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DHAKA TUESDAY NOVEMBER 20, 2012, e-mail:business@thedailystar.net

JS panel warns CEOs of state banks against rising irregularities

STAR BUSINESS REPORT

The parliamentary standing committee on the finance ministry yesterday warned state banks against rising irregularities, which it said are eroding public confidence in them.

The committee asked the finance ministry and the Bangladesh Bank to act fast to bring discipline to the banks' functions, said some members of the committee after a meeting.

AHM Mostafa Kamal, chairman of the committee, presided over the meeting at the Jatiya Sangsad Bhaban, attended by managing directors of all eight state-owned banks.

SK Sur Chowdhury, deputy governor of the central bank, was also present.

The parliamentary watchdog arranged the meeting after gross irregularities were detected in these banks.

Public confidence in these banks was damaged by the recent Hall-Mark scam, said the committee members quoting Kamal as saying.

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Allegations of influence sour FBCCI polls

REFAYET ULLAH MIRDHA

An influential quarter is trying to enforce the controversial hand-raising voting for the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) election, several polls contestants alleged yesterday.

The quarter is putting pressure on the election board to remove the designated secret ballot system by November 22 -- as the election is slated for November 24.

Under the hand-raising method, the nominated directors come under pressure to vote for the government-backed presidential candidate, the contestants said.

But Kazi Akramuddin Ahmed, who

heads an election panel, backed the hand-raising voting system.

"It is the responsibility of the election board to change the secret ballot system before the election, as the hand-raising voting system had been applied in choosing the previous presidents," Ahmed told The Daily Star by phone.

In the Trade Organisation rules, it is not clearly mentioned whether the president should be selected through secret ballot or not, Ahmed added.

A member of the FBCCI election board brushed aside the allegations of influence over the polls. "I did not feel any pressure from any quarter. Everything is normal. I hope the board will be able to hold the election on schedule," the member said, asking not to be named.

AK Azad, the incumbent FBCCI president, said: "The matter is absolutely under the jurisdiction of the three-member election board. The board will select the voting method in line with the TO rules."

This year, the posts of 30 directors are being contested by a total of 63 candidates: 30 under the banner of Ganatantrik Parishad, 30 under the Kazi Akramuddin Ahmed Panel and three as independent contestants.

The contest was made tougher for the Akramuddin panel by the sudden announcement of a strong panel -- Ganatantrik Parishad -- backed by the former FBCCI president, Annisul Huq, on November 7.

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Rokia Rahman: MCCI's new president



Rokia Afzal Rahman and **Kamran T Rahman**

STAR BUSINESS DESK

Rokia Afzal Rahman has been elected president of the Metropolitan Chamber of Commerce and Industry (MCCI) Dhaka, the chamber said in a statement yesterday.

A leading woman entrepreneur of the country and a former adviser to the caretaker government, Rokia was elected president of the MCCI at the first meeting of the chamber's new committee yesterday.

She is the chairman of Arlinks Ltd and has investments in RR Cold Storage Ltd, Aris Holdings Ltd, Imaan Cold Storage Ltd, Mediaworld Ltd, MIDAS Financing Ltd, Mediastar Ltd and Reliance Insurance Ltd.

Rokia is also involved in social organisations like Bangladesh Federation of Women Entrepreneurs, Bangladesh Rural Advancement Committee, Manusher Jonno Foundation, and Bangladesh Freedom Foundation.

Kamran T Rahman, managing director of Pubali Jute Mills Ltd, was elected vice president of the MCCI.

Kamran, who has investments in the tea sector, is the regional vice president of International Organisation of Employers and a member of the governing body of International Labour Organisation.

He is also a former president of Bangladesh Employers' Federation.

Banks' stock exposure below half legal limit

REJAUL KARIM BYRON

Banks' exposure to the stockmarket is now well below the legal limit due to the downward trend of the market and a cautious policy adopted by the banks.

Banks' total exposure to the share market, as of September 30, stood at Tk 16,988 crore, which is 3.10 percent of their total liabilities, according to data from Bangladesh Bank.

Rules say banks can invest up to 10 percent of their liabilities in the stockmarket, but the highest exposure by any bank stood at 7 percent.

