

# BB draws green banking roadmap

REJAUL KARIM BYRON

Commercial banks will have to adopt a comprehensive green banking policy by December 2013 as part of the central bank's efforts to make banking practices more responsible to social and environmental causes.

Bangladesh Bank (BB) will give points to compliant banks on management component while deciding on its CAMELS (capital, asset, management, earning, liquidity and sensitivity) rating.

The central bank will name top ten banks for their overall performances in green banking, and will take into account green banking of a financial institution to give it permission to open new branches.

In its policy guideline for green banking published yesterday, the BB said eco-friendly business activities and energy efficient industries should get preference in financing by the banks.

The banks will have to inform the BB of their initiatives on a quarterly basis within 15 days after the end of a quarter. The first quarterly report has to be submitted by July 15.

Besides avoiding negative impacts on environment through banking activities, the banks are

expected to introduce environment friendly green products to address the core environmental challenges of the country.

The central bank said the banks hold a unique position in an economic system that can affect production, business and other economic activities through their financing activities and thus may contribute to polluting environment.

In line with global development and response to the environmental degradation, the country's financial sector should play important roles as one of the key stakeholders, the central bank said, adding that the state of environment in Bangladesh is rapidly deteriorating.

It said the environmentally responsible banks do not only improve their own standards but also affect socially responsible behaviour of other businesses.

The commercial banks will now require taking measures to protect environmental pollution while financing a new project or providing working capital to the existing enterprises.

The guidelines advised the banks to facilitate their clients with utmost care in opening letter of credit for installation of effluent treatment plant (ETP) in the industrial units. They were

also asked to finance in solar energy, biogas, ETP and Hybrid Hoffman Kiln (HHK) in brickfield under BB refinance scheme.

The policy is segregated into three phases.

In phase-I, the banks are to develop green banking policies and show general commitment on environment through in-house performances by December 31 this year.

A high-powered committee will be responsible for reviewing the banks' environmental policies, strategies and programmes.

The committee will be comprised of directors from the board in case of scheduled Bangladeshi banks and regional chief of global office and members from the top management including chief executive in case of foreign banks.

The banks will allocate a considerable fund in their annual budget for green banking, and set up a separate green banking unit. A senior executive should head the unit, which will report to the high-powered committee time to time.

They will have to comply with the instructions stipulated in the detailed guidelines on Environmental Risk Management. The banks will also incorporate environmental and climate change

risks as part of the existing credit risk methodology prescribed to assess a prospective borrower.

The banks should take measures to save electricity, water and paper consumption, according to the BB guidelines. A 'Green Office Guide' or at least a set of general instructions should be circulated among the employees.

Instead of relying on printed documents, online communication should be extensively used (where possible) for office management.

Energy saving bulbs should replace the regular ones in branches/offices of the banks. They should make plans to use solar energy on their premises, and encourage employees to purchase energy efficient cars.

Under a climate risk fund, the banks should finance the economic activities of the flood, cyclone and drought prone areas at the regular interest rate without charging additional risk premium.

The banks will have to go for online banking by eliminating paper waste, saving gas and carbon emission, reducing printing costs and postage expenses.

In phase-II, which would not exceed December 31, 2012, the banks have to formulate specific policies for different environ-

mentally sensitive sectors such as agriculture, agri-business, agro farming, leather (tannery), fisheries, textile, renewable energy, pulp and paper, sugar and distilleries, construction, engineering and basic metal, chemicals, rubber and plastics, hospitals, brick manufacturing, and ship-breaking.

During the same period, they will have to determine a set of achievable targets and strategies, and disclose these in their annual reports and websites. They will have to set up green branches.

The banks should increasingly rely on virtual meeting through video conferencing.

They should develop and follow environmental risk management manual in their assessment and monitoring of project and working capital loans. In addition to the compliance of national regulation, the banks may set internationally accepted environmental standards.

During the same period, the banks will start publishing independent green banking and sustainability reports.

A system of environmental management has to be in place in a bank before the initiation of the activities of Phase-III, which runs until December 31, 2013.



## Stocks plunge for fourth day

STAR BUSINESS REPORT

A downtrend continued on the twin bourses for the fourth straight day although state-owned commercial enterprises were asked by the government to go into big buying to stabilise the stockmarket.

