

Call for cuts in bank interest rates

Kazi Akramuddin introduces his panel for FBCCI polls

STAR BUSINESS REPORT
Businesses on Tuesday urged the government to cut bank interest rates to minimise the operational costs of companies.

The business people also demanded a direct voting system in the election of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) to ensure more transparency and accountability.

The country got very little investment last year due to the high bank interest rates, said Nazrul Islam Mazumder, president of Bangladesh Association of Banks.

"The bank borrowers only enhanced their old bank loans," Mazumder spoke at a

programme to introduce the panel of Kazi Akramuddin Ahmed, leader of the panel, for the FBCCI polls for 2012-14 to be held on Saturday, at Ruposhi Bangla Hotel in the capital.

If Ahmed got elected, his first assignment will be to have discussions with the government on how to lower the bank interest rates to 12 percent from the existing 16 to 18 percent, he said.

He also asked Ahmed to work to lower the bank deposit rate to 10 percent for healthy competition in the banking sector.

At the function, Selima Ahmed, managing director of Nitol-Niloy Group, urged the government to reduce traffic congestion, harassment of police and prevent smuggling of different goods so that

domestic manufacturers can be more competitive.

She also stressed the need for ensuring more business facilitation to women entrepreneurs.

"But you have to ensure transparency and accountability in the FBCCI and I want direct election in this apex trade body."

A strong research cell should be set up for the trade body, said Jashimuddin, FBCCI vice-president.

He blamed last year's poor foreign investment in Bangladesh on weak infrastructure and lack of gas and electricity.

Laos saw a foreign direct investment (FDI) of a total of \$18 billion last year when Indonesia received \$24 billion, he said. But Bangladesh could

hardly attract \$5 billion FDI a year at a time, he said.

The bank interest rate could not be reduced for tighter monetary policy of the central bank, said AK Azad, FBCCI president.

Bangladesh Bank uncapped bank interest rate from 12.5 percent a few years ago as per the recommendations of the International Monetary Fund, said Azad.

The central bank uncapped the interest rate justifying that if the bank interest rate is not increased, the flow of money will increase in the local market, and there will have a big inflationary pressure on the economy, he said.

Later, Ahmed introduced his panel for 30 directorial posts (15 from chamber group and 15 from association group).

Robi brings Joy 21

STAR BUSINESS DESK

Robi has recently launched a new prepaid package -- Joy21 -- for its subscribers.

Joy 21 subscribers will get Tk 21, 210 SMS and 21 MB internet upon activation, according to a statement of the private mobile operator yesterday.

Joy 21 users will also get 21 minutes of talktime, 21 SMS to any operator, 21 MMS and 21 MB internet with every recharge of Tk 21, which will remain valid for one calendar day. The new package is priced at Tk 138 and offers a call rate of 14 paisa/10 seconds to any operator.

This recharge base purchase offer is also applicable for other Robi prepaid users.



ENVOY
Kutubuddin Ahmed, chairman of Envoy Textiles Ltd, attends the lottery for the company's initial public offering at the Institute of Engineers, Bangladesh in the capital on Monday. Abdus Salam Murshedy, managing director, was also present.

BYEA's new executive committee

STAR BUSINESS DESK

Bangladesh Young Economist Association has recently announced its executive committee for 2012-14 with Badrul Munir as president and AKM Kamrul Ahsan as general secretary, the association said in a statement yesterday.



Badrul Munir



Kamrul Ahsan

The committee was formed at an annual general meeting of the association in Dhaka recently.

Other office bearers of the committee include Rafiqul Islam Bhuiyan, ANM Fazlul Karim Munshi, Rezaul Karim and Siddiqur Rahman as vice presidents; Shaheen Alam Bhuiyan and Mizanur Rahman as joint secretaries; Khalilur Rahman, Abu Monsur Mohammad

Novo Nordisk, 22nd best multinational workplace

STAR BUSINESS DESK

Novo Nordisk Pharma has recently been ranked among the top 25 best multinational workplaces in the world for two consecutive years, the company said in a statement yesterday.

The ranking determined by Great Places to Work, a global research, consulting and training firm, ranked Novo Nordisk 22nd among the pool of 350 multinational companies in 45 countries.

"We are honoured to receive this recognition," said Arajan Kumar, managing director of Novo Nordisk.

"As a global company with more than 33,000 employees, we work hard to ensure a unified and thriving culture," he said.

He said the calibre and dedication of the employees of Novo Nordisk help the company be a world leader in diabetes care.

Qualifying companies must have appeared on at least five lists of Great Places to Work. Also, they must have at least 5,000 employees worldwide with at least 40 percent of them working in countries

Bangladesh a proper place for investment

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She said her government has also taken various steps to increase exports to the countries where Bangladesh is enjoying duty-free access.

In scripted answers, the premier described her government's various successes in different sectors, including communications and education and the ongoing projects and measures in the sectors.

Hasina took 24 minutes of 30 minutes allocated for the premier's question and answer session to read the 11-page scripted answer in reply to a question on communication network.

As the premier attempted to read out the voluminous answer, Speaker Abdul Hamid, who was presiding over the sitting, in a funny gesture told her whether she would be tired to read the 11-page answer.

Long scripted answers are usually considered as to be read out to save time.

In response, Hasina said she would not feel tired. "Besides, people cannot know if she does not read the answer." After the premier completed reading, the speaker thanked her for the answer in details.

Instead of 30 minutes, the Speaker allocated 47 minutes for the premier's question and answer session.

BB ponders commission for foreign brokers

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The conditions were: foreign brokerage houses must maintain full-fledged offices in Bangladesh, their commission cannot be more than the local brokerage houses and they cannot repatriate the full commission amount.