The four state-owned banks held 3.29 percent of their liabilities, or Tk 4,676 crore, in the capital market, while 23 of the private commercial banks had 3.94 percent of their liabilities, or Tk 10,299 crore.

Holdings of the six Islamic banks were even less: 1.53 percent of their liabilities, or Tk 1,500 crore.

Apparently, the government indirectly encouraged banks to invest in the share market, as per a senior official of Janata Bank preferring to remain unnamed.

But the banks were put off by the sluggish trend of the market. "Many banks suffered losses after investing in the stock market, which brought down their third quarter profits," a banker said.

An official of Al-Arafah Islami Bank said the banks have taken on a measured approach after all the criticism they have received over their market exposure.

However, some banks are still investing considerably to recover their losses.

"Yet the stockmarket is not showing any bullish trend," the Al-Arafah official said.

After the current government assumed power in 2009, the stockmarket showed a bullish trend, as a result of which many banks made invested beyond their limits.

In 2010, the share market, however, plunged into a bearish trend, and the banks' heavy exposure came under criticism from various quarters then.

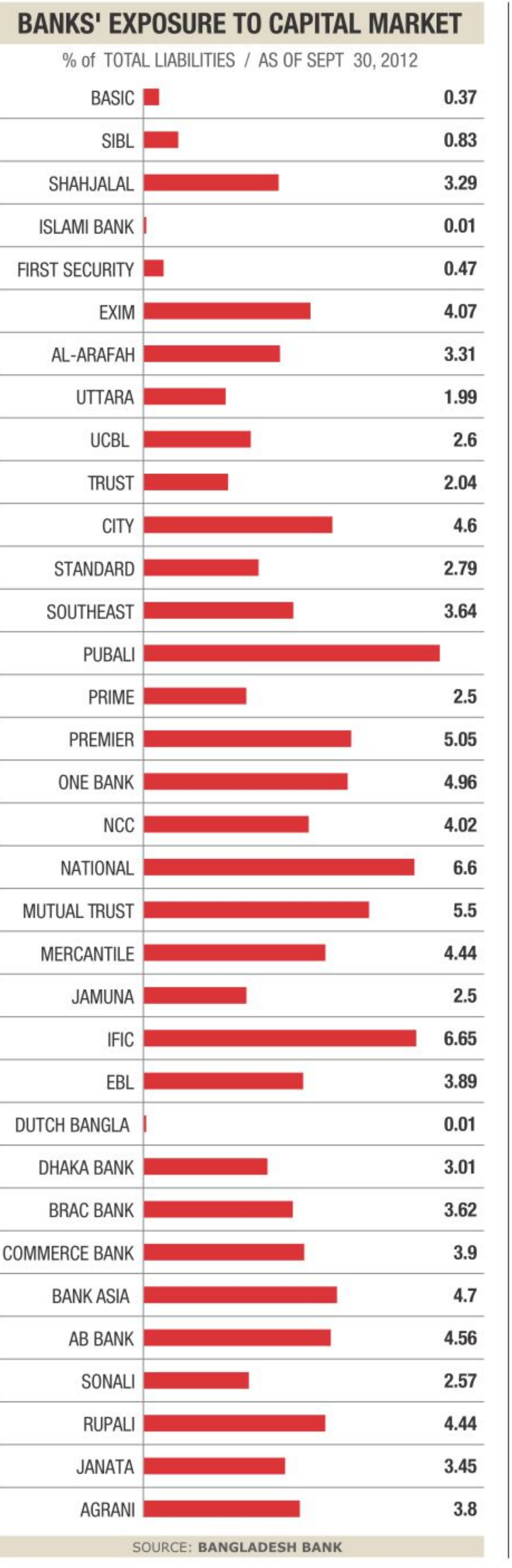
A high official of the central bank said the banks' exposure in the share market in absolute terms is still Tk 1,000 crore more than the same period last fiscal year.

The banks' present investment in the stockmarket, in absolute amounts, is much higher than in many countries of the world.

The International Monetary Fund and the Asian Development Bank recommended to the government that the banks' investment in the capital market should be 25 percent of the bank's capital instead of its deposits (liabilities).

"All over the world banks' investment in the share market is related with capital, not deposit," a BB official said.