The benchmark General Index of Dhaka Stock Exchange (DGEN) shed 337 points, or 5.8 percent, to close at 5,463 points yesterday. The DSE general index lost a cumulative 924 points in four days of trading.

The selective price index of Chittagong Stock Exchange slumped 604 points, or 5.7 percent, to close at 9,953 points.

In the wake of a continuous downtrend, the government once again pressured the state-owned commercial banks to buy heavily into the markets in an effort to halt the bearish trend.

The government institutions are Sonali Bank, Janata Bank, Agrani Bank and the Investment Corporation of Bangladesh (ICB).

The government on February 15 provided Tk 200 crore to the state owned companies to buy shares to bring normalcy back to the market as well as to boost investor confidence.

Khondkar Ibrahim Khaled, chairman of Bangladesh Krishi Bank and former deputy governor of the Bangladesh Bank, held a meeting with the officials of the Securities and Exchange Commission to get their opinions on the current market trend.

Market insiders observed that most merchant banks, including big institutional investors, are incurring losses, so they have no buying power due to the credit crunch they are facing.

Some of small and institutional investors lurched into panic-selling as they anticipated another debacle in the stockmarket, they added.

A group of investors is trying to leave the market by selling all stakes of their portfolios, said a market operator. The government initiatives failed to stabilise the market, he added.

In different brokerage houses in Dhaka, investors complained that the government did not want to stabilise the market.

Salahuddin Ahmed Khan, who teaches finance at Dhaka University, said: "I don't understand what the government wants with the capital market." State-owned companies failed to steady the market as they do not have sufficient funds for big buying, he added.

Khan also said the government should make a big fund for the state owned companies, adding that most of the institutional investors also went for big selling of shares to leave the market.

Akter H Sannamat, a market analyst, said the credit crisis and lack of confidence pushed down the market.

The market declined across the board with banks, NBFIs, telecommunications and fuel and power shedding 6.2 percent, 6.1 percent, 7.6 percent and 3.94 percent respectively.

Of the total 255 issues traded on the DSE, 249 declined and six advanced, while daily turnover stood at Tk 501 crore, down by Tk 57.98 crore from the previous day.

Beximco topped the turnover leaders trading 98.17 lakh shares worth Tk 24.19 crore yesterday. The other turnover leaders were Prime Finance and Investment, Peoples Leasing and Financial Services, Bextex, Grameenphone, Union Capital, AB Bank, Southeast Bank, Titas Gas and Bay Leasing and Investment.

Asia Insurance was the highest gainer of the day, posting 8.07 percent rise in its share price, while the Mutual Trust Bank lost the most, as its share price shed 23.13 percent.



Director General of Bangla Academy Shamsuzzaman Khan inaugurates the Bangla website of BRAC Bank at the Bangla Academy Book Fair premises in Dhaka on Saturday. The bank's Managing Director Syed Mahbubur Rahman was also present.

## RMG makers protest shutdown during Cricket World Cup

STAR BUSINESS REPORT

Garment makers yesterday protested a government order to shut down factories during the ICC Cricket World Cup, saying the move would affect productivity at the factories.

Power distribution companies have already asked the manufacturers to follow government orders and keep factories closed from 5pm to 11pm, so that the cricket crazy viewers can watch matches on television from the saved electricity.

"I have already instructed the manufacturers to close factories as per government decision during the peak hours to save power for watching the cricket matches on TV," said Abdus Sobhan, managing director of Dhaka Power Distribution Company Limited (DPDC).

The manufacturers have been asked to follow the government decision until April 2, he said.

"The workers will also be deprived of overtime allowances and many manufacturers will have to delay shipments for disruption in production for such a move," said Abdus Salam

Murshedy, president of Bangladesh Garment Manufacturers and Exporters Association.

BGMEA has already petitioned the related ministries so that the government decision is changed, Murshedy said. The exporters would not be able to execute the orders given by the international buyers in time because of the decision, he added.

"The decision is depressing our morale. Those are the peak hours for production," said Salim Osman, president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA).

Moreover, the workers will lose the overtime bills for reduced production, and more than 5,000 garment exporters employing millions of workers will be affected by the decision, he added.

