An Egyptian regulator has turned down an appeal by Orascom Telecom against its previous ruling that could allow a France Telecom subsidiary to buy up Egypt's biggest mobile services provider.

The Egyptian Financial Services Authority said in a statement published yesterday that it has upheld its earlier decision approving an offer by Orange Participations to buy up OT's shares in the Egyptian Company for Mobile Services for 245 Egyptian pounds (\$45.40) per share.

The dispute stems from an arbitration court ruling in March in favour of the French company.

The Paris-based company holds a 71.25 percent stake in Mobinil.

The court authorised it to acquire Orascom's 28.75 percent stake in Mobinil.



A view of jute plants in Narsinghdi. The government lifted restrictions on raw jute export partially yesterday. A complete ban was in place from December 7, 2009.

Reforms take hold in banks

REJAUL KARIM BYRON

The central bank initiated some reform programmes last year for modernising the banking sector of the country, but some government steps sent bad signals to the overall governance in the sector.

Bangladesh Bank Governor Dr Atiur Rahman said 2009 was a year for preparation and 2010 will be the year for implementation. However, he said the overall reform is an ongoing process and it will continue.

Even amid the global recession both Bangladesh Bank and the commercial banks did not feel any negative impact, as the central bank aptly handled the foreign currency reserve situation and exchange rate of foreign currencies.

Also Bangladesh Bank took steps for automation and used information technology to make some services hassle-free.

It set up an automated clearing house for speedy clearance of cheques by the commercial banks to help customers withdraw money quickly, automated the Credit Information Bureau and introduced video conferencing system at all high levels of the central bank.

The governor said the central bank started establishing a fully automated Credit Information Bureau in 1992 to collect credit-related information from banks and other financial institutions. The banks will also get credit-related information directly from the online information storage from mid-2010.

Rahman said the central bank introduced online payment system last year to facilitate the use of e-commerce and online banking services. To this end, telecentres can work along with the financial institu-

tions, particularly in rural areas for disseminating information related to financial services and products.

He said this will bring about positive outcomes for the service recipients and the society.

"I hope the whole banking sector will be digitalised in 2010."

In line with international agreement, Bangladesh has to take its banking sector to an international standard by 2011. And so different small and big reforms are going on in the banking sector. Although the state-owned banks have been going through some reforms for the last few years, these are not working well as the government has not taken any new step.

The ongoing reform programmes in the state banks will end by June this year. What kind of reform programmes the government wants to take for the banking sector would be clear from the steps it takes after the tenure of the ongoing reforms ends.

A good number of consultants were appointed in the state banks and they made some recommendations for improving the performances of these banks. It is also to be seen whether the government takes into consideration the recommendations.

Although the government initiated no new moves, it

took some steps that raised questions as to what direction the banking sector reforms would proceed to.

After the present government came to power, the boards of the state banks were reconstituted. A number of political persons were appointed in director posts, which has created discomfort among many in the sector as to whether it would increase politicisation at the cost of professionalism.

During the caretaker government regime, an ordinance was passed amending the banking companies act to improve governance in the banking sector. The number of directors and their tenure in the commercial banks was made limited in the ordinance. The definition of default loan was changed to bring in more discipline in recovering such loans.

But after the present government took power it did not transform the ordinance into law.

A separate banking division was created splitting the finance division. The government has already given autonomy to the state banks, and more autonomy was given to the Bangladesh Bank. But many fear that interference in the banking sector would increase through the banking division.

Former deputy governor of the central bank and Chairman of Bangladesh Krishi Bank Khondkar Ibrahim Khaled said: "I think formation of the separate banking division is not a right decision. It will hamper independence of the banks."

He said banking reform did not get top priority last year, but the stress it got was sufficient.

The central bank governor said the reforms would be intensified in future and hoped the government would take necessary initiatives to that end.



Economy turning around Central bank governor says

STAFF CORRESPONDENT, Ctg

The central bank governor has said Bangladesh economy is rebounding with the signs of enhanced domestic demand and positive trends of all key indicators like imports, remittance and growth in gross domestic product.

"The country will achieve the expected 6 percent rise in GDP growth rate by 2010 amid the financial crisis worldwide, if the flow of money could be increased for agriculture and small and medium enterprises sectors," Dr Atiur Rahman told a press conference at Bangladesh Bank's Chittagong office yesterday.

