

# star BUSINESS

DHAKA THURSDAY NOVEMBER 22, 2012, e-mail: business@thedailystar.net



## Bangladesh a proper place for investment Hasina says in parliament

**STAR BUSINESS REPORT**  
Prime Minister Sheikh Hasina yesterday said in parliament that Bangladesh is now a proper place for investment as her government ensured peace and security in the country by curbing militancy and criminal activities. "We improved situation of power, gas, communication and infrastructure. Now everybody wants to come here [Bangladesh] with investment. Whoever wants to invest in Bangladesh, we are giving them different facilities," Hasina said in response to lawmakers' queries. She said \$1.3 billion has been invested in the first five months of the current fiscal year and many proposals for investment were registered. The premier said, despite global recession, Bangladesh has been one of the five fastest growing economies in the world since 2008. "It has surprised the world," she added. Hasina, also the leader of the House, said exports have been on the rise during her government. **READ MORE ON B3**

## Banks' profit erodes

### Higher provisioning against bad loans, low credit growth, losses from stock trade cut into earnings

**SARWAR A CHOWDHURY**  
Most listed commercial banks are going through hard times in the second half of the year as a huge provisioning against non-performing loans pushed them to the negative profit zone. Some banks even incurred losses in the third quarter as their core banking business was hit by low credit growth, according to their quarterly disclosures made public recently. Of the 30 listed banks, 16 registered negative net profit growth year-on-year in July-September, six incurred losses and seven made positive growth. Losses from the investment in the stockmarket also added to their worries, bankers said. "Revenues fell in July-September mainly for two reasons," said K Mahmood Sattar, managing director of The City Bank. Interest rates were high, but demand for loans was low; and the banks also had to set aside huge funds to stay safe against classified loans, he said. In the July-September period, the total specific provisions for classified loans at all listed banks doubled to around Tk 1,200 crore, compared to the second quarter. Sattar said most of the burden of non-performing loans came from the ship-breaking industry. "Steel prices dropped faster locally compared to the international markets," he said. He said, except for a few, net profit of all banks declined compared to the same period last year; even some of them incurred losses during the third quarter. "The situation may worsen further in December when the new regulations on loan provisioning will come into effect," he added. BRAC-EPL Stock Brokerage said the third quarter saw the impact of provisioning like no other previous quarters and it became the single most vital element, affecting the banks' profitability. **READ MORE ON B3; LIST OF BANKS ON B3**

## BB ponders commission for foreign brokers

**REJAUL KARIM BYRON**  
The central bank is reviewing the Securities and Exchange Commission's proposal to allow foreign brokerage houses to take share-trading commission for the investors they bring to Bangladesh. The SEC's reasoning behind the proposal is that many brokerage houses are interested in bringing in foreign investors to Bangladesh -- but only in return for commission. But the current rules do not permit the local brokers who act as agents for foreign brokerage houses to share commission with them. The SEC sent a proposal to the Bangladesh Bank a year ago -- but it is yet to be approved. The SEC raised the issue at yesterday's meeting with BB Governor Atiur Rahman, representatives of Insurance Development and Regulatory Authority (IDRA) and other regulatory bodies. Rahman right away called in the officials of the related department and directed them to make a decision after a quick assessment, an official present at the meeting told The Daily Star. Salehuddin Ahmed, the then BB governor when the proposal was made, said the permission for commission for brokerage houses abroad would be given but with strings attached so that "capital flight do not occur in the guise of commission". **READ MORE ON B3**

## Sovereign bonds: catalyst to accelerate growth rate to 8pc

### Analysts speak at Bol seminar

**STAR BUSINESS REPORT**  
Issuance of sovereign bonds will allow Bangladesh acquire foreign finance for large public and private sector projects, said bankers yesterday. But the country should also consider the associated risk factors, such as the possibility of a fall in rates due to weak economic performance. The opinions came at a seminar on sovereign bonds organised by the Board of Investment (BoI) yesterday at its headquarters. The views come at a time when the government is planning issuing sovereign bonds worth at least \$500 million to raise funds for investments -- targeted to bring the growth rate to 8 percent by fiscal 2016-17. "All indicators except for inflation are positive. So now is the time to enter the international debt market. It will give an option and opportunity," said Rashed Maqsood, Citibank's country officer. "It will augment foreign direct investment flows and widen the scope for local private sector to get funds," he said, adding it will also allow the government to raise funds for large infrastructure projects. Moreover, Bangladesh's presence in the international market, like most countries, will give a very strong signal to the foreign investors. **READ MORE ON B3**

## Clarification

Mahboob Murshed, a former additional judge and a legal expert who was quoted in a news item on Monday titled "Govt to put GI law in place soon", differed on some parts of the report, saying he was misquoted. Murshed clarified that if GI Act is enacted in Bangladesh, Jamdani can be registered in the country as GI (geographical indication) and no foreign country can export any clothing item named Jamdani to Bangladesh. **READ MORE ON B3**

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