The finance ministry official said the government is actively considering the IMF and the ADB recommendations, but they would like the investment threshold to be 40 percent, instead of 25 percent of capital.



Bills placed in parliament to give SEC more clout

STAR BUSINESS REPORT

A bill was placed in parliament yesterday seeking to amend the Securities and Ordinance to empower the government to set up special tribunals to try cases related to capital market.

The bill, placed by Finance Minister AMA Muhith, proposed that the government may establish one or more special tribunals and a tribunal shall consist of a session judge or additional session judge.

It also proposed to impose restriction on disclosure of information.

A provision of the bill says the existing and former chairmen, members and employees of the Securities and Exchange Commission shall not disclose or communicate to any person any information.

The disclosure of any information in contravention of this law for the purpose of making profit through insider trading shall be an offence, according to the bill.

An individual may be punished with imprisonment for a term up to five years or with fine not exceeding Tk 5 lakh or with both, says a provision of the bill.

After the amendments to the Securities and Exchange Ordinance 1969, one will be able to file legal proceedings with the court challenging an order of penalty imposed by the Commission after depositing an amount of 15 percent of such penalty in the SEC.

Muhith also placed another bill seeking to bring some changes to the Securities and Exchange Commission Act 1993 to empower the SEC to summon any records or documents from any banks and financial institutions to carry out its investigation.

Once the changes are made, the stockmarket regulator will also have authority to appoint necessary number of advisers for performing its functions.

The finance minister said the changes were proposed to strengthen the regulator further, to protect investors' interests and to develop the capital market.

Meanwhile, Law Justice and Parliamentary Affairs Minister Shafique Ahmed placed a bill that will bring changes to the Bangladesh Legal Practitioners and Bar Council Order 1972.

All the three bills were sent to the parliamentary standing committees on the ministries of finance and law for scrutiny.

BTCL's dues to regulator surge to Tk 1,939cr

ABDULLAH MAMUN

The state-owned Bangladesh Telecommunications Company Ltd (BTCL) has failed to pay a significant portion of its revenue share to the government over the last three years.

A percentage of the operator's revenues is forwarded to the government coffers, and BTCL's failure to do so on time means that the dues have accumulated to Tk 1,939.11 crore over time.

Sunil Kanti Bose, chairman of the BTRC, said it is not possible for the BTCL to pay the entire amount at one go.

Of its previous dues, the BTCL paid Tk 800 crore to the regulator, according to a letter of the BTRC.

Bangladesh Telecommunication Regulatory Commission (BTRC) sent the letter to the BTCL last month to adjust the dues from October 2008 to August 2012.

As per the letter, government's share of revenue for incoming international calls accounts for majority of the outstanding amount, Tk 1,576.85 crore, while Tk 40.03 crore has been charged as late fee.

The other amounts are the fees for licences for international gateway at Tk 7.50 crore, interconnection exchange fee at Tk 2.50 crore, fixed lines' charges at Tk 1 crore, fixed lines' revenue at Tk 87.99 crore, broadband licence acquisition fee at Tk 215 crore and spectrum charges at Tk 8.22 crore.

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SEC forms panel to look into United Airways' anomalies

STAR BUSINESS REPORT

The Securities and Exchange Commission yesterday formed a two-member panel to investigate irregularities in the annual and first quarterly financial statements of United Airways.

The SEC also asked the probe body, led by SEC Director Abul Kalam, to look into the trading pattern of the airline's shares.

Another member of the panel is SEC Director Sheikh Mahubur Ur Rahman, said Saifur Rahman, the spokesman for the SEC.

The SEC asked the committee to submit a report to the commission in 15 workdays.

The market watchdog formed the probe body after media reports on the allegation of inflating earnings in the listed airline's financial statements.

Earlier, the Dhaka Stock Exchange in an investigation found irregularities in preparing financial statements by United Airways. It also detected a manipulative trading pattern by an individual investor to create artificial demand for United Airways' shares.

United Airways doctored its first quarter earnings' report to show positive earnings per share.

"It appears that you have submitted false or incorrect information to Dhaka Stock Exchange and the users [investors] of your financial statements," said the report, which had been forwarded to the SEC a week ago.

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