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# Star BUSINESS

DHAKA TUESDAY JULY 9, 2013, e-mail: business@thedailystar.net

## BASIC Bank faces BB ultimatum

The central bank asks the bank to sign a deal to improve performance, or face actions

**SAJJADUR RAHMAN**

The central bank has issued an ultimatum to the troubled state-run BASIC Bank to either sign a deal with it by 17 this month to improve its performance or face punitive measures.

The directive came yesterday after the state-run bank failed to get its board's approval for signing a memorandum of understanding (MoU) with Bangladesh Bank by Sunday last -- a timeframe the central bank set last month.

"If you fail to sign the MoU by 17 this month, you'll face actions," read the letter written to BASIC Bank's Managing Director Faqurul Islam.

The BB also warned the managing director for his failure to comply with its instructions on punishing the officials of the bank responsible for irregularities.

**BASIC BANK HIGHLIGHTS**

- The bank in the middle of Tk 4,000 crore scam
- BB sets a new deadline to sign a MoU by July 17, otherwise MD will face actions
- Previous deadline ends on Sunday last
- BASIC fears the MoU would unearth more irregularities

The central bank has similar MoUs with four other state-owned banks – Sonali, Janata, Agrani and Rupali. Under the agreement, the BB reviews performance of these banks on a quarterly basis.

BASIC Bank came to the spotlight after the central bank inspection detected scams involving more than Tk 4,000 crore in some of the branches.

According to the inspection report, Gulshan branch alone lent more than Tk 1,500 crore between December 2009 and 2012, mostly to nonexistent companies and without complying with the bank's rules.

Shantinagar, Dilkusha and Motijheel (main branch) branches collectively granted around Tk 2,500 crore loans in the same way the Gulshan branch did.

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Nobel laureate Prof Muhammad Yunus speaks at a monthly luncheon meeting of American Chamber of Commerce in Bangladesh, at Ruposhi Bangla Hotel in Dhaka yesterday. Story on page 1.

## IT firms seek help from big peers

Analysts speak at first-ever IT marketing forum



Analysts take part in a discussion at the BASIS IT Marketing Forum, at Radisson Blu Water Garden Hotel in the city yesterday. Bangladesh Association of Software & Information Services (BASIS) organised the daylong event.

**STAR BUSINESS REPORT**

IT entrepreneurs yesterday called for introduction of a revenue sharing model to help them collaborate with large local companies and take the industry forward.

"The big local companies can support the good ideas of the small IT companies now and reap in reward later on. It is a win-win situation,"

Kamal S Quadir, chief executive of bKash, said.

His comment came at the first-ever Information Technology Marketing Forum, organised by Bangladesh Association of Software & Information Services (BASIS) at the capital's Radisson Hotel.

"Our IT companies are making very good products for the foreign companies, but due to a lack of confi-

dence we are not developing products for the local market," Russell T Ahmed, secretary general of BASIS, said at a panel discussion on "marketing: investment or expenditure?"

Kazi Monirul Kabir, country consultant for Google, said Bangladesh is failing to attract large foreign investment in the IT sector due to the absence of a proper ecosystem.

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## Bangladesh: next BPO destination

Experts say the youth to propel IT sector forward

**STAR BUSINESS REPORT**

The industry operators yesterday tipped Bangladesh to be the next destination for business process outsourcing (BPO).

The nation has a large number of young people with an increasing number of IT graduates and the service costs are lower compared to India and the Philippines, which can take BPO forward, they added.

"The demographic dividend is knocking at the door. BPO is the next opportunity for Bangladesh," said Raihan Shamsi, chief executive of GPIT, at a discussion organised by Bangladesh Association of Software and Information Services (BASIS) at Radisson Blu Water Garden, Dhaka.

The Daily Star was the knowledge partner for the event that was attended by IT entrepreneurs and professionals from home and abroad.

The optimism was shared at a time when the \$325 million IT and IT enabled services industry in Bangladesh has grown 25 percent in 2012 and registered increased exports earnings.

The country has also emerged as one of the top five destinations for freelancing for IT services.

Some 800 companies operate in the sector supported by a pool of 35,000 IT professionals and 10,000 freelancers, Shamsi said at a session. GPIT has secured a contract worth \$16 million for BPO.

He said the global market for BPO is expected to reach \$41.6 billion by 2015.

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## Price ceilings set for Ramadan staples

**STAR BUSINESS DESK**

Commerce ministry officials along with business leaders yesterday fixed price ceilings for selected food items that face huge demand during Ramadan.

The highest wholesale price for Iraqi Zahedi date was set at Tk 72-75 per kg and retail at Tk 75-85 per kg while the price for Australian chickpea was set at Tk 52-54 a kg for wholesale and Tk 62 for retail.

Varieties of Canadian lentil will have a maximum wholesale price of Tk 72-75 a kg, while its retail price will be Tk 75-85 a kg.

The prices set at the meeting chaired by ATM Murtoza Reza Chowdhury, additional commerce secretary, come into effect from today.

Md Helal Uddin, vice president of the Federation of Bangladesh Chambers of Commerce and Industry, and exporters also attended the meeting.

Participants said there are enough stocks of the necessities to cater to Ramadan demands, and thus prices of essentials should further fall in the recent future.

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## ADP implementation drops on hold-ups in large projects

**REJAUL KARIM BYRON**

The implementation of annual development programme (ADP) dropped in the first 11 months of fiscal 2012-13 from the same period a year ago on the back of delays in big projects.