Also discussed at yesterday's meeting was the impending BB circular which stipulates all banks and non-bank institutions to forward reports on suspicious transactions to the central bank's finan-

Clarification

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Moreover, if Bangladesh becomes a party to the Lisbon agreement, Jamdani can be registered as a product of Bangladesh internationally and appellation of origin (special GI) of Jamdani can be assigned in the name of Bangladesh, Murshed said in a clarification.

India is also not a member of Lisbon agreement. Therefore, it cannot get appellation of origin on Jamdani, he said.



Talukdar Noman Anwar, country head for communications at HSBC Bangladesh, attends the launch of a music CD for children -- Ek Jhak Paira -- at a programme to mark Universal Children's Day at the SOS Children's Village recently. Enamul Haque, deputy national director of the children's village in Bangladesh, was also present.



SUMMIT
Muhammed Aziz Khan, chairman of Summit Group, attends a programme where the company signed a deal with China Energy Group in China recently. Qian Xuegang, president of the First Northeast Electrical Power Construction Company, a group member of China Energy, was also present.

Summit inks energy deal with Chinese company

STAR BUSINESS DESK

The country's Summit Group has recently signed a deal with the largest government-owned Chinese company, China Energy Group, to develop Bangladesh's energy sector.

The deal was also signed to support Summit's foray into neighbouring countries, including Bhutan and Cambodia, according to a statement of Summit yesterday.

Abdul Motaleb Sarkar, charge de affairs of Bangladesh in China; Qian Xuegang, president of Northeast Electric Power Engineering Company (NEPEC); and Muhammed Aziz Khan, chairman of Summit Group, attend the deal signing ceremony.

Pan Li Guo, Tieling city party

secretary of Communist Party of China, welcomed the Summit Group chairman while a team of Summit was visiting Shenyang, the fourth largest city of China.

"This is a great beginning of electricity cooperation between the private sector of China and Bangladesh," said Sun Delan, deputy mayor of Tieling Municipal of Liaoning Province.

She also assured of providing full support to implement Bibiyana and Meghnaghat projects on time.

Summit is now working to generate hydro electricity in Bhutan while China Energy was involved in implementing Three Gorges Dam, the world's largest hydro power generator of 22,500 megawatt in China.

Earlier, Summit Bibiyana II Power Company, a venture of Summit Group, and China Energy Group and First NEPEC, a group member of China Energy, signed a \$220 million deal on engineering, procurement and construction (EPC) of a 341MW power project in Habiganj.

Meanwhile, another of Summit's company, Summit Meghnaghat Power Co, signed an EPC agreement with China National Electric Engineering Co (CNEEC) worth \$250 million.

Zhao Ruolin, CNEEC president, and Xuegang of NEPEC along with the Summit Group chairman voiced their confidence of making the power plants ready to supply electricity to the national grid of Bangladesh on schedule.

Banks' profit erodes

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"Loan provisioning is the biggest chunk of total provisions and in the third quarter it witnessed a skyrocketing growth on the backdrop of new loan provisioning guideline," the stockbroker said in an analysis.

The new guideline will shorten the timeframe for loan classification, causing provisions to rise, even if the total amount of classified loans remains the same.

In June this year, Bangladesh Bank made it mandatory for banks to classify loans for non-repayment within three months instead of six months earlier, amid opposition from banks. The new rules aim to

reduce the number of willful defaulters and benefit both banks and borrowers.

"Banks with medium or low asset qualities started to charge higher provisions early to smooth out their net profit even though one more quarter is left before the guideline will become effective," said the BRAC-EPL analysis.

Nurul Amin, managing director of NCC Bank, said the negative earnings or losses were for temporary reasons, including higher loan provisioning and the new regulations, poor business and lower credit growth.

"Although the banks fared badly, I am optimistic as the demand for pri-

private sector credit will increase in the last quarter, helping the banks to maintain profitability like previous years," said Amin, also the president of Association of Bankers, Bangladesh.

Ali Reza Iftakhar, managing director of Eastern Bank, also said majority of the banks' income from core business dropped significantly.

In addition, he said, many of the banks incurred losses from their investment in the stockmarket.

Although the banks' average exposure to the stockmarket remained low at 3 percent of their liabilities, the continuous fall in stock prices hit the portfolio of the banks and their clients.

Sovereign bonds: catalyst to take growth rate to 8pc

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Sajed ul Islam, Citibank NA's head of markets, said the country's positive current account balance, good foreign exchange reserves, lower external leverage and debt, are in its favour.

"The country also has lower short-term risk than its Asian peers," he said.

Mirza Elias Uddin Ahmed of Jamuna Bank warned against the risk of bonds carrying higher interest rates as a result of deteriorating ratings of issuer and the issue.

"In such a scenario, we will have to make more payments [for both government and private sector] in foreign currencies."

Participants also raised the issue of government's borrowing to finance budget and rising pressure of interest payments on the annual budget.

"This [sovereign bonds] should not be a tool for financing deficits," said Maqsood.

High government borrowing from the global market may increase the interest payment pressure, they added.

"Sovereign bonds may apparently appear risk-free, but there are some risk factors," said Nabhash Chandra Mandal, a BoI executive member.

"North Korea faced troubles after it diverted the raised funds for military purpose, and Greece faced debt crisis due to internal mismanagement," he said.



AMAN GROUP
Dan W Mozena, American ambassador to Bangladesh, poses after a goodwill visit to Aman Spinning Mills on its staff appreciation day, on Tuesday. M Amanullah, chairman of Aman Group, was also present.