

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DGEN	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
▲ 2.60%	▲ 2.83%	\$1,774.34 (per ounce)	\$93.15 (per barrel)	▲ 2.20%	▲ 0.25%	▲ 0.51%	▲ 0.09%	BUY TK 81.79	104.34	130.79	1.04
4,800.42	9,359.10			18,752.83	9,110.00	3,078.23	2,206.69	SELL TK 81.85	104.45	130.91	1.04

যুক্তরাজ্য থেকে মুহুর্তেই
টাকা পাঠান



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Star BUSINESS

DHAKA MONDAY SEPTEMBER 24, 2012, e-mail: business@thedailystar.net



PALASH KHAN

The presence of customers at banks was thin, as seen at Sonali Bank in Motijheel, Dhaka, because of a country-wide hartal enforced by 12 Islamic parties yesterday.

BB relaxes loan rules

STAR BUSINESS REPORT

The central bank yesterday relaxed some rules of loan classification and provisioning to address the concerns of banks and the business community.

Banks will implement the previously announced loan rules from December, instead of September.

Bangladesh Bank reduced the base for provisioning by 5 percentage points to 15 percent. It means the banks will count the provisioning rate at 15 percent of the outstanding balance of the loan, instead of 20 percent earlier.

"Considering the difficulties reported by banks and the business community, certain instructions of the (previous) circular have been reviewed," BB said in a notice yesterday.

The central bank in a circular in June tightened the loan rules, raising the base for provisioning. The circular had said banks could not calculate interests under special mention accounts as income, and despite

rescheduling, banks have to show the loans as classified.

After the circular was issued, the Association of Bankers Bangladesh, a forum of chief executives of banks, and the businesses requested the BB to extend the deadline for implementing the new instructions up to January 1.

"To some extent, some of the rules have been softened," said a senior BB official.

Banks now can declassify a loan, which has been rescheduled, and the management that has sanctioned the loan can also reschedule it without the board's approval, said the official.

Maintenance of provision against all unclassified loans of small and medium enterprises has been reduced to only 0.25 percent instead of 1 percent earlier.

Though rescheduling facility of any default loan remains unchanged at up to three times, the time will be counted from the date of rescheduling instead of the date of classification.

BTRC gets new chief



Sunil Kanti Bose

STAR BUSINESS REPORT

The government yesterday appointed former post and telecom secretary Sunil Kanti Bose as the chairman of Bangladesh Telecommunication Regulatory Commission (BTRC).

After his retirement from the ministry on December, Bose will serve the commission on a contract of three years, according to a circular of the public administration ministry.

But he may leave the ministry and join the BTRC before his retirement date, said an official of the ministry.

Bose will be the BTRC's fifth chairman that became vacant when its last chairman, Zia Ahmed, died of cardiac arrest on September 10.

Bose joined civil service in 1979. He completed his masters on zoology from Dhaka University and gained another master degree on forestry from Peswar University of Pakistan.

Financial regulators move to beef up their efficiency

They sign a deal to share information regularly

STAR BUSINESS REPORT

The central bank has taken a newer approach to financial regulations in the wake of rising complexities and irregularities in the sector.

Four financial regulatory agencies signed a memorandum of understanding yesterday to contribute to the efficiency and effectiveness of financial regulations.

The agencies are the Bangladesh Bank, Securities and Exchange Commission, Insurance Development and Regulatory Authority and Microcredit Regulatory Authority.

"From now, regulators will be able to share information and views. The move will boost coordination among the financial regulators," said BB Governor Atiur Rahman after the deal.

Though the activities of these regulators are interrelated, there was no formal coordination, which

often led to mismatch in policy formulation.

For example, the Insurance Development and Regulatory Authority in its 2010 laws barred an insurance director to become the same in other financial institutions such as banks and non-banks.

But banking companies law allows a director to become the same in insurance or non-bank financial institutions.

The BB is the regulator for the banks, but the SEC appears as the principal regulator for the banks listed in the stockmarket. The SEC is also the sole regulator for merchant banks and brokerage houses that are involved in some sorts of banking activities.

Similarly, the Insurance Development and Regulatory Authority is the insurance sector's regulator, but again the SEC is their regulator in the stockmarket.

"The MoU will help ensure stability in the financial sector by formulating coordinated policies and regulatory reforms or the issues where responsibilities overlap," said the BB governor.

The BB in a statement said earlier that these regulators sat informally.

"A formal coordination was necessary for effective cooperation and collaboration among these regulators," said the statement.

Many countries have some sorts of councils as coordinating bodies for their financial regulators.

SM Moniruzzaman, executive director of the BB, said these regulators will sit quarterly to discuss the issues in the financial sector.

"Earlier, we tried to sit, but others were not bound to respond to our request. Now it is an agreement that these four regulators will discuss and share information among them," he told The Daily Star.

SEC names investors for compensation

List is posted on the regulator's website

STAR BUSINESS REPORT

The Securities and Exchange Commission has recently put up the names of retail investors who lost money in last year's stockmarket crash on its website.

