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DHAKA WEDNESDAY OCTOBER 3, 2012, e-mail: business@thedailystar.net

BB warns six banks about delay in framing green banking policy

STAR BUSINESS REPORT
The central bank will fine the managing directors of six commercial banks if they fail to frame a green banking policy by December 31. Bangladesh Bank Governor Atiur Rahman issued the warning at a meeting with the chief executives of all commercial banks. The BB governor also warned that the mobile banking licences of the banks will be cancelled if they fail to offer the service. The central bank has so far given permission to 23 banks to launch the service but only 11 banks have introduced it. Referring to the Hall-Mark scam, Rahman asked the banks to remain alert against such fraud. He said the bank officials involved in the scam should be punished. The central bank also reviewed the progress of the banks' green banking activities, corporate social responsibility schemes and mobile banking service. Khandker Morshed Millat, dep-

uty general manager of the green banking cell of the central bank, made a presentation on green banking activities at the meeting. Green initiatives by banks include internal environment management, environmental financing/product ecology, environmental disclosure and reporting, formulating and adopting principles and promoting other stakeholders. He said, of the 47 banks in the country, 41 formulated the policy for green banking but six are yet to prepare such a policy. The six are Rupali Bank, National Bank, BRAC Bank, Habib Bank, Citibank NA and Bank Alfalah. Millat said the banks did not comply with the directive despite repeated reminders. The governor directed the green banking cell to set a specific deadline for the banks to formulate the green banking policy and slap fine if they fail to comply with the cut-off date. Rahman also asked the chief executives of the six banks to explain why they failed to comply

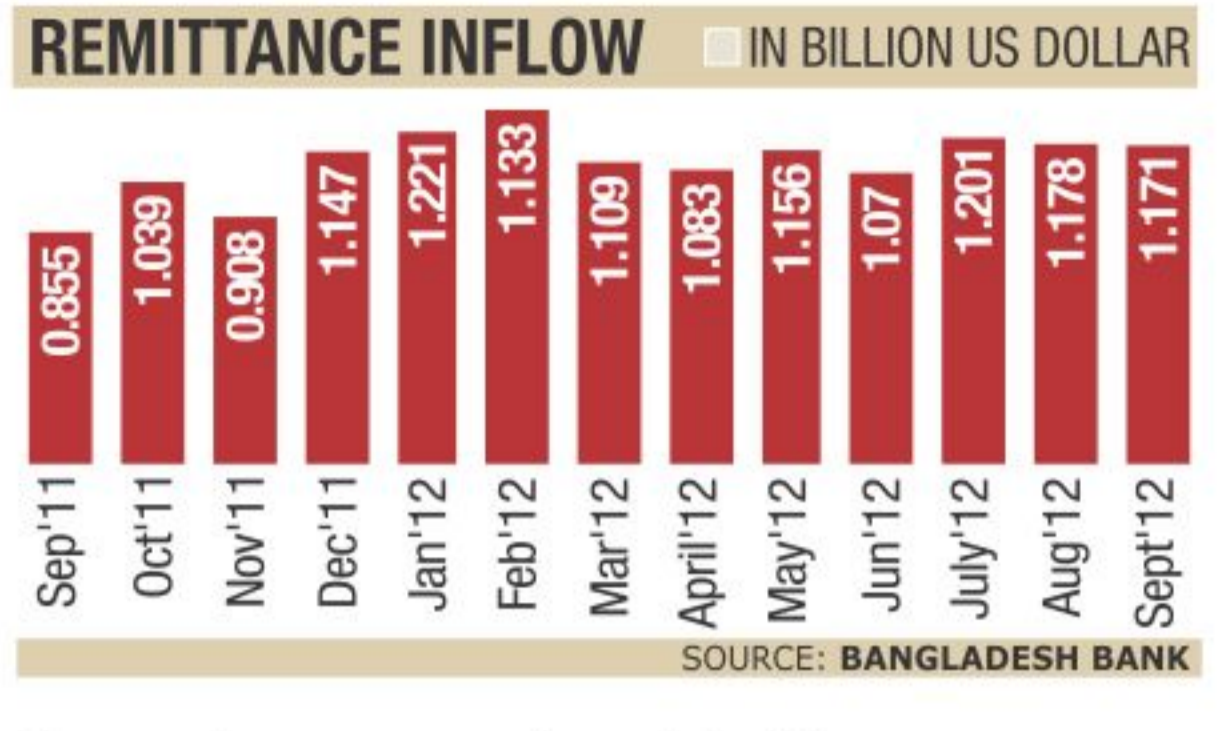
with the BB order. The governor said the objective of green banking is to use the assets of the banks with responsibility, giving priority to the environment and society. The meeting was told that 45 banks formed green banking units and 41 introduced green office guides. The executives of the banks complained that the telecom operators are not cooperating with them in introducing mobile banking. The governor also said 14 banks have so far introduced mobile banking activities and reached 10 lakh customers to give financial services through 19,000 agents across the country. The monthly transaction through mobile banking reached around Tk 1,000 crore, Rahman added. The banks spent Tk 55 crore in their CSR activities in 2009 and in 2011 the amount soared to Tk 218 crore of which 28 percent went to the education sector and 24 percent to the health sector.

