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FBCCI demands action against Hallmark Group for loan scam

STAR BUSINESS REPORT

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) yesterday urged the government to take stern action against Hallmark Group for its alleged involvement in a loan scam. The FBCCI expressed concern over the scam by a group of businessmen in collaboration with some officials at Sonali Bank. Such an incident squeezes loan availability for real entrepreneurs, the FBCCI said in a statement. A negative impact might be seen in productivity due to a squeezed flow of loan to the industrial sector, it added. "Such irregularities and mismanagement in any commercial bank or in any financial institution are not expected," it said. The FBCCI suggested stern action against the persons involved in any irregularities in the banking and financial sectors. The trade body also said a qualitative change is needed to establish strong management, transparency and accountability in the banking sector.

Sonali Bank directors blame scam on management

STAR BUSINESS REPORT

The board of directors of Sonali Bank yesterday claimed they were not guilty of a recent loan scam involving more than Tk 3,606 crore. The board also passed the responsibility of the scam on to the officers and "their collaborators". "The board is very much active, competent and judicious," KM Zaman Romel, a director of the bank, told journalists after a meeting at the bank's headquarters in Dhaka. Though Romel is the chairman of the bank's audit committee, he denied his failure to carry out the audit work of the bank properly. "The then managing director (Humayun Kabir) of the bank did not inform the board of the financial frauds at the bank's Ruposhi Bangla Hotel branch," said a statement issued by the bank. "If the board was informed on time, the fraud could be averted," said the statement. On the suspension of 32 officers identified in the fraud, Pradip Kumar Dutta, managing director of the bank, said, "It's a process and we've started it." "We'll inform the central bank of it tomorrow (today)," said Dutta. In May 2012, a central bank investigation revealed massive irregularities in sanctioning and disbursing loans worth Tk 3,547, mostly to little-known Hallmark Group, by the Sonali Bank's Ruposhi Bangla Hotel branch. The Bangladesh Bank also instructed the bank to take necessary action. An audit conducted in June found that the top management of the bank had remained "mysteriously silent for a year" since February 2011, although the signs of irregularities came to light through various internal inspections. Some central bank officials said the Sonali Bank management was asked on several occasions to take drastic action against the officials involved in the scam -- but the instructions fell on deaf ears. BB Governor Atiur Rahman in a letter on Monday requested Finance Minister AMA Muhith to restructure the board of directors of the state-owned bank, saying it failed totally to deal with the Tk 3,547 crore loan scam. Of the amount, Hallmark Group alone pocketed Tk 2,686.14 crore. However, a day after the governor's letter, the finance minister questioned the central bank's jurisdiction of dissolving the Sonali Bank's board to be expired next month after a three-year full term. Meanwhile, the BB in its board meeting yesterday discussed the Sonali Bank's irregularities and the matters of the governor's letter. "Bangladesh Bank explained the entire issue before the board," Prof Hannana Begum, a BB director, told the journalists after the meeting. "We've asked the central bank to devise a permanent mechanism and monitoring system so that the Sonali Bank-type irregularities can be avoided," she said.

Health Minister AFM Ruhul Haque, Canadian High Commissioner Heather Cruden, McGill University Professor Dr Moshe Szyf, and McGill University Professor Dr Moshe Szyf attend a seminar on "bioequivalence studies in Bangladesh" at Ruposhi Bangla Hotel in Dhaka yesterday.

New horizon opens for drug makers

\$50m research institute to accelerate pharma exports

SUMAN SAHA

A new international clinical research institute will be set up in Bangladesh within a year, paving the way for further research in medical science and increased exports of pharmaceuticals. Bangladesh Clinical Research Organisation (BCRG) will help develop innovative life-saving drugs and give globally-accepted certification to exportable medicines. Bangladesh currently exports drugs after paying for expensive certification abroad. The BCRG that will cost \$50 million in four years promises to ensure the quality of generic health products manufactured locally. GHE, an initiative of McGill University in Canada and Centennial Group International in the US, will be a major shareholder in the new organisation. The International Centre for Diarrhoeal Disease Research, Bangladesh (ICDDR,B), an international health research institution located in Dhaka, will be a partner in the project. "We want to set up the clinical research organisation (CRO) in Bangladesh as it has tremendous potential," said Dr Moshe Szyf, a globally renowned scientist and a senior faculty member of McGill University. Szyf spoke at a seminar on "bioequivalence studies in Bangladesh -- opportunity for investment" co-organised by Canadian High Commission in Dhaka, Canada Bangladesh Chamber of Commerce and Industry and ICDDR,B at Ruposhi Bangla Hotel yesterday.

