

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DGEN	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY	
▲ 2.56%	▲ 2.27%	\$1,553.00 (per ounce)	\$99.60 (per barrel)	▼ 1.56%	▼ 1.20%	▼ 0.97%	Flat	81.35	99.67	123.19	1.02	
4,855.36	9,163.58			15,965.19	8,440.25	2,745.71	2,373.44	BUY TK	82.35	103.57	127.13	1.08

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STAR BUSINESS

DHAKA MONDAY JUNE 4, 2012, e-mail:business@thedailystar.net

Leading chambers, associations honour Latifur Rahman

STAR BUSINESS REPORT

Leading chambers and associations yesterday accorded a reception to Transcom Group Chairman Latifur Rahman after he became the first Bangladeshi to win the prestigious Oslo Business for Peace Award for ethical business practices.

Leaders of the country's top 17 chambers and associations gathered at Radisson Hotel in Dhaka to honour Rahman.

The award is the highest distinction given to a businessperson for outstanding accomplishments in ethical business.

An independent committee of Nobel Prize winners in peace and economics selects the recipients. They adhere to criteria for ethical business, stipulated by Oslo-based Business for Peace Foundation.

The recognition has included Rahman in the group of exceptional businesspersons such as Ratan Tata, chairman of Tata Group in India, who got the award in 2010, and Jeffrey R Immelt, chief executive of General Electric in the US, who won it in 2009 when the awards were introduced.

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Eighth from left, Transcom Group Chairman Latifur Rahman poses with FBCCI President AK Azad, ICCB President Mahbubur Rahman, and other business leaders at a reception at Radisson Hotel in Dhaka last night. The country's 17 chambers and associations accorded the reception to Latifur Rahman after he won the Oslo Business for Peace Award.

Islamic banks get separate call money market

STAR BUSINESS REPORT

A new type of call money market -- Islamic Inter-bank Fund Market (IIFM) -- for sharia-based banks started its journey yesterday.

In such a market, transactions are based on profit instead of interest.

Bangladesh Bank Governor Atiur Rahman inaugurated the IIFM at the central bank.

On the first day, Islami Bank Bangladesh Ltd offered funds worth Tk 100 crore, while four banks applied for taking Tk 60 crore from the funds.

In December last year, the BB issued a circular about the IIFM but its launch was delayed due to a dearth of the required fund.

The BB governor said the IIFM has been formed in the model of the traditional call money market to remove the temporary and short-term liquidity crisis of the Islamic banks.

The Islamic Bond Fund of the central bank will act as the custodian of the IIFM and will not charge any fees for the fund.

According to rules, if any bank has excess fund, it will invest the amount in the IIFM for one day.

Another Islamic bank requiring fund will borrow the money from the IIFM for one day.

The rate of profit in the Islamic bank call money market will be determined on the basis of the profit the bank gives to its depositors on a three months' deposit.

Besides, the central bank has taken an initiative to amend Islamic Bond Rules 2004 to enable the Islamic banks and financial institutions to participate more in the Islamic financial market.

The central bank governor said the amendment to Islamic bond rules is now under consideration of the finance ministry and the changes will be finalised soon.

In recent times, Tk 32,000 crore to Tk 36,000 crore remains as excess liquidity with all commercial banks. Of the amount, around Tk 3,000 crore to Tk 4,000 crore is with the Islamic banks which they cannot invest and so the amount remains idle.

According to the central bank statistics, the Islamic banks account for around 18.42 percent or Tk 86,707 crore of the total deposits at all the banks.

Efforts on to unlock \$16b foreign aid: WB

World Bank warns Bangladesh of risks stemming from Europe crisis

STAR BUSINESS REPORT

The government and development partners are working on resolving the issues that have been holding back the disbursement of foreign aid of more than \$16 billion, a top economist of the World Bank said yesterday.

"This is not very easy to fix, though," Sanjay Kathuria, the WB's lead economist, said after launching the lending agency's economic outlook report on Bangladesh at the Westin Hotel in Dhaka yesterday.

The economist said most of the aid is tied with former projects that have various problems ranging from procurement to financial management.

"Issues of both sides are on our desks. We are working," said Kathuria, citing a recent high-level meeting between the parties.

