

New country head joins WB's Dhaka office



Johannes Zutt
STAR BUSINESS DESK

The World Bank has appointed Johannes Zutt as its new country director for Bangladesh and Nepal. A Dutch national, Zutt joined the Dhaka office yesterday. He has wide experience in development since 1990, the global lender said in a statement yesterday. He joined the World Bank in 2000 and held managerial positions. He also served the lender as its country director for Eritrea, Kenya, and Rwanda.

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BB unearths scam by a director of Mercantile Bank

STAR BUSINESS REPORT

A director of Mercantile Bank has taken illegal financial advantage from the bank in a way which the central bank says is a criminal offence.

A special inspection by Bangladesh Bank into the private bank's Agrabad branch in Chittagong unearthed the irregularities.

Md Shahabuddin Alam, the director, issued cheques and drew Tk 126.72 crore from the branch in the name of his company SA Oil Refinery Ltd between March 4-October 3, 2012 according to a BB report.

The cheques were encashed on the same day they were issued and the branch maintained its daily ledger by preparing fake documents, the report said.

The BB also said the amount that was withdrawn by the company did not result in any income to the bank.

However, Mercantile Bank's documents showed that pay orders were issued from the Agrabad branch favouring the sister concerns of SA Group of Industries in the morning of the day of transaction against placement of cheques (mostly drawn on SND account of SA Oil Refinery Ltd) irrespective of sufficient credit balance

in the account.

A special notice deposit (SND) account is an interest bearing deposit account, for a short period of time. However, a seven-day notice is required if the customer wishes to withdraw money from this account, according to Mercantile Bank's website.

A total of 1,519 pay orders were issued in 2011-2012 amounting to Tk 1,854.18 crore from the branch in favour of different sister concerns of SA Group of Industries in the same manner.

In January this year, the BB in a letter to the managing director of Mercantile Bank said corruption had been taking place in the branch and the central bank was not informed that the director has a loan account with the branch.

On the basis of the letter, the chief executive of the bank asked the manager of the branch, Nanda Dulal Bhattacharjee, to explain the matter.

In reply, the branch manager who is also an executive vice president said the director took "the advantage on almost all of the managers of Chittagong city area since long by doing the above mentioned irregular transactions in his business account(s) under compelling situation."

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Garment makers form panels to mark faulty factories

STAR BUSINESS REPORT

Garment makers yesterday formed two panels to inspect risky factory buildings under the purview of Rajdhani Unnayan Kartripakkha.

RAJUK Chairman Nurul Huda will lead the five-member core committee, Bangladesh Garment Manufacturers and Exporters Association President Atiqul Islam told reporters at the trade body's office in Dhaka. A technical committee convened by Sheikh Abdul Mannan, a member of the Rajuk board, will assist the core committee during inspection.

The members of the committees include Bangladesh University of Engineering and Technology, RAJUK, BGMEA and Bangladesh Knitwear Manufacturers and Exporters Association, he said.

The committees will start work today, said Islam, adding that BGMEA is also set to open a cell to identify faulty garment factory buildings.

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EMBASSY OF GERMANY

Left, Prof Muhammad Yunus meets Prof Norbert Lammert, president of the German parliament; and Petra Ernstberger, MP and chairwoman of the German South Asia Friendship Group, during the Nobel laureate's recent visit to Germany. They discussed the collapse of Rana Plaza at Savar in Dhaka, working conditions in the garment sector and the current situation of Grameen Bank. Lammert expressed his condolence for the accident.

Foreign investment in DSE drops for the second month

SARWAR A CHOWDHURY

Foreign investment in the stockmarket declined in April for the second month due to the overcast state of the market.

In April, foreign investment dropped 19 percent from the previous month to Tk 73.40 crore, according to data from the Dhaka Stock Exchange.

Foreign investors bought shares worth Tk 119.62 crore and sold stocks worth Tk 46.22 crore in the month.

