

DHAKA FRIDAY DECEMBER 28, 2012, e-mail:business@thedailystar.net



Bangladesh Bank Governor Atiur Rahman shows a banknote at the launch of a national payment switch at the central bank in Dhaka yesterday. The new system will accelerate e-commerce in Bangladesh. Story on page 1

## Book your hotel online

STAR BUSINESS DESK

International credit cardholders planning foreign trips can now make hotel reservations online from Bangladesh.

The central bank has taken the move following requests from different banks as many hotels across the world have made advance payment mandatory for making reservations.

Bangladesh Bank issued a directive to the banks in a notice yesterday. In July last year, the central bank approved online transfer of funds for academic purposes by international credit cards.

Currently, students can pay fees for different aptitude tests such as TOEFL, SAT, GRE, IELTS, OCP, ACCA and FCA by international credit cards, debit cards and prepaid cards.

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## Sonali Bank gets new chairman

STAR BUSINESS REPORT

AHM Habibur Rahman, the newly appointed chairman of scam-ridden Sonali Bank, has inherited a lot of challenges from his predecessor in bringing back the bank's lost image.

As the bank closes its balance sheet on December 31 for the year, Rahman will have to get down to business right away.

The finance ministry issued an order yesterday appointing Rahman, a former Dhaka University professor, as the bank's chairman replacing Kazi Baharul Islam. The appointment has been made effective immediately.

"I will work with an utmost commitment for the sake of the bank and the country," Rahman told The Daily Star by

phone.

Currently, Rahman is the dean of Business Faculty at Primeasia University. He was a former chairman of the Board of

Directors of Bangladesh Shilpa Rin Shangsta (now merged with the BDBL) during 1999-2000.

State-run Sonali Bank was the focal point in the Tk 3,600 crore loan scam that involves a little-known textile company, Hall-Mark Group. The scam has rattled the country's entire financial sector and created volatility in the money market.

Baharul Islam continued his duty as chairman of the board although his three-year-tenure expired in September. The government had dissolved the Sonali Bank board, but kept him as the bank's chairman until now.



AHM Habibur Rahman

## BB's growth forecast falls below govt target

The central bank says GDP growth will be around 6.2pc this fiscal year

STAR BUSINESS REPORT

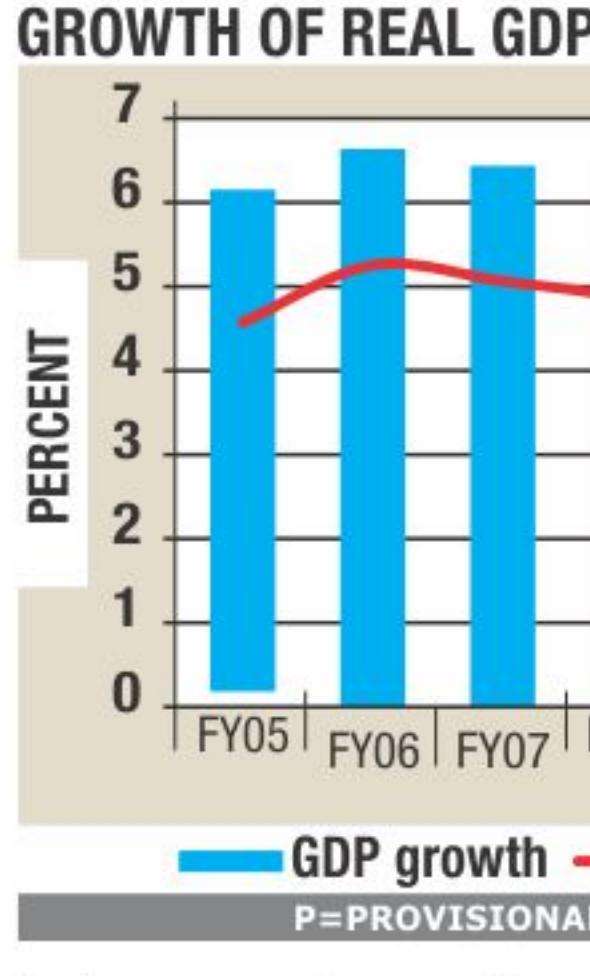
The economy is likely to grow at a similar pace as experienced over the last ten years -- of around 6.2 percent -- in fiscal 2012-13, despite the continued global economic slowdown, Bangladesh Bank said yesterday.

"Most indicators in the first quarter of fiscal 2012-13 point to a more moderate level of economic expansion," the BB said in its latest quarterly review.

The BB projection means that the growth is likely to fall short of the government's original target of 7.2 percent GDP growth for the current fiscal year.

"Bangladesh Bank will produce forecasts for economic growth on a regular basis, in line with the common practice in other central banks across the world," said Hassan Zaman, its chief economist.

