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# Star BUSINESS

DHAKA SUNDAY MARCH 3, 2013, e-mail:business@thedailystar.net

## Bank lending falls on weak demand

**SAJJADUR RAHMAN**

A weaker demand for credit and a cautious stance of banks on fund management have pulled down their lending in recent months.

The credit-deposit ratio, an important indicator to understand the demand for money, has gone down to 76 percent at the end of December 2012, from more than 90 percent in the same month a year ago.

Bangladesh Bank rules allow commercial banks to invest maximum 85 percent of their deposits, while Islamic banks and Islamic wings of the banks can invest up to 90 percent.

But loans given by many banks exceeded the BB limit till September 2012.

But the situation went into reverse since the last quarter of the year when banks began to cut back on loans due to pessimistic perspectives on politics and economy.

"Banks' credit to all sectors -- from

export to import, capital market and new credit -- witnessed a slowdown in 2012," said Nurul Amin, managing director of NCC Bank and the chairman of the Association of Bankers Bangladesh, a forum of banks' chief executives.

Monzur Hossain, a research fellow of the Bangladesh Institute of Development Studies, said high interest rates and scams in the financial sector have also played a role in squeezing the credit market.

"Economic growth and employment generation will be hampered if there is less investment," said Hossain.

But a weaker demand for credit does not mean that banks hold huge surplus funds.

Many banks, especially the primary dealer banks, have a huge exposure to government bills and bonds, according to Amin of NCC Bank.

NCC Bank has Tk 1,600 crore investments in government securities. Prime and Uttara banks each has Tk 3,000 crore investments in the securities.

BANKS WITH NEGATIVE CREDIT GROWTH	
ICB Islamic Bank	-22.98%
State Bank of India	-11.89%
Jamuna Bank	-2.69%
Bank Al Falah	-0.05%

## Samsung unveils exciting gadgets

**SARWAR A CHOWDHURY, from Hyderabad**

South Korean electronics giant Samsung has launched its 2013 product portfolio, at its annual Southwest Asian forum in Hyderabad.

"Relentless innovation and discovery are the key principles of Samsung," said BD Park, president and chief executive officer of Samsung Southwest Asia, at a press briefing at Hyderabad International Convention Centre on Friday.

"Consumers are looking for technology to enrich and empower their lives and -- not something that complicates it. Our goal is to deliver that technology."

The products, to be rolled out in Bangladesh in the coming months, include a budget tablet computer to rival Apple's iPad Mini, a brushed-up notebook series, a high-end mirror-less camera, a 85-inch ultra high definition television (UHD TV) and a LED TV.

The LED TV called the F8000 is the first Samsung TV to come with a quad-core processor, which aids in multitasking (switching between online services and apps).

Available in 46, 55 and 65 inches screen size, the F8000 features an ultra-thin profile, a quarter-inch thick bezel and a wave inspired 'Arc' stand that makes the TV look as if it is simply floating in the air.

The company announced two new accessories with the television, one of which is the Smart Touch Control, a universal remote control with a touchpad.

The remote, complementary with TVs from other manufacturers, works on a swipe function, much like the navigation in iPod Classic.

Previously, this technology was unique to Bose, as an accessory with the company's top-of-the-range VideoWave series of TVs.



BD Park

Samsung has added a 3D-enabled WiFi camera called NX300 to its lineup, which, the manufacturer claims, is the world's first single-lens 3D system that allows users to capture 3D stills and video.

The camera comes with a 20.3-megapixel APS-C CMOS sensor, wide light sensitivity (ISO) range of 100-25,600, a 45 mm F1.8 2D/3D lens and a 3.31-inch touchscreen that tilts for high- and low-angle shots.

In an attempt to "bring excitement back to the PC segment", Samsung launched its Series 7 notebooks.

The Series 7 Chronos laptop comes with a 15.7-inch touchscreen that supports 10-point multi-touch and a battery life of 11 hours, while the "Ultra" laptop of the series has a 13.3-inch touchscreen display and a battery life of around eight hours.

The series also has an all-in-one touchscreen device, called the Series 7 Touch (SC770).

The popular Galaxy Note 8 was repackaged to Galaxy Note 510 for the South Asian market, in a bid to capture the e-book reader and diary market.

