

Proper guideline a must for corporate governance

Analyst speaks on regulations and governance mechanisms

STAR BUSINESS REPORT

A unique guideline on corporate governance would help the banking sector follow regulations better, a keynote speaker said at a discussion yesterday.

"Bangladesh Bank may issue a master circular on corporate governance instructions to banks," said Barrister Sheela Rahman, a consultant of International Finance Corporation (IFC) that is working on corporate governance in Bangladesh.

There are guidelines by Bangladesh Securities and Exchange Commission (BSEC), Banking Companies Act and several circulars issued by the central bank on corporate governance at different times, which often create confusion, the key-

note speaker added.

She presented a keynote paper on "corporate governance mechanisms for banks in Bangladesh" at a roundtable on Effective Implementation of Corporate Governance in Bangladesh, jointly organised by the Institute of Chartered Accountants of Bangladesh and IFC.

Bank laws and regulations have higher corporate governance standards than the BSEC guidelines, except for independent directors, she said.

KA Wadood, general manager of Bangladesh Bank, said credit risk is a vital part in the banking sector, but there is lack of knowledge in managing the risk factors.

"The banks are highly concentrated on the consumption sec-

tor than the real sector. More than half of the funds are credited to certain groups," he said, adding that the banks need to diversify their concentration.

Adeeb Khan, a chartered accountant, said it is not enough to have board committees on practising corporate governance guidelines; they should be functional.

Khan said the central bank works to ensure good corporate governance especially in banking sector identifying and regulating the risk factors.

But, he said, there are contradictions between the central bank's requirements and the Bangladesh Accounting Standards.

Presiding the discussion, ICAB President Abdus Salam

said: "Corporate governance involves regulatory and market mechanisms, and the roles and relationships between a company's management, its board, its shareholders and other stakeholders, and the goals for which the corporation is governed."

"For effective implementation of corporate governance, we definitely should have a defined and comprehensible corporate governance guideline," he said. There should be harmonisation of corporate governance guidelines among Bank Companies Act, BSEC guidelines and BB circulars.

If there is any conflict among the guidelines, there should be a clear specification regarding which guideline or directive to be followed, he said.

Md Farooq, vice-president of ICAB, said the company board of directors should be separated from management in order to ensure corporate governance.

Muhammed Farhad Hussain, a former president of ICAB, said two important things -- government aspect and management aspect -- are required to function properly to ensure governance, transparency and fairness in overall activities of the company including financial statement.

Humayun Kabir, a former president of ICAB, said the board of directors require practising professional ethics.

If the board of directors play the role of the executives, there will be problems complying with the ethics, he added.



Morshed Alam, chairman of Bengal Group, and James A Katlan, senior vice president of development at Swissotel, shake hands after signing the documents of a hotel management deal between their organisations recently. The Swissotel Dhaka is being developed by Bengal Group in Gulshan, and is scheduled to open in 2018.

Reliance Insurance gets new chair



Shahnaz Rahman

Habibullah Khan

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Shahnaz Rahman and Habibullah Khan were elected chairman and vice-chairman of Reliance Insurance Ltd at the company's 25th annual general meeting held in Dhaka recently, it said in a statement yesterday.

The meeting was presided over by the outgoing chairman, Shamsur Rahman.

Shahnaz Rahman is also a director of a number of firms, including Transcom Ltd, Transcom Beverages Ltd (franchisee of Pepsi), Bangladesh Lamps Ltd (licensed manufacturer of Philips Lighting Products), Transcom Food Ltd (franchisee of Pizza Hut and KFC), Transcom Electronics Ltd, Eskayef Bangladesh Ltd, Mediastar Ltd (publisher of the daily Prothom Alo), and Mediaworld Ltd (publisher of The Daily Star).

Habibullah Khan is the managing director of Meenhar Group of Companies.

Khan is a former president and the founding vice president of Chittagong Stock Exchange Ltd, and former president of Bangladesh Frozen Food Exporters Association.

