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BUSINESS

DHAKA WEDNESDAY NOVEMBER 28, 2012, e-mail:business@thedailystar.net

Important lessons to learn from Tazreen fire: Mozena

STAR BUSINESS REPORT

Dan Mozena, the US ambassador to Bangladesh, yesterday said there is plenty to learn from Tazreen Fashions' tragic episode to enhance the country's apparel sector.

"I think there are important lessons to be learnt from the incident, and I am hopeful these lessons will be learnt to ensure continuous growth of this industry," Mozena told reporters after a closed-door meeting with the leaders of Bangladesh Employers' Federation (BEF).

The meeting, arranged by BEF at its office, lasted around two hours and held a minute's silence at the beginning in honour of the departed.

In the wake of the nation's deadliest industrial fire that killed more than 100 workers at Tazreen Fashions, Bangladesh has once again grabbed the spotlight for safety lapses at industrial units.

Asked if the fire incident would have a negative impact on the apparel industry, Mozena said it was too early to say as there were many things to consider before making a conclusion.

"At this stage, all of us reiterate our deepest condolences to what happened on Saturday. I am personally shaken by the incident because I cannot imagine the horror that the trapped people suffered," said Mozena.

About the meeting, the envoy said, "Our focus was to brainstorm and share ideas on how to ensure this will never happen again."

He said the ideas would further be discussed before implementation.

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IMF stresses changes in Banking Companies Act

REJAUL KARIM BYRON

The IMF has suggested bringing amendments to the Banking Companies Act, saying the existing law has restrained Bangladesh Bank's autonomy leaving scope for government intervention in the bank's supervisory authority.

The issue of amendment has also come up following the recent scams in the banking sector, which have raised questions about the central bank's supervisory role.

The International Monetary Fund said the act creates scope of conflict with the core principles for effective banking supervision devised by the Basel committee as a basic reference for effective banking supervision.

An IMF team is in Dhaka now to hold talks with the government on the amendments and other issues.

The IMF last month sent the government detailed recommendations for amending the act and said: "A modern banking law should clearly define the scope of the supervisory mandate of the supervisory authority."

The global lender said the act leaves room for political interference in BB's supervisory actions.

The IMF made the recommendations against the backdrop of recent scams that include the one involving controversial business group Hall-Mark, said a finance ministry official preferring anonymity.

The measures the central bank has taken recently to prevent such scams would not work if the BB does not have autonomy, said former central bank governor Salehuddin Ahmed.

"This is the right time to amend the Banking Companies Act."

According to sections 4 and 121 of the act, the government has the power to suspend or exempt any particular bank from the purview of the act after consultation with the BB. The global lender recommended vesting the power in the central bank, instead of the government.

A major condition for the release of the second instalment of IMF's \$1 billion extended credit facility was amending the Banking Companies Act.

The process of drafting the amendments is at the final stage. But most IMF recommendations have not been included in the draft which may render uncertain the disbursement of the loan's second instalment, said the finance ministry official.

According to section 31 of the act, the central bank may cancel licence of any bank on charges of irregularities.

But if the bank's owner appeals to the government, then it is the government that has the final say. The IMF recommended taking away the power from the government and vesting it in the central bank.

Moreover, the central bank cannot take punitive action against directors of state-owned banks in case of irregularities. The IMF has recommended removing this provision from the act.

The central bank too has recommended amending different sections of the act to further strengthen its supervisory power. The IMF also backed it. But the finance ministry left out most of those in the draft of the amendments, said the ministry official.

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Jo Lunder, *centre*, chief executive officer of VimpelCom Ltd, speaks at a press meet that was organised on the occasion of Lunder's visit to Bangladesh and to introduce Banglalink's new CEO, Ziad Shatara, *right*, at Sonargaon Hotel in Dhaka yesterday. Ahmed Abou Doma, *left*, group executive vice president and head of Asia Africa business unit of VimpelCom, is also seen.

Costly 3G licences to hurt data business

VimpelCom CEO calls for lowering the up-front money

STAR BUSINESS REPORT

Banglalink now looks forward to a 3G licence to fulfil its plan to strengthen its presence in the data or internet business in the country.

But it will be tough for the mobile operator to provide data services through 3G (third generation), if the government charges too much as up-front money for the licence, said Jo Lunder, chief executive officer of VimpelCom Ltd.

Orascom Telecom, the parent company of Banglalink, is a subsidiary of VimpelCom that is the world's sixth largest telecom group with more than 21.2 crore subscribers worldwide.

The government should take account of the prospect of 3G services in the country, he said.

If the government does not lower the up-front money, high quality 3G services will be costly and many people will fail to afford those, Lunder said.

He spoke at a press meet that was organised on the occasion of Lunder's visit to Bangladesh and to introduce Banglalink's new CEO, Ziad Shatara, at Sonargaon Hotel in the capital yesterday.

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Govt spends 15pc of budget in three months

Muhith says Sonali Bank-like scams detected in other banks as well

STAR BUSINESS REPORT

The government implemented 14.9 percent of the total budget allocation in July-September when non-development expenditure increased more than the spending on development.

During the first quarter of the current fiscal year, expenditure on non-development sector was 17.2 percent of the total allocation, while development spending was 9.2 percent.

Finance Minister AMA Muhith presented the budget implementation report of the first quarter in parliament yesterday.

On the Sonali Bank's loan scam, Muhith said serious irregularities were detected in giving loans by other banks as well.

Mentioning the government's GDP growth target for the current fiscal year, which is 7.2 percent, the finance minister said the achievements in different sectors are much more optimistic compared to the same period last year.

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Path cleared for tribunals to try stock-related cases

Two bills get nod in parliament

STAR BUSINESS REPORT

Parliament yesterday passed a bill bringing changes to the Securities and Exchange Ordinance 1969, which will empower the government to set up special tribunals to try cases related to the capital market.

It also passed another bill amending the Securities and Exchange Commission Act 1993 to empower the stock regulator to summon records or documents from any bank and financial institution to carry out its investigation.

Finance Minister AMA Muhith proposed for passage of the bills and the House passed them in voice vote.

After the amendments to the Securities and Exchange Ordinance 1969, the government may establish one or more special tribunals and a tribunal will consist of a session judge or additional session judge.

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