"We used recent data on economic activity and did forward-looking projections for the main sub-sectors of the economy," he said.



Remittances grew by 19.7 percent in the July-September period of the current fiscal year, when in the same period last year it grew by 11.8 percent and by 10.2 percent on average in fiscal 2011-12.

"The significant remittance growth is likely to have positive consequences for both domestic consumption and investment."

Private sector credit grew by 19.9 percent in the first quarter of FY13, on par with FY12's average of 19.9 percent.

While the annual development programme (ADP) utilisation of 12 percent in the first quarter this year is only slightly higher than the 11 percent recorded for the same quarter a year ago.

Export growth stood at 2.07 percent, down from last fiscal year's average of 6.2 percent and will continue to be so, mainly in light of the Eurozone crisis.

READ MORE ON B3

## PSI firms to remain for six more months

STAR BUSINESS REPORT

The government will extend the tenure of the pre-shipment inspection (PSI) companies by another six months to June though it had a plan to get rid of the firms by this December.

"We need another six months to make internal arrangements for its (PSI) substitutes," said Finance Minister AMA Muhith.

He spoke at a meeting with the officials of the National Board of Revenue at its headquarters in Dhaka.

The minister said the existing PSI system will gradually be phased out during the period in line with capacity development of the customs department and its officials to properly assess the imported goods.

This is the fourth time since December 31, 2010 that the government extended the contracts

of the PSI firms.

The system was introduced in 2000 for an interim period in the face of inadequate capacity of the customs department to check imported products in line with the valuation system of the World Trade Organisation.

However, the desired benefits -- curbing tax evasion through mis-declaration -- did not come, according to NBR officials.

Muhith on several occasions, especially in his budget speech for fiscal 2012-13, vowed to abolish the system by December this year.

Currently, there are four such firms -- SGS Societe Generale de Surveillance SA, Bureau Veritas International SA, OMIC Overseas Merchandise Inspection Co and Intertek Testing Services.

These companies examine imported products, quantity, value and quality and issue cer-

tificates, which the customs officials are supposed to do.

However, the NBR said it is yet to be ready to do the job because of a lack of manpower and knowledge of its customs officials on 'harmonised standard' code, import policy and related rules.

At the same time, all the customs stations are yet to be connected with the ASYCUDA++ system, which is an automated system to assess imported goods.

"That's why, we need more time," said NBR Chairman Md Ghulam Hussain.

But he said the PSI system will remain effective for the products that face 25 percent import duty.

Muhith, however, said the PSI system would go on for certain cases.

"We cannot inspect all the products. We will have to take PSI service in case of imports of

highly sophisticated products that are imported once in a lifetime. It is followed internationally," he said.

The finance minister also asked the NBR officials to increase their efforts to boost revenue collection.

Responding to queries from the reporters after the meeting, Muhith said the NBR has not taken any decision to unfreeze the bank accounts of BNP Chairman Khaleda Zia.

Asked whether the government will try to raise funds from internal sources if the World Bank refuses to finance the Padma bridge project, he declined to make any comment.

He also said the government's plan to issue sovereign bond is not linked with the uncertainty over the World Bank's finance for the project worth around \$3 billion.

## Stockmarket regulator moves to attract more foreign investment

STAR BUSINESS REPORT

Bangladesh Securities and Exchange Commission (BSEC) yesterday formed a panel, which will suggest ways to increase foreign investment in the stockmarket.

The move comes as the stockmarket has been suffering from a liquidity crisis for the last couple of years.

The BSEC also asked the two-member committee, headed by one of its executive directors, to submit a report within January 31.

The foreign investors, most of whom are global fund managers, come here either on their own or influenced by some local stockbrokers.

Foreign investment, also known as portfolio investment, accounts for less than 1 percent of the total market capitalisation of the Dhaka Stock Exchange.

The move of the regulator is in line with a stockmarket stimulus package announced last year following a price debacle.

At a meeting yesterday, the BSEC also decided to give a full-fledged merchant banking licence to EBL Investment, a subsidiary of Eastern Bank.

A merchant bank provides a number of financial services, ranging from underwriting shares to lending to stock investors.

Presently, there are 52 merchant banks of which 43 are full-fledged. The full-fledged merchant banks' functions include underwriting, issue management, portfolio management and lending to stock investors.

The BSEC also imposed a fine of Tk 1 lakh each on every managing director and directors of six firms listed on the over-the-counter (OTC) market, a platform for junk companies.

The regulator slapped the fines as the companies failed to submit their half-yearly financial statements for December 31, 2011 to the commission.

The firms are Sajib Knitwear and Garments, Perfume Chemical Industries, Pharmaco International, Rose Heaven Ball Pen, M Hossain Garments Washing and Dyeing, and Raspit Inc Bangladesh.



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