Around 69 percent of the ADP allocation of Tk 52,366 crore was utilised between the July-May period of the just concluded fiscal year, meaning Tk 16,108 crore remained to be spent in the month of June alone for

full implementation of the ADP.

The figure is 1 percentage lower than fiscal 2011-12's at this point, according to data from Implementation, Monitoring and Evaluation Division (IMED).

A planning ministry official cited delays in big projects of important ministries such as health as the reason for the fall. In the first 11 months of fiscal 2012-13, the health ministry spent only 54 percent of its allocation.

The implementation rate in 10 other big ministries and divisions, however, was faster: the road division spent 80 percent, power 79 percent, local government division 71 percent and education 77 percent.

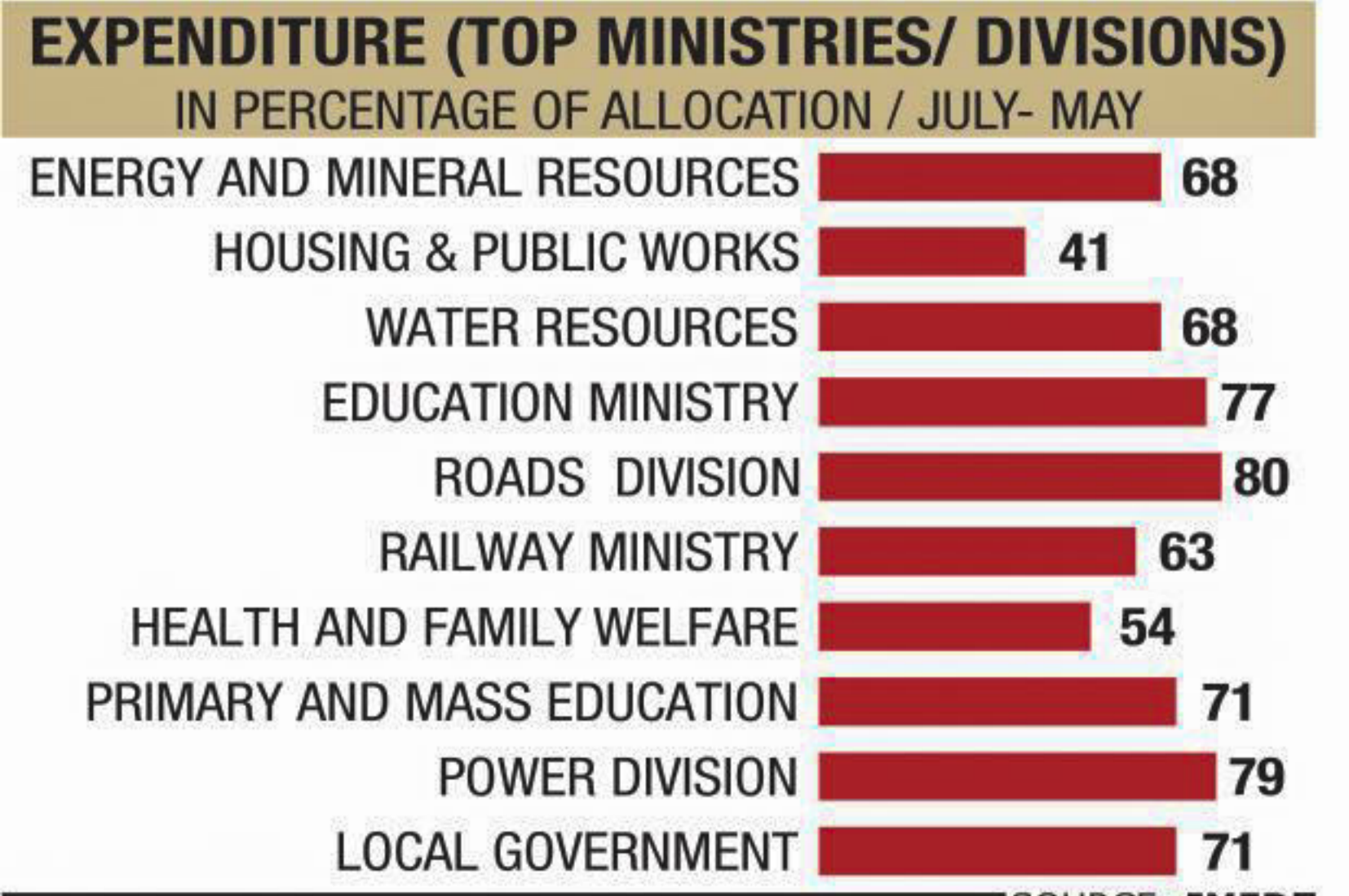
The utilisation of government's own fund, too, dropped: around 70 percent, or Tk 23,554 crore, was used in the first 11 months of last fiscal year, whereas it was 75 percent, or Tk 19,511 crore, in the corresponding period of fiscal 2011-12.

Foreign aid utilisation, however, picked up: it stood at 69 percent, or Tk 12,700 crore, against 60 percent, or Tk 9,042 crore, in the previous fiscal year.

The low likelihood of full implementation of fiscal 2012-13's ADP means the government's borrowings from the banking system would be lower.

Some Tk 24,776 crore was taken from the banking system during fiscal 2012-13 against the target of Tk 28,500 crore, according to central bank statistics.

Meanwhile, for the first time the IMED started monitoring the implementation status of development expenditure by the autonomous bodies in fiscal 2012-13. They managed to utilise only 41 percent of their allocation in the first 11 months.



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