

COMMODITIES		ASIAN MARKETS				CURRENCIES					
DGEN	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
0.40%	0.39%	\$1,584.20 (per ounce)	\$90.55 (per barrel)	17,278.85	8,795.55	3,028.96	2,184.84	81.75	100.38	127.92	1.03
4,166.53	7,995.63							BUY TK	81.77	100.42	127.98
								SELL TK			

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DHAKA FRIDAY JULY 20, 2012, e-mail:business@thedailystar.net

A roadmap for Padma bridge with local funds

Economist Barkat lays out scheme to raise finances from 14 sources

STAR BUSINESS REPORT

The government can raise funds from domestic sources four times higher than the estimated cost for the construction of Padma bridge, said an economist yesterday, laying out a scheme.

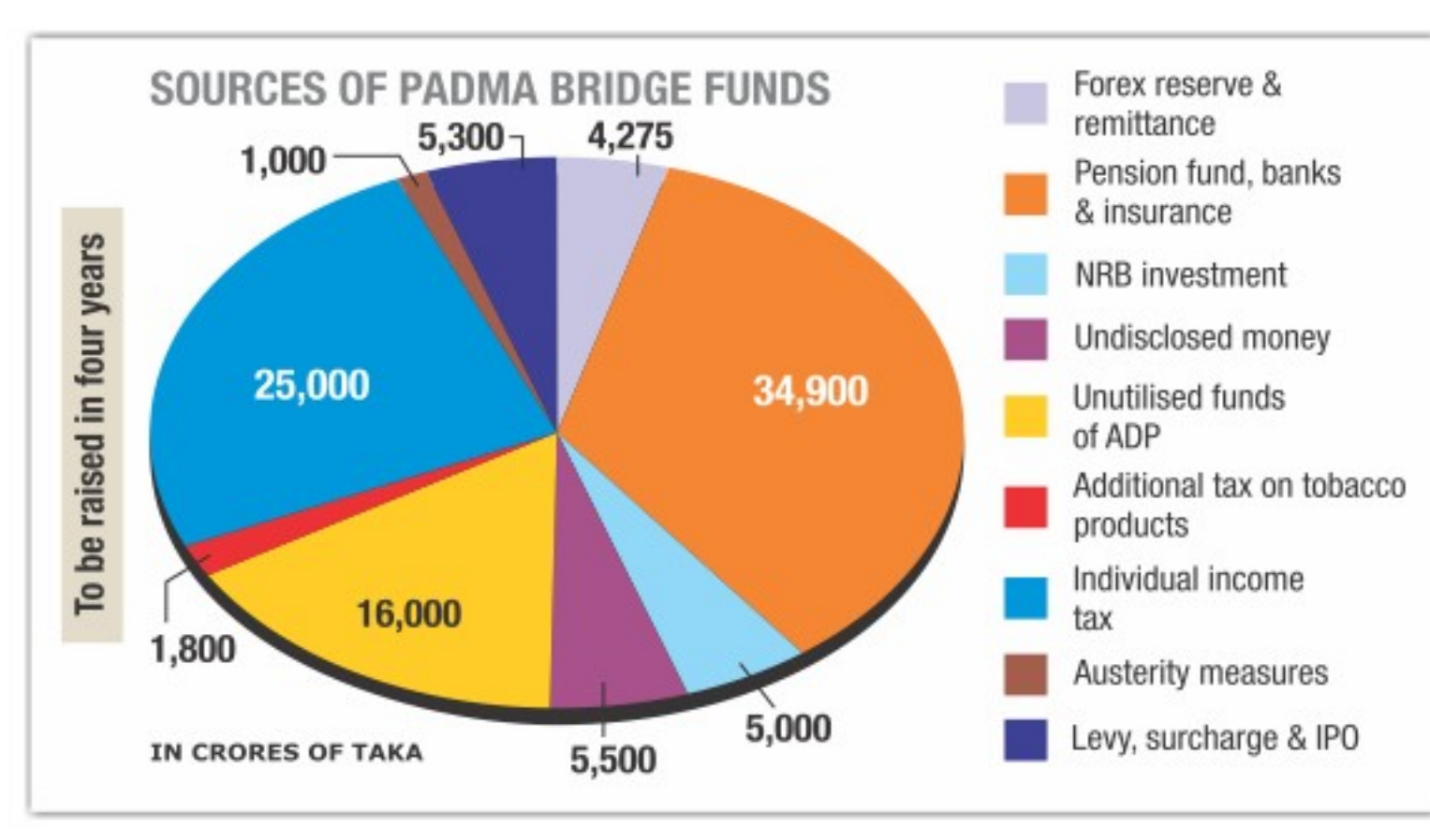
More than Tk 98,000 crore can be raised from 14 possible sources, including migrant workers and non-resident Bangladeshis (NRBs), to build the 6.15 kilometre-bridge, said Abul Barkat, president of Bangladesh Economic Association.