CNG owners, workers call strike for May 26, 27

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A section of CNG-run autorickshaw owners in Dhaka city has urged all owners and workers in the sector to observe a 48-hour strike from May 26 to press home their 10-point demands. Increasing the economic lifespan of autorickshaws from 11 years to 15 years tops the list of demands.

Dhaka Mohanagar CNG Autorickshaw Owners Association yesterday made the call at a press conference at the Photojournalists Association in Dhaka.

Their other demands include: withdrawal of additional taxes of Tk 2,500 annually on each autorickshaw, stopping police harassment, increasing daily deposit money from Tk 600 to Tk 900 for each vehicle, raising fare from Tk 30 to Tk 40 for travelling first two kilometres, Tk 7 to Tk 10 for further each kilometre and waiting charge from Tk 1.25 to Tk 2 a minute.

They also demanded reducing of import duty on different parts of CNG-run auto rickshaws.

The organisation's President Harun-ur-Rashid, and General Secretary ATM Nazmul Hasan spoke at the press conference.

Why India slowed

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We have already seen a significant boost to economic activity from India's construction of its highway system. The boost to jobs and growth from the Delhi-Mumbai Industrial Corridor, linking the country's political and financial capitals, could be significantly greater.

To the extent that democratic responses to institutional incapacity will contribute to stronger and more sustainable growth, India's economic clouds have a silver lining. But if India's politicians engage in point-scoring rather than institution-building, the current slowdown may portend stormy weather ahead.

Raghuram Rajan, professor of finance at the University of Chicago Booth School of Business and the chief economic adviser to the government of India, served as the International Monetary Fund's youngest-ever chief economist and was chairman of India's Committee on Financial Sector Reforms. He is the author of "Fault Lines: How Hidden Fractures Still Threaten the World Economy".

Farming deserves more attention

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He said farmers have repeatedly been demanding storage facilities for the last few years so they can sell products whenever they want.

The agriculture activist also said the time has come for the country to consider zoning agriculture, as cultivable land is being turned into industries and households in an unplanned manner.

Farmers also urged the government to modernise the agriculture extension department as field officials of the agency only take care of major and successful farmers.

Poultry farmers demanded tax holiday for the sector until 2025, input support cards like crop growers and a special allocation of Tk 1,000 crore for entrepreneurs who have lost their farms due to Bird Flu.

People working in the dairy industry demanded low cost funds and allocation of special subsidies.

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Muhammed Ali, managing director of United Commercial Bank, receives an award for the bank from Atiur Rahman, governor of Bangladesh Bank, at the First School Banking Conference in Dhaka recently.



Rupam Kishore Barua, managing director of Confidence Cement, and Ali Reza Iftekhar, managing director of Eastern Bank, exchange documents of an agreement to raise a syndicated loan of Tk 1.6 billion for the cement-maker at the Westin hotel in Dhaka on Tuesday.

Say not to black money: analysts

STAR BUSINESS REPORT

The government should not keep the provision of whitening black money in the next fiscal year as such a privilege aggravates the health of the economy, analysts said yesterday.

Black money will only encourage corruption and create discrimination against honest earners, said M Zakir Hossain, project coordinator (climate finance governance) of Transparency International Bangladesh.

He said, unless the political leaders are sincere, the country will not be able to reach a tax-GDP ratio of 15 percent by 2015.

He also criticised the Anti Corruption Commission and the National Board of Revenue, saying these organisations are not so proactive.

They cannot take pre-emptive strategies to fight corruption and irregularities, he said.

Hossain spoke at a discussion on "political economy of undisclosed money", organised by EquityBD, a network of right-based organisations, at the National Press Club in the city.

"If the government allows black money in the next budget, it will discourage the taxpayers and encourage corruption," said Abu Ahmed, a professor of economics at Dhaka University.

He also stressed the need for the passage of the long-standing Financial Reporting Act.

Confrontational politics is responsible for social insecurity, which is causing capital flight, Ahmed said.

