

Bankers want BB to make Sonali pay

STAR BUSINESS REPORT

Private bankers want Bangladesh Bank to intervene in clearing the payments made to controversial Hall-Mark Group against the bills that were given acceptance by the state-owned Sonali Bank.

Association of Bankers Bangladesh (ABB) at a meeting yesterday decided to take the issue to the regulator after Sonali declined to settle those payments during the last 4-5 months.

If Sonali Bank doesn't pay other banks, it will affect the entire system. Other banks' trust on Sonali will go down," said a top office bearer of the ABB, a forum of chief executive officers of banks.

Hall-Mark Group swindled more than Tk 2,600 crore by selling inland letter of credit accepted by Sonali Bank's Ruposhi Bangla Hotel branch to other banks, mostly the private ones. The bankers said they bought those bills considering Sonali's acceptance.

The other issues the ABB will place before the governor at today's meeting of the bankers include the implementation of the new loan rules relating to rescheduling, provisioning and classification.

The bankers need more time to implement the new rules as those were imposed in the middle of the year and the banks set

their business strategies at the beginning of the year.

"We'll request the governor to extend time for implementing the new rules on loan rescheduling and provisioning," said a chief executive of a private bank.

According to the new rules that became effective from July 1, an ongoing loan operation will be classified in the event of non-repayment of any instalment within three months instead of the six-month timeframe used before.

The base for provisioning has been set at a minimum level of 20 percent of the outstanding balance of the credits, while strictly limiting the rescheduling facility of any default loan up to three times.

"We'll request the central bank to reduce the base for provisioning at 15 percent instead of 20 percent," said the ABB office bearer. He said banks take mortgage for all loans, so there is no reason why the provisioning would be so high.

According to the new rules, the non-repayment period against a term-loan for more than two months will be treated as a "specially mentioned account" and the non-repayment period between three and six months will be classified as sub-standard. If the non-repayment period is more than six months, it will be treated as default loan.



Women entrepreneurs attend a roundtable at The Daily Star Centre in Dhaka yesterday. The discussion focused on the challenges facing the women entrepreneurs. The programme was organised by Bangladesh Federation of Women Entrepreneurs and The Asia Foundation in association with Management and Resources Development Initiative and The Daily Star.

Build strong network of women entrepreneurs

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Empowerment needs economic opportunity; therefore, women entrepreneurship and strengthening the rights of women should be priority for all governments the world over, she said.

Kenny urged the women entrepreneurs to act as models for budding entrepreneurs to show that society can change.

The Swedish envoy said women empowerment has been on the rise since the 90s, with more women now working outside of their households -- and engaging in business activities thanks to various initiatives such as the microcredit programme.

"Now is the time to step up efforts systematically to improve condition of the women entrepreneurs."

Kenny said women entrepreneurs would have to get together and form a network to address common challenges such as access to finance, developing products and finding out markets.

The unity will help reach local and central policymakers so that "your voice is heard," she added.

Rokia Afzal Rahman, president of BFWWE, urged the women entrepreneurs to be part of the mainstream to alleviate their position.

She urged the successful women entrepreneurs to mentor the young females looking to get into the field of business.

The former adviser to caretaker

government said the entrepreneurs should become IT-savvy to extend their products' reach.

Speaking as the chief guest, Shitangshu Kumar Sur Chowdhury, deputy governor of the Bangladesh Bank, said there would be no sustainable development in the country without the participation of women in the economy, particularly the women entrepreneurs.

"The contribution of women entrepreneurs to the country is undeniable. They manage their families, rear their children and still find time to run their businesses."

He, too, called the women entrepreneurs to build a strong community, not only within Bangladesh but also outside of it to take their products to new markets.

Chowdhury admitted that women entrepreneurs are still facing difficulties in getting loans from banks and non-bank financial institutions, although the central bank has taken a number of initiatives in recent times to make funds available for them.

He, however, advised the entrepreneurs to not worry about higher interest rates and put their businesses on hold.