The government took similar steps during the soccer World Cup in 2010 as power blackouts during the decisive matches saw tens of thousands of people staging violent protests, vandalising power offices and damaging cars.

Along with India and Sri Lanka, Bangladesh is a co-host of the World Cup cricket, which kicked off in Dhaka on February 19.

## Exporters slate Ctg port inefficiency

PART TWO

DWAIPAYAN BARUA, Ctg

Garment exporters yesterday vented dissatisfaction over mismanagement at Chittagong Port, saying inefficient operations at the premier seaport force them to count extra money on shipment.

Nasir Uddin Chowdhury, first vice president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said the ready-made garment sector had to pay air freight charge worth Tk 950 crore last year due to mismanagement at the port.

Chowdhury called for more empowerment of the Chittagong Port Authority (CPA) to help it take quick decisions on projects.

It takes long years to install or repair equipment due to "red tape" in the ministry concerned, he said.

The BGMEA leader said the port lacks modern equipment to provide services, while its 60 per cent equipment is out of order.

The New-Mooring Container Terminal is yet to go for operations even two and a half years after its completion at a cost of

Tk 600 crore, due to delay in appointing operators, he said.

Mentioning a lack of road and transport facilities, Chowdhury said it takes over 20 days to reach goods from Chittagong Port to the inland container depots in Dhaka, while it needs only four days to import the same goods from Singapore.

Former Senior Vice President of CCCI MA Salam stressed political will to materialise the prospects of the port.

He said local business would get a boost if the regional connectivity could be built using the port.

Bangladesh Shipping Agents Association Senior Vice President Md Kamal Hayat called for ending unnecessary interference from the ministry as well as from the government to make the port effective.

Vice Chancellor of East Delta University Professor Sekander Khan said the CPA enjoys less autonomy since its officials depend on the ministry for taking decisions regarding project implementation.

He also came down on mismanagement of the port authority and equipment shortage for increasing transport costs.

Member (Harbour and Marine) of Chittagong Port

Authority (CPA) Captain M Shahjahan claimed that the Chittagong port will be ready to be used as a regional hub if 43-46 percent of its unused holding capacity can be utilised.

CPA (Member) Hadi Hossain said cargo handling has increased by 43 percent in the last five years.

Former CPA member Sultan Mahmud recommended completing the ongoing development projects immediately as the load of containers would double after ten years.

Western Marine Shipyard Managing Director Sakhawat Hossain recommended formulating policy through forming a committee comprising technical, economic and commercial representatives for the overall development of the port.

Bangladesh Inland Container Depot Association Director Benozir Chowdhury Nishan suggested setting up more inland container depots to lessen the burden of the port.

Abul Momen, resident editor of Bangla daily Prothom Alo, emphasised quick decision since opportunities would not last long and the neighbouring countries would step in and take the chance.

## Revenue receipts grow 28pc

STAR BUSINESS REPORT

The National Board of Revenue (NBR) recorded a 28.44 percent rise in revenue receipts in the first seven months of the current fiscal year, compared to the same period of the previous year.

NBR Chairman Nasiruddin Ahmed yesterday presented revenue-earnings figures in the last seven months to journalists at a press conference.

Ahmed said the revenue earning growth set a new record and it is the result of a series of budgetary steps taken in the current fiscal year.

Statistics show NBR recorded revenue earnings at Tk 39,914 crore in the first seven months of the current fiscal year, up from Tk 31,075 crore in the same period of the previous fiscal year.

Tax collectors earned Tk 3,000 crore more than its target. Growth of income tax was 35.26 percent and VAT 30.69 percent at local level. Tax collections grew by 22.86 percent at import level.

## New top brass for frozen foods exporters' assoc

STAR BUSINESS DESK

Kazi Shahnewaz, chairman and managing director of Shahnewaz Group, has been elected president of Bangladesh Frozen Foods Exporters Association for two years, says a statement.

At the same time, Md Amin Ullah, managing director of Ark Sea Foods Ltd, has been elected senior vice president.

Other elected members are: vice presidents SK Md Abdul Baki, managing director of Oriental Fish Pro-



Kazi Shahnewaz