The amount of capital flight is around \$1.8 billion a year, which is much higher than the total annual foreign aid and loan at \$1.2 billion, according to EquityBD.

Ahmed also said multinational companies should be transparent in disclosing how much of their profit is being repatriated.

Black money accounts for 38 percent of the economy of Bangladesh, while the figure is around 23 percent in India, said Ahsanul Karim, a researcher at EquityBD.

Bangladesh can follow Indian examples in taking different internal and external measures to contain black money, he said.

Khawaza Main Uddin, president of Economic Reporters Forum, also urged the government not to allow black money in the next budget.

Black money makers pay 10 percent tax, while general people pay 25 percent tax on their disclosed money. So, people with honest income are unfairly treated, he added.

BGMEA to set up a database of garment workers

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Nurul Kabir, editor of New Age, recommended erecting a monument on the ground of Rana Plaza in honour of the dead workers. "The BGMEA can also make a shopping mall on the site."

Imdadul Haque Milon, editor of the Kaler Kantho, suggested strengthening the relationship between the garment workers and the owners to avoid any untoward incidents in future.

Dewan Hanif Mahmud, editor of the Banik Barta, said it was the responsibility of the state to identify the risky buildings and to take measures against those owners.

Ajit Kumar Sarkar, city editor of official news agency BSS, said a proper database would remove confusion about information about the victims.

Pharma companies to widen global reach

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Beximco has developed high quality pharmaceutical facilities with a competitive cost structure to manufacture and export generic drugs, Hassan said.

The company will launch more products for Europe, the second largest pharmaceutical market in the world, he said.

"The pharmaceutical sector is highly developed in Bangladesh and contributes significantly to the country's economy," said M Mohibuz Zaman, chief operating officer of ACI Ltd, another exporter.

The sector has the potential to flourish like garments, he said.

Sales of pharmaceutical products, both in the domestic and world markets, are expected to reach Tk 12,000 crore this year, up from Tk 10,610 crore a year ago, he said.

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Asia-Pacific growth better than expected: ADB

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"In a proper perspective, this should be seen as a process of resurgence of Asia regaining the position it had on the global stage some 250 years ago."

The premier said as the world moves towards one where consumption and investment shift towards emerging markets, especially in Asia, several opportunities and challenges arise.

"They include accommodating different models of growth, ensuring that growth is inclusive and providing Asian countries with a voice in international forum that is commensurate with the aspirations and needs of their people."

Singh said the Manila-based lender is uniquely positioned to facilitate this

change and work with governments to make the world order "more inclusive, fair and stable."

While it is true that Asia-Pacific, growing at more than 8 percent annually over the last two decades, is the "most dynamic" region of the world, there are still stark differences across and within countries in the region, he added.

"Though there has been a significant reduction in poverty in many countries, inequalities have not fallen, and some social indicators, including the extent of malnutrition, have not improved significantly."

"Deficiencies also exist in the delivery of public services, health, education, infrastructure development and the protection of environment. It is

time Asian economies step up their efforts to address common challenges by investing resources in areas that help empower all sections of our people."

AMA Muhith, the finance minister of Bangladesh, said the country is one of the few least developed ones on course to achieve almost all of the targets under the United Nation's Millennium Development Goals initiative.

"Partnerships are very important in achieving development goals, and the Bangladesh government has closely worked with donors, civil society, private sector and various stakeholders to achieve that," he said, adding that the country offers a model in donor coordination.

Muhith said, in an integrated global

economy a crisis in the developed countries makes life very difficult for the poorer countries, although they have no or very little role in origination of the crisis.

"The Eurozone debt crisis, US recovery and overall macroeconomic stability must be boldly tackled in a coordinated fashion. The point is emphasised particularly because it is feasible to undertake appropriate action in the economic or financial sector, unlike in cases of political turmoil."

Modelled on the World Bank, the ADB was established in 1966 with a view to reducing poverty in the Asia and the Pacific region through environmentally sustainable and inclusive economic growth and regional integration.