

STOCKS		COMMODITIES				ASIAN MARKETS				CURRENCIES			
DGEN	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY	BUY TK	SELL TK
0.67%	1.24%	\$1,524.30 (per ounce)	\$104.12 (per barrel)	0.39%	0.46%	0.66%	0.25%	73.20	105.27	119.58	0.90	73.10	105.43
5,482.87	9,859.19			18,584.96	9,864.26	3,177.18	2,883.42						

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DHAKA THURSDAY MAY 12, 2011, e-mail: business@thedailystar.net

## BB warns banks against anomalies

REJAUL KARIM BYRON

The Bangladesh Bank (BB) has detected various irregularities in commercial banks, including waiver of the principal amount of loans, and warned the banks against such malpractices.

The irregularities found through an investigation were presented at a meeting of the chief executives of all banks yesterday with the central bank Governor Atiur Rahman in the chair.

The irregularities were projected on the basis of the central bank's inspection to bank branches at different times.

The banks normally exempt the interest on loans but cannot forego the principal amount. The BB inspection also found incidents of waiving the principal amount.

Though the classified loans were not recovered, the banks were putting those as recovered to show a big amount of profit. Besides, the irregularities detected by the BB included granting loans to defaulters, and rescheduling classified loans without down payment.

The central bank also found that after giving fresh loans, the banks adjust the old loans, which is a big malpractice, BB officials said. The banks often declassify classified loans without following central bank rules, they said.

After the meeting yesterday, BB Deputy Governor Nazrul Huda said the real situation is not being reflected in the balance sheets of the banks due to such irregularities. He said: "We have asked the banks to be cautious in future; otherwise we will be tougher."

In the meeting, various issues including the banks' liquidity and their exposure to the capital market were discussed.

Huda told journalists that the banks

### HIGHLIGHTS

- ▶ Banks to build a special product for expatriate Bangladeshis who returned from Libya
- ▶ Excess liquidity in banks Tk 28,000 crore
- ▶ Now 9 banks' credit-deposit ratio above limit
- ▶ Fresh loans being sanctioned to adjust old ones
- ▶ Banks waive principal amount of loans which is a major irregularity

do not have any liquidity crisis now, though one or two banks are facing a little pressure. He said the amount of excess liquidity is about Tk 28,000 crore now and the rate of interest in call money market is between 4 percent and 6 percent.

The BB deputy governor said fresh money is being injected into the money market every day as the government's development expenditure is increasing now. The government has already released Tk 1,500 crore development funds, which gave a rise to liquidity in the banks.

Huda said export receipts are lagging behind export shipment by nearly \$2 billion. Normally, the banks bring back the export receipts to the country within four months. "We have asked the banks to take initiative to bring back the export receipts in one month, giving special efforts to further improve the liquidity situation."

In the meeting, the BB governor said: "I would strongly urge the bank CEOs to direct their export desk staffs in the respective branches to be active in timely collection of export bills from abroad."

The governor also said the central bank

will ease further the pressure on the takadollar exchange rate and interest rate.

Huda also said the credit-deposit ratio was beyond limit in different banks but it has come down. Now the ratio is above 85 percent in nine banks.

If the present trend continues, the credit-deposit ratio of these banks will come down below 85 percent by June, he added.

Huda said the ratio in 26 banks was above 85 percent only a few months back. He also said, another positive note was that the overall credit-deposit ratio of the banks is 82 percent.

The BB deputy governor said no bank has over-exposure to the capital market now.

The central bank has already started working on the basis of the share market debacle probe committee report. The BB will also form an investigation committee. If any irregularity is proved against any bank, the BB will take action.

Huda said the banks were advised to launch a new product to provide financial assistance to the Bangladeshi migrant workers who returned home from Libya.

The Association of Banks Bangladesh (ABB) will prepare the product after discussion.

## BTRC's telco audit bid caught in own glitch

ABDULLAH MAMUN

Bangladesh Telecommunication Regulatory Commission (BTRC) has stumbled over its own faults in its bid to open audits into mobile phone operators as the regulator violated rules while recruiting auditors for the task.

A review panel of the Central Procurement Technical Unit (CPTU) cancelled the bidding process for appointing the auditors as the watchdog failed to comply with the public procurement rules.

