

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DGEN	CSCX	Gold (Flat)	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY	
▼ 2.50%	▼ 2.25%	\$1,401.00 (per ounce)	▲ \$95.53 (per barrel)	▼ 0.64%	▼ 0.80%	▼ 0.57%	▲ 0.25%	BUY TK	72.25	97.02	114.92	0.86
6,018.48	10,974.19			18,178.33	10,579.10	3,001.85	2,862.63	SELL TK	73.25	102.17	120.31	0.94

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DHAKA THURSDAY FEBRUARY 24, 2011, e-mail: business@thedailystar.net

Bol relaxes rules for foreign investment

GAZI TOWHID AHMED

The investment board has relaxed rules to give work permits to foreigners in a bid to attract more foreign investment into public and private sectors.

According to the revised guidelines that came into effect recently, the tenure of a work permit for a foreign worker is now two years instead of one.

The Board of Investment (BoI) has also simplified the rules for foreign companies and organisations to open new branches and representative offices here.

The new rules made it mandatory for every foreigner to take a work permit from the BoI before making new investment in Bangladesh.

The foreign investors will also take tax identification number (TIN) and submit income tax clearance certificate to the BoI.

The investment board will also make recommendations to Bangladesh missions abroad on the potential recruits or investors.

The BoI has also decided to create a 'data bank' to collect details of the foreign investors. However, members of the United Nations and foreign ambassadors will not need any work permit.

The foreign investors can contact the BoI by email and apply online for work permits.

KEY POINTS

- Work permit validity is now two years instead of one
- Bol simplifies rules for foreign companies to open branches
- It's mandatory for foreigners to take work permits from Bol
- Bol recommends to Bangladesh missions abroad on potential recruits or investors.
- A data bank to store details of foreign investors

According to the revised guidelines, foreign institutions should give priority to the citizens of Bangladesh during recruitments.

If the Bangladeshis are not found eligible, they can recruit foreigners.

Before hiring from abroad, the foreign companies should advertise in newspapers and online job sites for the post for the citizens of Bangladesh.

Foreign doctors and nurses will need to get registration from Bangladesh Medical and Dental Council and the Bangladesh Nursing Council to work in private hospitals in the country.

Change in banking rules runs into discord

SAJJADUR RAHMAN

The government faces tough opposition against reforms to banking rules, particularly a move to bar a bank director from being appointed to a similar position at another financial institution or an insurance company.

The finance ministry and the central bank want to bar bank directors from another similar organisation to avoid a 'conflict of interests'.

But the directors of banks, financial institutions and insurance companies are opposing the move vehemently, said officials at the finance ministry and Bangladesh Bank.

The standing committee on the finance ministry, which has a big role in amending the laws, is also going slow due to the opposition.

"This is a massive task. It won't be easy to impose the bar as the sector has been run under a system allowing or overlooking dual incumbencies for years," said AHM Mustafa Kamal, chief of the committee.

"We have to assess the implications of the move by involving and consulting all stakeholders. Assistance will also be sought from the legal experts," said Kamal.

According to BB and the industry people, there are at least 120 businessmen who are directors at more than one organisation -- in a bank and another finance or

insurance company.

The bank directors who are on the boards of leasing and finance and insurance companies are liable to creating serious conflicts of interests, according to the BB. The leasing and finance companies depend largely on the banks for their source of funds and an insurer's business also depends heavily on the banks.

"So, a conflict of interests may occur easily," said a senior central bank official. The finance minister does not want a bank director to be a director again in another financial institution for the sake of good governance, he added.

The Banking Companies Act 1991 that governs the country's 47 private and public banks was amended twice -- in 1993 and 1995.

Later, the caretaker government in 2007 amended the law by promulgating an ordinance, but it did not work as the government refused to ratify it. Major features of the amendment involve changing the definition of default loans, setting the maximum number of directors at 13 and barring a family having above 5 percent shares from being entitled to more than two directors. Less than 5 percent shares would entail a family to hold one post of a director.

Again in 2009, BB initiated a move to amend the two-decade-old laws to bring in good governance in the industry. The latest

move incorporated a new feature -- barring a bank director from being a director at another finance or insurance company to, what the central bankers called 'avert possible conflicts of interests'.

The provision did exist till 1996 and was cancelled by the then Awami League-led government.

Asked, Jahangir Alam, executive director of the department concerned in BB, said they are working on the amendment. He, however, declined to comment on the details.

Though the parliamentary standing committee is yet to sit and discuss the issue, Kamal still hopes that there is a possibility of placing the amendment bill in the present session of parliament.

"This will be a prolonged session. I don't rule out placing the bill before the parliament," said Kamal. "We'll start sitting with the stakeholders from the next month," he added.

Presently, many banks have unusually large pools of directors. The number is as high as 30 with some boards and there are a few banks that have less than 20 directors.

The central bank observed that a crowd of directors on a bank board often ends up in feuds. These directors also put pressure on the management and resort to lobbying, making it difficult to run a bank, BB said.

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Panic pulls down stocks

STAR BUSINESS REPORT

The benchmark general index of Dhaka Stock Exchange fell for two days in a row as investors went into sell-offs, fearing another losing spell ahead.

The DSE general index (DGEN) lost 154 points, or 2.5 percent, to close at 6,018 points on the day.

The DSE general index lost 370 points in two days' trading on the DSE floor. The index had gained 810 points on the past two trading days after suffering a big loss of share prices in the past few weeks.

Market analysts observed that fears of further losses gripped investors.

Some big institutional investors are still inactive in the market because of a tough stance of the central bank on investment of commercial banks in the capital market, they added.

Prof Salahuddin Ahmed Khan, who teaches finance at Dhaka University, said: "State companies failed to stabilise the market because some institutional investors try to leave the market by selling all their securities."

Small investors who lost most of their capital held in shares also try to leave the market after partial recoveries, he added.

Akter H Sannamat, a market analyst, said most investors went for selling their stakes following a rumour that the government will not give funds to state-owned companies to buy shares. Others are waiting for a chance to pare down their losses and leave the market, he added.

Share prices of banks declined by 3.27 percent, non-bank financial institutes 1.74 percent, fuel and power 1.99 percent, general insurance 3.17 percent, life insurance 2.44 percent, pharmaceuticals 1.32 percent, mutual fund 1.06 percent and telecommunication 2.88 percent.



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Bdjobs.com Best Employer Award 2010 is second of this program conducted by Bdjobs.com. The first one was conducted in 2008 and it created much interest and enthusiasm among both the employers and employees in Bangladesh. We feel that this award program is certainly going to create enough encouragement among different types of organizations in the country for benchmarking their employee management and HR development policies & practices. We believe that in this competitive environment this will positively influence employers to take initiatives in making their organizations more responsive to HR development issues. Thus the employers will ensure better and happier work life for the professionals working in their organizations. And only by doing so, the employers can make themselves prepared for facing new challenges coming ahead.

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