

COMMODITIES		ASIAN MARKETS				CURRENCIES						
DGEN	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY	
2.02%	2.02%	\$1,640.25 (per ounce)	\$104.10 (per barrel)	0.33%	0.98%	0.18%	0.75%	81.25	105.37	128.96	0.99	
5,248.62	9,937.63			17,151.29	9,561.01	2,979.78	2,406.81	BUY TK	82.25	109.37	132.94	1.05
								STANDARD CHARTERED BANK				
								SELL TK				

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DHAKA THURSDAY APRIL 26, 2012, e-mail: business@thedailystar.net

## IMF cautions central bank on new banks, economic stress

STAR BUSINESS REPORT

Bangladesh Bank must proceed cautiously in issuing licences for new banks, a top official of the International Monetary Fund said yesterday.

"The central bank should enforce stricter licensing criteria in considering any application for a new bank," said David Cowen, IMF mission chief for Bangladesh, Asia and Pacific Department.

"Bangladesh Bank should ensure that it has the resources it needs to properly supervise and regulate all the banks, including possible new banks on the list," he said.

The central bank should also ensure that the liquidity conditions are supportive in allowing new entrants into the market, Cowen told reporters at the Bangladesh Bank headquarters, before wrapping up his 10-day visit to Bangladesh.

Recently, the central bank has granted permissions to set up nine banks in the country, apparently bowing down to political pressure.

At present, 47 public, private and foreign banks are already operational in the country, although only about 8 percent of the population is covered by financial institutions.

His comments came as Bangladesh Bank received \$141 million from the IMF under its extended credit facility (ECF). The loan is the first instalment of \$987 million that Bangladesh will receive in the next three years from the Washington-based lender to overcome macro-economic pressures.

The five-member delegation also discussed the upcoming budget for



David Cowen

2012-13 fiscal year with key ministers and government officials, an IMF official told The Daily Star.

Cowen said macroeconomic pressures in Bangladesh have intensified, necessitating policy adjustments and reforms to preserve macro-stability and bolster growth and poverty reduction efforts.

He said the finance ministry and the central bank have been proactive in dealing with the macro-economic pressures.

The ECF-supported programmes will help restore macroeconomic stability, strengthen the external position and engender higher, and allow more inclusive growth, he added.

He also said the gross domestic product of Bangladesh would grow at 5.5 percent in 2011-12.

The estimate is much lower than the government's almost 7 percent growth target for 2011-12. The country's economy expanded 6.7 percent in 2010-11 even in the face of the global recession.

He said the borrowing by the

government from the banking system, including the lending from the central bank, has slowed down significantly since 2011.

"There should be adequate room for the private sector credit growth, which will be important in helping the government achieve GDP growth target," he said.

He said raising tax revenue would be key to achieving higher economic growth. Revenue growth in Bangladesh is still low compared to East Asian low-income countries and countries that are receiving loans under the ECF.

"We look for tax revenue to gradually rise. Bangladesh needs to create more fiscal space so that it can increase public investment, which will be essential along with private investment and foreign direct investment for addressing infrastructure bottlenecks."

"Unless Bangladesh makes a serious dent at power and other infrastructure bottlenecks it may be difficult for the country to achieve 8 to 9 percent GDP growth in the medium and longer terms," he said.

The IMF official said the economic growth would depend on the implementation of reform programmes. He said Bangladesh needs to create more fiscal space for public investment and undertake necessary steps to increase both local and foreign investors' confidence in Bangladesh.

Cowen urged the government to manage its subsidy cost carefully. He, however, said the government should increase resources for various social safety nets, as some of them have been very effective.

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## Dhaka bourse urges tax cuts in next budget

STAR BUSINESS REPORT

The Dhaka Stock Exchange urges the government to keep dividend income of up to Tk 25,000 tax-free to cushion the retail investors who lost money to market downswings last year.

"The investors as well as the stockmarket need policy support through budgetary measures," Shuvra Kanti Choudhury, chief financial officer (CFO) of the premier bourse, told reporters after a meeting.

Presently, dividend income is counted with the main income of an individual and the tax is calculated on the total amount. A 10 percent tax deducted at source is also there on dividend income.

"The government should keep 10 percent tax in place if the dividend income exceeds Tk 25,000, and the tax deducted at source should be the final tax," the CFO said.

The Dhaka bourse also urges the government to set the corporate tax at 37.5 percent for all listed companies.

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## Dhaka bourse forms panel to examine IPO prospectuses

STAR BUSINESS REPORT

The Dhaka Stock Exchange yesterday formed a 14-member expert panel to examine the draft prospectuses of companies that will go for initial public offering (IPO).

"Any five members, who will not be associated with the bourse or the issuer company, will scrutinise an IPO prospectus and then make their observations about the IPO," said Rakibur Rahman, president of the DSE.

The panel will look into a company's balance sheet, accounts, earnings-per share, net asset value, business performance and growth, credit rating, valuation, risk factors and the IPO offer price in the prospectus, he said.

It was found many times that companies showed inflated figures in their IPO prospectuses to get higher prices of their shares that were completely against transparency and accountability, he said.

"The DSE will put forward its recommendations to the regulator about the IPO on the basis of the expert panel's findings and observations," Rahman told journalists after a board meeting of the premier bourse.

It is a regulatory requirement for the bourses to give recommendations on a draft IPO prospectus to the Securities and Exchange Commission.

Although a listing committee of the DSE was responsible for analysing the draft IPO prospectuses in a brief way and making recommendations, the bourse abolished the body, along with other committees, in November last year to expedite the demutualisation process.

"Now the expert panel will do it elaborately taking into account all the pros and cons," the DSE president said, adding that it will ensure more transparency and accountability in the listing process of new companies.

The bourse will discourage repeat IPO, issuance of preference shares, rights shares and any types of securities convertible to shares, and merger and acquisitions, Rahman said.

"Our previous experience was not good. If any listed company wants to use any of the methods to raise capital, they will have to give guarantee that it will increase the company's EPS, NAV and business growth," Rahman added.

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## Britain back in recession

AFP, London

Britain was back in recession Wednesday after its economy shrank in the first quarter while Prime Minister David Cameron said the country was being buffeted by the European downturn.

দেশ জুড়ে সার্ভিস নেটওয়ার্ক

MASCHIO TAFE

কৃষকের মুখে ফসলের হাসি - ট্যাফে ট্রাক্টর

দি মোটাল (প্রাঃ) লিমিটেড

পিবিল এল টাওয়ার (১০ ও ১৫তলা), ১৭ উত্তর বা/এ, গুলশান সার্কেল-২, ঢাকা-১২১২, ফোন: ৮৮-০২-৯৮৯৮৬৮৩, মোবাইল: ০১৭১১৮০৩৭২১, ০১৭১৮০৪১৪৩৩

জ্বালানী সাশ্রয়ী, দীর্ঘস্থায়ী ও অধিক শক্তিশালী ইঞ্জিন সহজলভ্য স্পেয়ার পার্টস হি সার্ভিসের নিশ্চয়তা বিক্রয়োত্তর সেবা বিশ্বখ্যাত ইতালির মাসকিও রোটোরী টিলার নগদ, ব্যাংক ঋণ এবং সহজ কিস্তিতে বিক্রয় করা হয়



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