However, the BTRC was asked to go for a fresh bidding.

Last month, the regulator in the first phase appointed two chartered accountant (CA) firms to audit two mobile operators -- Grameenphone and Banglalink -- after short-listing six audit firms.

Later, one of the short-listed firms, which did not get the job, challenged the bidding process, saying there was anomaly.

Early this week, the review panel cancelled the bidding. "All the process adopted by the BTRC to select CA firms seemed to be not justified so far," the panel said.

The panel also said the advertisement given in the newspapers was not 'self-explanatory', which is a violation of the procurement rule.

"The BTRC had no pre-preparation regarding tender documents, no details of TORs (terms of references), period of audit, how many mobile companies to be audited and no pragmatic methodology drawn to accomplish the work," said the verdict of the panel.

The BTRC also did not ask for any security deposit from the bidders. Besides, the tender evaluation committee made by 14 officials of the BTRC was not formed complying with the procurement rules, said the panel.

There were no outsider experts in the committee. The panel also found the evaluation method in the tendering process faulty.

The BTRC's audit move was aimed to look into the financials of all domestic telecom service providers and check if there was any irregularity, especially in sharing revenue of the operators with the government.

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## Non-banks to double capital

STAR BUSINESS REPORT

The central bank is set to double the capital of non-bank financial institutions to strengthen their financial base. The capital of non-bank financial institutions is being raised to Tk 100 crore from Tk 50 crore now.

For raising capital, the financial institutions will be set a deadline until June 2012, said an official of Bangladesh Bank. Currently, 29 financial institutions operate in Bangladesh, with 19 having no capital shortfall at the

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## Regulator announces CNG price hike today

STAR BUSINESS REPORT

The Bangladesh Energy Regulatory Commission (BERC) will hike compressed natural gas (CNG) prices today, an official said.

The decision follows state-owned Petrobangla's proposal to the energy regulator to raise the price of CNG to Tk 24 from the present rate of Tk 16.75 per unit cubic metre gas. The BERC official however would not confirm the percentage of the rise, which was last fixed in 2008.

The price hike is expected to irk owners of cars, autorickshaws, buses and gas stations.

## President talks tough on corrupt officials

### CAG office opens media and communication cell

STAR BUSINESS REPORT

President Zillur Rahman yesterday asked the government to take tough actions against the people and institutions found guilty of public finance management.

If the government takes punitive actions against the corrupt officials, accountability of the public fund management could be ensured, Rahman added.

The president spoke at the 38th founding anniversary of the office of the Comptroller and Auditor General (CAG) and inauguration of the media and communication cell at the Audit Bhaban in Dhaka.

From now, the CAG will provide audit-related information and reports to the media regu-

larly from its newly launched media cell.

"It's my belief that the audit officials will conduct auditing of public finance with honesty."

Rahman said he has received 14 annual reports and four special reports from the CAG office so far. "I believe submission of those reports will help establish accountability and good governance in public offices," he added.

Accountability and democracy have reciprocal relationship, said Mashiur Rahman, the prime minister's economic affairs adviser. Conducting performance audits helps accelerate activities in the government offices, he added.

"We will be successful in fighting against corruption, if we can

conduct performance audit in government offices," he said.

Mohiuddin Khan Alamgir, chairman of the parliamentary standing committee on public accounts, said different ministries and departments of the government should inform the office of the CAG their sources of income to establish good governance.

James F Moriarty, US ambassador to Bangladesh, said his country will continue supports to Bangladesh to establish transparency and accountability in public offices.

"Media and civil society together can help bring transparency in financial management in public offices," Moriarty added.

Robert McDougall, Canadian high commissioner to Bangla-

desh, suggested that the CAG should disclose the audit reports to the media when those are submitted to the parliament and the president.

In his speech, Ahmed Ataul Hakim, comptroller and auditor general, said his office realised Tk 6,000 crore in 2010 from different offices through audit coordination.

He said if the proposed draft of the audit act is amended properly, the activities of the CAG will be accelerated. "We will be able to reduce corruption soon if we can perform audit quickly."

Hakim said the audit reports were not made public in the past largely because of the media shyness of CAG office and as non-elected governments were in power after the independence.

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