Around Tk 24,000 crore is estimated to be needed to build the bridge, which will boost economic activities in the south and southwest by directly connecting the region with the rest of the country.

Barkat proposed keeping aside 1.25 percent of the country's foreign exchange reserve each year to complete the construction of the bridge in the next four years.

He also suggested boosting remittance inflows through formal channels by plugging in the existing loopholes to prevent inflows through informal ways or hundi.

Another way to attract foreign currencies from the NRBs is to float bonds at an interest rate



higher than the savings rate offered by banks in advanced economies, said Barkat. These foreign sources may enable the government to raise funds equivalent to Tk 9,275 crore, he said.

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MCCI against taka upswing, for now

STAR BUSINESS REPORT

Any attempt to appreciate the taka at moment, such as through a forced reduction of imports, would be a retrograde step and hurt the economy, a leading chamber said yesterday.

The persistent decline in the value of the taka in the foreign exchange market in the past one year is blamed for the rapidly rising inflation, said the Metropolitan Chamber of Commerce and Industry (MCCI).

The reaction came as the central bank on Wednesday announced its monetary policy for the second half of the current year.

"The depreciation of the taka has been the result of the growing imbalance between the demand for and the supply of foreign exchange in the economy," the MCCI said.

Fortunately by March, new external sector equilibrium was reached, and balance of payments pressure is eased with the first half of the fiscal 2012-13. The taka-US dollar exchange rate stabilised and external reserve rose to \$10.3 billion in June from \$9.4 billion in January 2012, it said.

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EU envoy suggests talks to end RMG troubles

DIPLOMATIC CORRESPONDENT

Amid buyers' concern over workplace atmosphere in Bangladesh's readymade garment sector, the European Union yesterday urged stakeholders to hold talks to avoid unrest in the field.

"Some of the European buyers have expressed concern after the killing of garment workers' union leader Aminul Islam," said William Hanna, ambassador and head of Delegation of the European Union to Bangladesh.

Hanna spoke at a session on 'Lisbon treaty and changes in EU diplomacy', organised by Diplomatic Correspondents' Association, Bangladesh (DCAB), with support from the EU, at Ruposhi Bangla Hotel in Dhaka.

He termed the incident of World Bank's loan cancellation "very unfortunate".

"The bridge is really essential for the people of Bangladesh."

Hanna said the EU has no scope to be involved in the Padma Bridge project as the EU has no involvement in any infrastructure construction project in Bangladesh.

On incidences of disappearance, the envoy said the EU will continue to express concern over the disappearance of BNP leader Ilias Ali and his driver and subsequent killing of RMG workers' union leader Aminul Islam.

Aminul, 40, disappeared on April 4 from Ashulia on the outskirts of the capital. His body was found the next day by the Tangail-Mymensingh highway.

He stressed the need for impartial investigation to punish the culprits.

Hanna said the country's next general election must be free, fair and participatory.

"There should be an agreement. But we don't have any formula or model under which the election can be held, and it is the people of Bangladesh who will decide."