The government is facing shortage of funds and hence cannot implement big infrastructure projects, like the Padma Bridge, Dhaka-Chittagong four lane highways and elevated expressway.

On the other hand, foreign aid in pipeline has reached as high as \$16.61 billion as on March 31, according to Economic Relations Division.

The WB economist also talked about the poor levels of foreign direct investment (FDI) in Ban-

gladesh.

"General environment for FDI is not very good here. Investors want transparent regulations, land and skilled people," said Kathuria.

On allowing nine more new banks, the economist said the country has more than enough banks, and many of them are facing a liquidity crisis at the moment, he said.

"How the regulator supervises this big number of banks will be very challenging," he said.

Kathuria also urged the government to go for more tariff liberalisation, which he said has been on the reverse trend for the past three years.

GLOBAL HEADWINDS

Zahid Hussain, a senior economist at the WB's Dhaka office, said the Bangladesh economy is facing four challenges -- three from external and one from internal aspects. These are: Eurozone crisis, turmoil in Gulf countries and oil price volatility; and energy crisis from the internal side.

A further deepening of the euro area crisis will put Bangladesh's economy at risk, Ellen Goldstein, country director of the World Bank for Bangladesh, said in a statement.

While Bangladesh's most recent economic growth is "quite healthy by developing country standards," several headwinds could derail growth in near future, she said.

"The spillover effects of eurozone recession

and oil price increases pose most serious downside risks to the economy," she said.

Bangladesh's economic growth slowed to 6.3 percent in the fiscal year ending June 30, compared with 6.7 percent the previous year, according to provisional data from the Bangladesh Bureau of Statistics.

The economic outlook report also mentions the expansionary monetary and fiscal policies that have heightened inflationary pressures. Overall inflation is in double digits and non-food prices accelerated 14 percent in March 2012, compared to 4.3 percent a year earlier.

With exports starting to decline in March 2012, the WB said pressure on the balance of payments could intensify.

The current account surplus during July-March of this fiscal year was \$456 million, when it stood at nearly \$710 million during the same period last year. This is due to a sharp rise in petroleum-product imports needed to feed the liquid fuel-based power plants.

"The combination of current levels of inflation, the fiscal deficit and reserves mean that Bangladesh has very little policy space to respond to the crisis, unlike its situation during the last global economic and financial crises," it said.

Bangladesh's per capita income rises to \$848

REJAUL KARIM BYRON

Bangladesh's per capita income went up to \$848 in the current fiscal year from \$816 last year, but is still way short of the \$1,006 needed to pull the country up to the middle-income bracket.

The nation aims to reach the middle income country category by 2021, according to government's perspective plan.

The required per capita income at that time would be \$1,300, meaning a growth rate of 7-5 percent to 8 percent is needed every fiscal year, said Zahid Hussain, senior economist of the World Bank.

Bangladesh managed a growth rate of 6.3 percent against a target of 7 percent this fiscal year, according to provisional data from Bangladesh Bureau of Statistics (BBS).

The previous year the growth rate was 6.71 percent, signifying the country went backwards with respect to its target of graduating to a middle income country status.

HC rules on shareholding appeals today

STAR BUSINESS REPORT

The High Court will issue an order on writ petitions filed by sponsors and directors of listed firms challenging a section of the Securities and Exchange Ordinance 1969.

Justice Hasan Foez Siddique and Md Jahangir Hossain will issue the order. The hearing ended yesterday.

The Securities and Exchange Commission (SEC) issued a mandatory shareholding directive under Section 2CC of the ordinance.

As per the SEC directive, sponsors and directors of listed companies will have to hold at least 30 percent jointly and 2 percent individually in companies.

Dr Kamal Hossain and Barrister Rakanuddin Mahmud, lawyers for the petitioners, argued in court by saying that SEC cannot issue any directive under Section 2CC of the 1966 ordinance.

Attorney General Mahbubey Alam said the SEC issued the mandatory shareholding rules for the sake of the market.



STAR
World Bank Country Director Ellen Goldstein, middle, speaks at the launch of the lending agency's economic outlook report on Bangladesh at the Westin Hotel in Dhaka yesterday.