"You should instead try to cut cost of production and market products properly using the latest technology so that you can make profits."

"But there is no scope for complacency," he said, urging the entrepreneurs to make the best

use of the facilities available.

"We are working to convince the banks to lend more to women entrepreneurs at low interest rates."

Mahfuz Anam, editor and publisher of The Daily Star, said women entrepreneurs are the inevitable part of Bangladesh's future.

The Daily Star has been honouring women entrepreneurs for the last 13 years through the Bangladesh Business Awards in partnership with DHL, he said.

"Women leadership at the top level of a country does not ensure women's empowerment. It has to come from the grassroots."

Hasan M Mazumder, country representative of The Asia Foundation, said Bangladesh has come a long way in the last 40 years in terms of women empowerment and their rights.

"But still there is much to be done for women entrepreneurs. There are budding entrepreneurs who should be given support in every possible way," he added.

Syed A Al-Muti, programme director of economic development for The Asia Foundation, said the government has introduced several schemes for women entrepreneurs but women businessmen in the rural areas are not being able to reap their benefits fully.

Sharnalata Roy, president of BFWWE, Sylhet, said access to finance is the main barrier for women entrepreneurs.

Although banks sometimes lent at 10 percent interest rates, it rose to 15 percent during repayment, she said.

"Although banks say they are lending under schemes for small and medium enterprises [that is at 10 percent], the loans end up being at the commercial rates of 15 percent and above. We are at a loss to understand why the banks are doing this."

Roy, who also owns the beauty parlour Women's Fashion World in Sylhet, said the central bank should look into the issue so that women entrepreneurs can avail loans at the low interest rates.

Rosetta Najneen, president of BFWWE Rajshahi, said the grassroots-level entrepreneurs need market access as the entrepreneurs cannot display their products due to a lack of platform.

"We do not need large markets. We just need space in the markets, as many entrepreneurs are sitting idle with their products," she said.

Rebeka Sultana, an entrepreneur from Barisal, said the government should pay more attention to the grassroots entrepreneurs so that their initiatives do not nip in the bud.

Anwara Ferdousi, who came from Rangpur, said if they had had received training they would have progressed a lot.

Syed Ishtiaque Reza, director of the news channel Ekattur TV, moderated the roundtable.

SEC to further check shareholding status

STAR BUSINESS REPORT

The stockmarket regulator would take more time to formally disclose the list of vacant posts of sponsors and directors who failed to comply with a regulatory directive on minimum shareholding.

Prior to making the list public, the Securities and Exchange Commission (SEC) would further examine their shareholding status, already provided by the listed companies.

The list would be placed in the next meeting of the SEC for discussion and further action, the regulator said in a statement yesterday.

Out of 238 listed companies, 233 provided information about the shareholding status of their sponsors and directors.

According to the information, around 350 sponsors and directors failed to acquire minimum 2 percent shares within the stipulated time.

The SEC directive, issued on November 22 last year, was meant to stop sales of shares by sponsors and directors and to create a buying pressure in the market.

Through a circular, the SEC asked the sponsors, directors and promoters, excluding nominated directors, to acquire at least 2 percent stake individually and a 30 percent stake jointly within six months to May 21.

Yesterday, the SEC also decided to warn two state-run listed companies -- Jamuna Oil and National Tubes -- for not providing information on shareholding status.

Although the firms are run by nominated board of directors and so they were excluded from complying with the directive, they were supposed to reply to the SEC's query.

The SEC also decided to take actions against three other companies -- Meghna Condensed Milk, Meghna Pet and Savar Refractories -- for not providing information on shareholding status.

Forex reserve crosses \$11b

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The country's foreign currency reserves yesterday crossed \$11 billion thanks to slowing imports and steady remittance growth, officials said.

The foreign currency reserves went down below \$11 billion last week when the country paid \$70 million to Asian Clearing Union as debt servicing.

A central bank official said the reserves stood at \$11.1 billion now and the banking regulator hopes to cross \$12 billion in the next two to three months.