"Stock prices have come down to such a level that the foreign investors do not

since the price debacle in 2011, with the DGEN, a key index of the Dhaka bourse, plummeting to 3,618 points towards the end of April, 2012 from 9,304 on January 2, 2011.

The daily turnover, too, dropped by an astounding 91.6 percent during that period, from Tk 1,612 crore to Tk 136 crore.

Islam, however, sees the situation reversing soon thanks to the recent move by the central bank to allow local stockbrokers to share commissions with their foreign counterparts.

Previously, commissions from trade made on behalf of investors referred by foreign stockers went solely to the local brokerage houses, an act that discouraged foreign stockbrokers from participating in the country's capital market.

"We are carrying out full-on marketing to attract the global fund managers to our market."

Also known as portfolio investment, foreign investment accounts for less than 1 percent of DSE's total market capitalisation.

Banks were the foreign investors' preferred sector, but non-bank financial institutions, power and energy, pharmaceuticals, multinationals, telecoms and IT also caught their attention.

In 2012, foreign investors bought stocks worth Tk 1,348.41 crore, while sold shares worth Tk 555.8 crore.

Airtel takes full control of Bangladesh unit

Indian company buys out Warid's remaining 30pc stake

STAR BUSINESS REPORT

Bharti Airtel will acquire the remaining 30 percent stake held by Warid in Airtel Bangladesh Ltd.

In January 2010, Airtel acquired a 70 percent stake from Warid in the Dhaka-based company and renamed it Airtel Bangladesh.

"The agreement and consequent transactions will be effective, subject to the company receiving Bangladesh regulatory and statutory clearances," Airtel said in a statement yesterday.

Airtel did not disclose the value of the deal.



India-based Bharti Airtel Ltd is a global telecommunications company with operations in 20 countries across Asia and Africa.

In terms of subscribers, Airtel ranks among the top four mobile service providers globally, according to the statement.

In India, the company's products include 2G, 3G and 4G wireless services, mobile commerce, fixed line services, high-speed DSL broadband, IPTV, DTH, enterprise services including national and international long distance services to carriers.

Airtel counted more than 271 million customers across its operations worldwide at the end of March 2013.

Dubai-based Warid Telecom received its mobile cellular phone licence in Bangladesh in 2005 with a 15 megahertz spectrum in 1,800 MHz band at an amount of \$50 million. Warid came into operations in May 2007.

Buyers want a regulator to ensure safety at factories

REZAUL KARIM

Garment importing countries want a strong regulatory body soon to ensure workers' rights and safe working conditions at Bangladeshi factories, in line with international labour standards.

Foreign diplomats in Dhaka also warned that "this (Savar building collapse) may be the last opportunity for Bangladesh to improve safety of workers."

"There is now discussion all over Europe whether they will continue to buy Bangladeshi garment products... I think they will continue to buy, but this time there may be serious warning from foreign countries to enhance wage and work conditions in factories," said a diplomat of a European country.

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Funds depend on redesigned Padma bridge: Jica

REJAUL KARIM BYRON, from New Delhi

Japan is willing to finance the proposed Padma bridge provided the government changes the project plan, a senior official of Japan International Corporation Agency said yesterday.

"If the government formulates a different framework for the Padma Bridge project, then the Jica is ready to hold talks," said Nakahara Masataka, Jica's director general for South Asia department.

Masataka's comments came after a meeting with the Bangladeshi delegation to the 46th annual meeting of the Asian Development Bank, now being held in Delhi.

Bangladesh Bank Governor Atiur Rahman and Economic Relations Division Secretary Abul Kalam Azad were present, among others, at the discussion with the JICA officials.

Asked about Jica's proposal, Finance Minister AMA Muhith ruled it out on grounds that the government wants to begin construction work imminently.

"A consultant has already been appointed for preparation of the documents for inviting international bid for the Padma bridge project," he told the gathering media from Bangladesh following a meeting with Indian Finance Minister P Chidambaram

However, without elaborating, Muhith said both Jica and ADB would chip in with their assistance at some stage of the project.

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