Earlier, Hanna made a presentation to explain the changes that have been introduced in EU's diplomacy around the world following the Treaty of Lisbon, which entered into force on December 1, 2009.

Rezaul Karim Lotus, DCAB president, and Bashir Ahmed, general secretary, also spoke.

TERROR FINANCING ALLEGATION

Islami Bank vows to battle it out

STAR BUSINESS REPORT

Islami Bank Bangladesh Ltd will file a formal complaint against the US senate report that links the bank to terrorist financing and money laundering, top officials said yesterday.

"We will make formal objections. We will look into every possible way," said Mohammad Abdul Mannan, managing director of Islami Bank.

"We will explore every legal channel to clear our name," reiterated Prof Abu Nasser Muhammad Abdus Zaher, the bank's chairman.

"Islami Bank was not mindfully involved in any wrongdoing. We are not afraid of any audit as we



Prof Abu Nasser Muhammad Abdus Zaher, chairman of Islami Bank Bangladesh, speaks at a press conference at the head office of the bank at Motijheel in Dhaka yesterday. Mohammad Abdul Mannan, managing director, is also seen.

are certain we have not made any mistake."

They spoke at a press conference at the head office of the bank in Motijheel.

Islami Bank, along Social Islami Bank Ltd, was accused of having links with terrorist organisations, in a US senate report on HSBC's money laundering lapses.

At the press conference, Mannan said his bank was fined, along with other banks, by Bangladesh Bank only once in 2006 for failure to timely report suspected transactions.

But the US senate report states it was three times, and when probed further by journalists, he acknowledged.

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BB explains default loan to remove confusion

REJAUL KARIM BYRON

Bangladesh Bank yesterday gave an explanation of the definition of default loan to dispel confusion that arose among bankers and the business community.

If any loan or part of it or accrued interest to any person or organisation of his or its own or related concern remains "overdue" for more than six months, the borrower availing of such loan facility will be treated as default borrower, the BB said.

Its Deputy General Manager Anwarul Islam told The Daily Star that there is a strong conceptual difference between an "adversely-classified loan" and a "defaulted loan".

The classifications are accounting definition, whereas default status is a legal definition that gives the bank various rights over the borrower, he pointed out.

If a loan remains overdue for more than six months, it will be treated as defaulted loan and such borrower will not be entitled to any

loan from any bank or financial institution as per the banking companies act, he said.

The BB in a circular said, any continuous loan if not repaid or renewed within the fixed time limit for repayment will be treated as "overdue" from the following day of the expiry date.

It also said, any demand loan if not repaid within the fixed time limit for repayment or after the demand by the bank will be treated as "overdue" from the following day of the expiry date or demand date.

In case of any installment(s) or part of installment(s) of a fixed term loan is not repaid within the fixed expiry date or due date, the amount of unpaid installment(s) as well as the loan will be treated as "overdue" from the following day of the expiry date or due date.

The circular also said the short-term agricultural loan or microcredit, if not repaid within the fixed time limit for repayment, will be considered "overdue" after six months of the expiry date.

Zero-tolerance to customer harassment at banks: Atiur

STAR BUSINESS REPORT

Bangladesh Bank Governor Atiur Rahman yesterday promised a zero-tolerance approach to banks' customer harassments.

The governor's warning came at the launch of the first annual report of the Customers' Interests Protection Centre (CIPC) at the BB headquarters in Dhaka.

"Protecting the interests of the customers and depositors bears great importance to us. We want to see the banking sector more customer-friendly," Rahman said.

The central bank plans to convert the CIPC to a full-fledged division to help banks serve clients better. Rahman is thinking of including customer satisfaction in the capital, asset, management, earning, liquidity and sensitivity (CAMELS) rating of different commercial banks.

The BB in March 2011 launched a 'help desk' at its office to address complaints of banks' customers. Customers could dial 16236 to get to the help desk which was renamed the CIPC to give it a broader spectrum.

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