160 professionals oppose change to Grameen rules

STAR BUSINESS REPORT

The government should immediately void the amendment made to the Grameen Bank Ordinance as the changes are out of touch with reality, a group of professionals said yesterday. In a joint statement, 160 people from different professions yesterday expressed grave concern over the future of Grameen Bank. They said the government move to gain control of the Noble-winning organisation by way of the amendment has not only surprised the country's conscientious citizens but also people the world over. "We think it has tarnished Bangladesh's image on the international level." People from all walks of life, including intellectuals, eminent citizens, politicians, teachers, women leaders, have criticised the government move, according to the statement. "It proves the government move is far removed from people's perceptions. The government should annul the amendment without further ado," it said. The group highlighted the fact that 84 lakh poor women had 97 percent ownership of the microcredit organisation, while the government had only a 3 percent stake. "Given these conditions, amending the Grameen Bank Ordinance to give sole power to the government-appointed chairman to pick the managing director of the bank seems ill-intended." "The participation of the rural women in running the bank was not given any importance -- they have been made peripheral to the organisation by the amendment," it said. Favouritism is bound to creep into the selection of managing director, just like it has happened in the case of state-run banks, the statement reads. "It has not yielded good fruits [in case of state-run banks] -- and the results are not satisfactory."

Mozena lists priorities for further growth

STAR BUSINESS REPORT

The US ambassador in Dhaka yesterday said Bangladesh will have to address four key issues -- political instability, inefficient port management, inadequate energy and corruption -- to attain further economic growth. Bangladesh has the opportunity to be the largest apparel exporter worldwide beating China as an increased number of buyers are coming to the country, said Dan W Mozena. Now, Bangladesh is the second largest garment exporter. The country has the potential to do better in the sectors such as pharmaceuticals, finished leather goods, jute and jute goods, silk and agriculture, he said. Mozena was talking to a group of journalists after a meeting with Industries Minister Dilip Barua at the latter's office in Dhaka.

BJMC cash-strapped

SOHEL PARVEZ

The state-run Bangladesh Jute Mills Corporation (BJMC), raw jute exporters and private millers suffer from a cash crunch to buy raw jute in the current harvesting season, hurt by falling exports earnings. It caused prices of newly harvested jute to fall in recent times, industry operators said yesterday. BJMC has already procured jute worth Tk 200 crore, said its Chairman Major General Humayun Khaled. "But we have paid a small amount to our suppliers." BJMC, which has 21 state-jute mills in operation, had earlier sought Tk 300 crore from the government to purchase raw jute in the present season. It is yet to get any fund from the government. Raw jute exporters claimed losses due to reduced demand for the natural fibre among buyers abroad. "We have fallen into bad days," said Mahfuzul Hoque, chairman of Bangladesh Jute Association (BJA), a trade body for raw jute exporters. "We bought jute at higher prices in the past two seasons. But the slump in prices later wiped out much of our investments. Now almost all of us are cash-strapped," he said. It will be difficult for the buyers to buy an adequate quantity of jute unless they get finance from banks, Hoque said. He urged banks to increase credit limits for jute purchase. A fund crisis for millers and raw jute traders affected demand at a time when jute harvesting goes on in full swing. Private jute millers also feel the stress as demand for jute goods continued to suffer for factors mainly for the US sanction against Iran, and unrest in Syria and instability in some other Middle Eastern and African markets. Jute prices on the local market fell by almost Tk 300 to Tk 1,200-1,800 per maund over the past one month, according to data from BJMC. Raw jute and jute goods exports rose 2.52 percent to \$78.50 million in July from \$76.57 million a year ago. Exports of raw jute, jute sacks and bags suffered a slump, according to the Export Promotion Bureau. Jute exports fell to \$967.38 million in 2011-12 from \$1.1 billion a year ago, EPB data shows.

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