Some 9.54 lakh investors are now enjoying the compensation package announced earlier by the government.

Part of the package includes a 50 percent waiver on interests on share credit, which, as per an earlier decision of the stockmarket regulator, the credit providers will have to implement by this month.

The package also includes rescheduling facilities for the remaining 50 percent of the interests.

However, the interest waiver and the rescheduling facilities are allotted only to investors who traded on share credit, commonly known as margin investors.

Of the 9.54 lakh investors, 1.40 lakh were margin investors whose accrued interests were Tk 234 crore, meaning the credit providers will have to waive Tk 117

crore.

The remaining 8.14 lakh investors, that is the non-margin investors, would enjoy a 20 percent quota in all initial public offerings (IPOs) -- government and private -- to be issued in 2012 and 2013, as per the compensation package.

The margin investors, too, are entitled to the IPO quota.

In response to the market crash of January 2011, the government announced a stimulus package for stockmarket investors in October of that year -- and compensating the retail or small investors was part of the package.

The government formed a seven-member special scheme committee, led by Investment Corporation of Bangladesh's managing director Md Fayekuzzaman, in November 2011, to identify small investors who lost money in the crash and the amount they lost.

The committee singled out around 9.50 lakh small investors -- beneficiary account holders who deposited up to Tk 10 lakh of their money and incurred

Runner plans to export motorcycles next year

STAR BUSINESS REPORT

Runner Automobiles Ltd, a concern of the local Runner Group, intends to export motorcycles from the middle of next year.

Its potential markets include the north-eastern states of India, Nepal and some African countries.

The company yesterday signed an agreement with China's Dayang Motorcycles Ltd for technical support for the next 10 years.

Runner, which started assembling motorcycles at its plant at Bhaluka in 2007, will start designing its own motorcycles in 2014, said Hafizur Rahman Khan, the chairman of Runner Automobiles Ltd, at the agreement signing ceremony.

For the local market the company will use the brand name of Dayang-Runner, while for overseas markets it will be the brand name of Runner, Khan said.

Annually, Bangladesh imports motorcycles and spare parts worth \$300 million, and according to Khan, the demand is on a steady rise.

"If our plant can start designing and manufacturing of motorcycles, the country will be able to save the dollars,"

he said.

At present, the company produces 200 motorcycles a day, with plans to hit the three lakh-mark motorcycles annually from 2015.

The company currently manufactures headlights, backlights and other parts of a motorcycle, and has plans in place to manufacture motorcycle seats and chains as well.

In 2011 the company sold a total of 48,000 pieces of motorcycles in Bangladesh, Mamunur Rashid, Runner's head of sales, revealed.

Annually, a total of 3.5 lakh pieces of motorcycles are sold in the country, according to Rashid, with the growth of motorcycles business year-on-year in Bangladesh being 25 percent.

Runner has a 15 percent market share of the motorcycle market in Bangladesh, while the market leader Uttara Motorcycle which sells the Indian Bajaj-branded motorcycles has a 35 percent market share.

Rashid predicts the sales of motorcycles will be low in 2012, with the sales figure to be around the region of 2.5 lakh cycles.



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Dhaka bourse best Asian performer in August

GAZI TOWHID AHMED

The Dhaka Stock Exchange became the best performer in Asia in August, surging 6.90 percent in the month, according to Bloomberg data.

Pakistan's Karachi 100 Index was the second best performer with a 5.14 percent rise.

"Improvement in investor sentiment and a flexible liquidity situation contributed to the increasing market activities in August, said Md Ashaduzaman Riadh, head of the research department at LankaBangla Securities.

Improved macroeconomic variables also boosted the investor sentiment, said Riadh.

Overall inflation declined by 0.10 percentage point to 7.93 percent in August, according to data from Bangladesh Bureau of Statistics.

"Also investors had high optimism about the revival of the World Bank agreement for financing the Padma bridge project that gave sentimental premium to the benchmark index of the Dhaka bourse," said Riadh.

The liquidity crisis in the money market also eased due to a record remittance inflow ahead of the Eid festival that ensured more institutional participation in the market, he said.

"A stable outlook for the macroeconomy and



FOCUS BANGLA

Investors take a look at computer screens at a brokerage house of Dhaka Stock Exchange in the capital yesterday. Stocks passed the day in the black.

steady growth in remittances contributed to a boom in August," said Muhammed Rahmat Pasha, chief executive officer at BRAC EPL Stock Brokerage.

Remittance inflow in August increased 6 percent to \$1.10 billion, compared to the same month a year ago.

Export growth in July also boosted investor confidence in August, said Pasha.

In July, exports rose by 4.26 percent to \$2.43 billion compared to the same month last year, according to data of the Export Promotion Bureau.

Most of the sectors were attractive for taking a fresh position on the market, he said.

Liquidity apparently increased in the money market, thanks to a low call money rate, Pasha said.

Call money rate fluctuated between 14 percent and 16 percent in August.

The benchmark General Index of the Dhaka bourse, DGEN, closed at 4,800 points yesterday, after surging 121 points or 2.59 percent.

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