It has an 8-inch capacitive touchscreen display with a resolution of 1200 x 800 pixels, and comes with the stylus -- S Pen.

The new device runs on Android Jelly Bean and has a 16GB internal storage and rear and front cameras.

Samsung said it aims to be the global market leader in home appliances by 2015, and with that in mind it has launched a new refrigerator and a washing machine at the event.

The refrigerator, RT42, is loaded with a new technology that allows it to keep fruits and vegetables fresh for longer.

## Demutualisation bill to be placed in parliament today

**GAZI TOWHID AHMED**

The Demutualisation Act 2012 will be placed in parliament today, officials at the Dhaka Stock Exchange said.

The Act is meant to separate the bourses' management from ownership to ensure transparency and accountability in the market.

The demutualisation process will start as soon as possible, a DSE official said, adding that the move will boost investor confidence.

The stockmarket regulator approved a draft of the Demutualisation Act in September last year.

Demutualisation transforms a stock exchange from an entity owned by stockbrokers into a public company owned by shareholders.

The process is conducive to sound corporate governance and operational efficiency.

Once the process is complete, majority of the board directors will be selected from independent directors.

The bourses will also be able to raise funds from the market through initial public offering. The stock exchanges can also sell shares to institutional investors.

The bourses will have to submit their demutualisation scheme within 90 days from the enactment of the Act, the regulator had said earlier.

The regulator will then give consent to the process within the next 60 days.

## Deficit financing falls

**REJAUL KARIM BYRON**

The deficit financing fell 117 percent year-on-year in the first six months of the current fiscal year, on the back of lower subsidy expenditure.

In the July-December period of fiscal 2012-13, deficit financing stood at Tk 14,353 crore, down from the Tk 22,331 crore in the same period a year ago.

Deficit financing, essentially, is the practice in which a government spends more money than it receives as revenue, the difference being made up by borrowing or minting new funds.

Deficit financing in Bangladesh, where capital markets are underdeveloped, may place the government in debt to foreign creditors.

"The positive aspect in this year's deficit financing is the higher foreign financing and the lower bank borrowing," a finance ministry official said.

The cost of borrowing from foreign sources is low. In most

cases, it is below 1 percent, while for domestic sources the interest rate is about 7 percent on average.

Borrowing from domestic sources increases the government expenditure in the budget as interest payment soars up, and is discouraged by economists.

In the past six months, net foreign financing increased 117 percent -- but domestic borrowing fell about 65 percent.

Net foreign financing stood at Tk 7,871 crore in the first seven months, up from Tk 3,627 crore recorded for the same period last fiscal year.

The government borrowed Tk 6,482 crore from domestic sources between July and December 2012, while the amount in the same period last fiscal year was Tk 18,703 crore, according to central bank statistics.

Of the sum, Tk 5,244 crore came from banks, down 70 percent year-on-year.

"Subsidy expenditure on petroleum, fuel, fertiliser, electricity has

yet to take off in full swing, but bank borrowings will increase when it does in the coming months," the official said.

The government set a target to borrow Tk 20,100 crore from the banking system for the current fiscal year.

"Bank borrowing will remain within the budgetary target this time as foreign aid disbursement and sale of savings instrument have also increased."

Sales of savings instrument increased 44 percent year-on-year to Tk 11,558 crore in the first seven months of the current fiscal year, while net foreign aid receipts rose 58 percent to \$870.82 million.

The government in a commitment to the IMF has said it will contain subsidy cost by making timely adjustments of fuel, electricity and fertiliser prices along with necessary social safety guards, to avoid crowding-out priority spending and pushing up domestic borrowing.

## Thai fair begins in Dhaka Thursday

**STAR BUSINESS DESK**

A two-day Thailand Trade Show 2013 will be held at Sonargaon Hotel in Dhaka on March 7-9, the Thai embassy said in a statement yesterday.

Industries Minister Dilip Barua and Thai Ambassador to Bangladesh Madhurapochana Ittarong are scheduled to attend the inauguration of the fair on March 7.

The fair aims to expand business relations between Bangladesh and Thailand.

A range of products including garments and fashion accessories, auto parts, heavy machinery, electronics, jewellery, construction materials, leather and footwear along with members of the service industry will participate in the fair.

Businesspeople will have the opportunity to have instant meetings with Thai counterparts during the show.

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