Azad again urges govt to arrest Hall-Mark MD

STAR BUSINESS REPORT
The government should arrest the Hall-Mark Group Managing Director Tanvir Mahmud for the sake of accountability, FBCCI President AK Azad said yesterday. The Federation of Bangladesh Chambers of Commerce and Industry had earlier also urged the government to arrest Tanvir, who took loans worth Tk 2,686 crore from the Ruposhi Bangla branch of Sonali Bank with forged documents. "It seems that the government has no initiative to arrest Tanvir," Azad said. He spoke at a seminar on "improving productivity for efficient production" at Ruposhi Bangla Hotel in Dhaka. Many real entrepreneurs are not getting bank loans due to such fraudulent activities, he added. Azad also criticised the government for its failure to supply adequate gas and power to industrial units. Bangladeshi exporters are losing competitiveness globally due to different anti-business elements, he said. Many local entrepreneurs are hiring skilled manpower from abroad as the country lacks adequate skilled human resources. The industries ministry organised the seminar to mark the National Productivity Day. Industries Minister Dilip Barua called for a warm relationship between owners and workers for better productivity. Azad had also earlier demanded punishment to those involved in the scam. Owners of many small industrial units will not be able to pay salaries to their workers as they are facing difficulties from banks after the Hall-Mark scam, Azad said at a programme recently. He said the government should also take punitive actions against the members of the board of directors of Sonali Bank if they are found guilty after

Remittances soar as Eid nears

STAR BUSINESS REPORT
Remittances increased 37 percent in September, compared to the same month last fiscal year, despite a financial crisis in major economies across the world. In September, the remittance inflow was \$1.17 billion, up from \$855.44 million in the same month last year. Remittance growth was 20 percent in the first three months of the current fiscal year, which also boosted the central bank's foreign currency reserve. During the July-September period, remittance inflow was \$3.55 billion, which was \$2.97 billion during the same period last year. A Bangladesh Bank official said the foreign currency reserve has started to go up due to



the remittance growth. On September 25, the reserve was at \$11.27 billion, which was around \$9 billion on the same day last year. The expatriates are sending home more money due to the upcoming Eid-ul-Azha, the official added. He said the central bank has taken various steps to bring home more remittances through formal channels. Mobile banking also played a role in increasing remittances, the official said. Another BB official identified three reasons -- banks' drive, market expansion and anti-money laundering law -- behind a rise in remittances. Bangladesh had received \$2.5 billion in remittances a decade ago, but the amount reached \$12.84 billion last year. If the trend continues, the central bank officials hope the remittances will stand at \$14 billion in the current fiscal year.

JICA bankrolls Tk 450cr project for SMEs

Enterprises to get long-term credit for first time

STAR BUSINESS REPORT
The government yesterday rolled out a project to lend Tk 450 crore to help the country's cash-starved small and medium enterprises. Under the scheme funded by Japan International Cooperation Agency (JICA), SMEs will be able to borrow between Tk 5 lakh and Tk 5 crore, or up to 90 percent of the investment a business will make. The financing horizons would be: long-term loans for six to eight years, with two years of grace period; medium-term loans for two to five years, with one year of grace period; and working capital for one year, renewable for up to 5 years. The disclosure came at a programme co-organised by Bangladesh Bank and SME Foundation at the latter's office in the capital. ABM Khorshed Alam, managing director of the foundation, said SMEs normally receive bank loans for short-terms. "But this financing will give them opportunity to obtain loans for medium to long terms."

Sukamal Sinha Choudhury, general manager of SME & Special Programmes Department of BB, said the bank would go to district levels to create awareness of the scheme. The SME & Special Programmes Department will serve as the implementing agency for the project on behalf of the finance ministry. They will make loans to financial institutions, who, in turn, will lend to end-borrowers. Officials said that there are no specific sectors being targeted and SMEs in all sectors are eligible under the scheme. Similarly, there are no conditions set on the geographical location of the businesses. The items eligible for financing under the scheme are fixed assets, including machinery and equipment factory buildings and related civil works, technical know-how, consulting services, training, and initial working capital, which is associated with the investment loan. Purchase of land or land use rights are not eligible for financing under the scheme, said an official of SME Foundation.

SEC moves to give mutual funds more leeway

GAZI TOWHID AHMED
The Securities and Exchange Commission has moved to allow mutual funds to give stock dividends to their unit holders. The present cash dividend payout structure will remain effective as well. However, the asset management companies (AMCs) and mutual fund managers will have to give at least 70 percent of the profit as dividends. Stock dividend, popularly known as bonus dividend, is a payment made in the form of additional shares, rather than a cash payout. The SEC posted the proposed

KEY CHANGES

- Can give stock dividends
- Have to give 70pc of profits as dividends
- Mandatory investment quota brought down to 50pc from 75pc
- Can go into operation with 40pc of the total size of the proposed fund

changes on its website for public opinion before a final approval. Another proposed amendment made by the SEC is bringing down the mandatory investment quota on stockmarket from the existing 75 percent to 50 percent. The move comes after the Asian Development Bank and some AMCs suggested giving more flexibility to mutual funds' investment options. "It is positive for the AMCs as they can diversify their portfolios to give better dividends to the investors," said Fayekuzzaman, managing director of Investment Corporation of Bangladesh.

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