The steady flow of remittance and declining imports contributed to the rise in reserves.

Non-resident Bangladeshis send \$1.167 billion in remittance in August, up by 6 percent over the same month last year.

This is the ninth consecutive month that Bangladesh has received over one billion dollar in remittance.

The remittance in the first two months of 2012-13 rose by 11.9 percent over the

Loopholes in financial system led to Hall-Mark scam: Barkat

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The Hall-Mark loan scam was caused due to the loopholes in the financial system of the country, President of Bangladesh Economic Association (BEA) Abul Barkat said yesterday.

"It cannot happen that no body at the bank (Sonali Bank) knew anything about the unusual transaction of more than Tk 3,600 crore at a branch," he said.

Barkat spoke at press conference on the upcoming 18th biennial conference of the association

Some private commercial banks are also involved in wrongdoings, so the media should also talk about them, he said.

The BEA organised the press conference at its Eskaton headquarters to brief journalists about the three-day event that begins in the capital today.

He said the biennial conference of the association will help the nation adopt a timely policy to achieve the targets of the government's Vision-2021.

The theme of this year's conference is "Global Economy and Vision 2021".

Prime Minister Sheikh Hasina is expected to inaugurate the event at the Institution of Engineers, Bangladesh, where four persons will be awarded BEA Gold Medal-2012.

The award recipients are Prof Dr Mohammad Akhlakur Rahman (posthumous), Prof Dr Muzaffer Ahmed (posthumous), Dr Qazi Kholiqzaman Ahmad and Prof Dr Muinul Islam.

The BEA president said the government plans to turn Bangladesh into a middle-income country by 2021 when the nation will celebrate its 50 years of independence.

"But it's not an easy task. It's a very tough job in the current perspective of the global economy," he said.

According to Barkat, who is also a professor of eco-



Abul Barkat

nomics at Dhaka University, the gravity of global economy is gradually shifting towards Asia from Europe and North America.

"This shift has created both challenges and opportunities for Bangladesh. This requires proper policy steps."

The conference of the economists will definitely help devise an effective plan to successfully tackle the crisis, he said, adding that eight keynote papers on various issues will be presented at the conference.

BKMEA polls set for Saturday

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The election board of Bangladesh Knitwear Manufacturer and Exporter Association (BKMEA) yesterday said it has taken all necessary steps to hold fair polls to elect its Board of Directors for 2012-14 on Saturday.

Mohammad Ayub, chairman of the election board, shared the info with all the candidates at a meeting at the BKMEA head office in Narayanganj yesterday, according

to a statement of the trade body.

Ayub also highlighted the electoral code of conduct and the security measures taken for the election.

The polls will be held in the premises of Narayanganj Club and the BKMEA's Dhaka office from 9am to 4pm without any break.

Earlier on July 5, the election board of the association postponed the polls, which was due to be held on July 7, following an order from the commerce ministry.

Fed meets under gun to act on weak economy

AFP, Washington

The Federal Reserve's policy board began a two-day meeting Wednesday to weigh a fresh response to the weak US economy and stagnant jobs market.

The dollar fell against the euro and stock markets rose amid anticipation that the Federal Open Market Committee would decide on some form of monetary easing action.

Options, analysts said, include a strong verbal statement by the FOMC committing themselves to holding their benchmark interest rate at the current near-zero level through 2015.

But also possible is the launch of "QE3", a huge "quantitative eas-

ing" bond-buying program aimed at further depressing long-term interest rates.

"The Fed has made it clear that some form of easing will take place at its meeting this week. There seems little doubt that the easing will entail a strengthening of its verbal guidance on the low-for-long policy," said Peter Hooper and Torsten Slok of Deutsche Bank.

"Whether we get another dose of QE announced now is close to a toss-up," they added.

Pressure has been building for new action by the FOMC for months as economic growth sank to 1.7 percent in the second quarter and looks possible to fall below the 2.0 percent level in the third.