He also urged private banks to come forward to provide SME loans in Chittagong and hilly districts so that industries related to tourism are set up to make greater Chittagong a large hub for tourism in near future.

The BB boss pointed to October's \$3.02 billion worth of letters of credit or L/C comparing with

\$1.37 billion L/C opened in the same month in 2008.

Dr Atiur said capital machinery imports increased 13.90 percent up to October 2009.

On inflation, he said the rate came down to 5.1 percent in October 2009 from 9.8 percent in the same month a year ago.

The central bank chief suggested required infrastructure development for transport and utility services to keep the growth on right track.

BB Chittagong General Manager Mohammad Naushad Ali Chowdhury and other senior officials were also present on the occasion.

DGEN beats record in New Year trade



STAR BUSINESS REPORT

Stocks finished the first trading day of 2010 yesterday on a positive note, riding on the market heavyweights -- telecom, energy and power, pharmaceuticals and non-bank financial sectors.

The benchmark DGEN or DSE General Index added 32.87 points, or 0.72 percent, to an all-time-high 4,568.40 points.

Despite reports of about 20-40 percent rise in operating profits of most of the banks in 2009, banking stocks lost with some analysts linking profit-taking with the fall.

"The overall market sentiment was positive on the first day of 2010. But it appears that some investors took profits by selling their banking shares," said Yawer Sayeed, chief executive officer of an asset management company, AIMS of Bangladesh.

The DSI or All Shares Price Index advanced 26.23 points, or 0.70 percent, to 3,773.76. The DS20 or DSE-20 Index also ended up.

Gainers however beat losers 117 to 116. Prices of three issues closed unchanged.

Total turnover went up 17 percent to Tk 1,094 crore from the immediate past trading

day last week.

Beximco, AB Bank, Prime Bank, LankaBangla Finance and Bextex were traded most.

Beximco rose 3.42 percent to Tk 319.90. AB Bank fell 3.12 percent to Tk 1,139.75 on profit-taking.

Prime Bank advanced marginally. LankaBangla Finance and Bextex also edged up.

Heavyweight Grameenphone, the only telecom issue, advanced 0.96 percent to Tk 189.30.

All the issues in the fuel and power sector closed on an upbeat note amid a buying spree. Titas Gas, Desco and Jamuna Oil added to the gain.

LankaBangla Finance, IDLC Finance and Prime Finance led the rise in non-bank financial sector, while Square Pharmaceuticals, Beximco Pharma escorted the rise in the pharmaceuticals stocks.

However, mutual funds, life and general insurance sector marked a fall.

All the indices on Chittagong Stock Exchange also closed higher. Of the issues traded, 81 gained, 80 lost and one remained unchanged on the port city bourse.

Development Bank takes off

STAR BUSINESS REPORT

Bangladesh Development Bank Ltd (BDBL) has formally went into banking activities yesterday with a huge burden including 534 court cases involving Tk 2,100 crore and a written-off liability worth Tk 2,480 crore.

The management of the newly formed bank has already informed the government of their concerns on those issues.

Another problem that may haunt the new financial institution is its staff, absorbed after the merger of two banks -- Bangladesh Shilpa Bank and Bangladesh Shilpa Rin Sangstha. Merits of those employees are considered below the granted standard.

However, the Development Bank management has as promised a better efficiency in a year, and also the bank's significant contribution to industrialisation, provided that court cases are resolved.

"If we become busy with debt recovery, we will miss out our prime objectives of

financing new but prospective projects," said Mizanur Rahman, the new bank's managing director.

Development Bank came into effect with the merger of ailing Shilpa Bank and Shilpa Rin Sangstha, which were established in 1972 to provide loans and facilities to industrial units, help set up new industries and expand investment in Bangladesh.

The new bank's paid-up capital has been raised at Tk 400 crore and authorised capital Tk 1,000 crore.

Finance Minister AMA Muhith is however upbeat on the new bank.

"I hope the bank will be able to perform efficiently in two years. It will help our industry grow," Muhith told Development Bank's inaugural function at Dhaka Sheraton Hotel.

Nazem Ahmed Chowdhury, chairman of the bank, presided over the programme.

The minister said industries here suffer for want of working capital, even some entities have become sick.

Happy New Year!

2010

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