

Send remittance through MoneyGram & Western Union around the World & Receive from NCC Bank instantly

**NCC Bank Ltd.**  
Where Credit and Commerce Integrates  
www.nccbank.com.bd

# Star BUSINESS

DHAKA THURSDAY JULY 18, 2013, e-mail:business@thedailystar.net

## NBFIs face stricter rules

BB issues guideline to help them better manage risks; firms not happy

**STAR BUSINESS REPORT**

The central bank has assigned greater responsibilities to the board and senior management of non-bank financial institutions to ensure consumer protection and promote sound risk management practices.

Bangladesh Bank yesterday issued a guideline for the NBFIs, giving specific directions on how they will charge various fees, manage risks, launch products and carry out supervisory activities.

But the industry people are unhappy with the ceiling the BB has set as documentation charges for loan processing.

The regulator has set the documentation fees charged by the NBFIs from their clients at maximum 0.50 percent of the sanctioned amount or Tk 200,000, whichever is lower.

The minimum amount of such fees may be determined by the NBFIs, but should not be more than Tk 5,000, according to the guideline.

However, the documentation fees (with stamp charges) should not be charged more than once.

"It will be impossible for us to survive in the business taking this charge. This ceiling may be applicable for SME clients," Asad Khan, managing director of Prime Finance, told The Daily Star in his reaction to the BB move.

Khan said the NBFIs' spread (the difference between the lending and deposit rates) has never reached 3 percent, which is more than 5 percent for banks. In addition, banks take numerous fees from their clients.

He also said they have to compete with banks for the same clients. "We'll have no option other than raising our lending rates if we want to follow the guideline," said Khan, also the president of Bangladesh Leasing and Finance Company's Association.

The guideline said the NBFIs have been given increased flexibility, and greater responsibilities have been assigned to the board and senior management to ensure that products and services risks are well managed, and the needs and rights of consumers are appropriately addressed.

**READ MORE ON B3**



Salesmen stand idle at a panjabi shop on Elephant Road in Dhaka yesterday, a popular hub of men's clothes, as sales remain low this season. Shutdowns over the past three days have only worsened the situation.

## Labour law 2013: many steps backwards

**REFAYET ULLAH MIRDHA**

Rights groups argue that the country has taken numerous steps backwards with the labour law 2013, although it is often billed as a landmark.

"This would be good news if the new law fully met international standards, but the sad reality is that the government has consciously limited basic workers' rights while exposing them to continued risks and exploitation," Phil Robertson, deputy Asia director for Human Rights Watch, an advocacy group, told The New York Times.

Although the new law is said to offer workers the full freedom to organise, the reality is far from it, said Nazrul Islam Khan, president of Bangladesh Jatiyatabadi Sramik Dal, the labour wing of the opposition party BNP.

"The amended labour is not worker friendly as it will favour the owners only," he said, adding that the government did not take into consideration the suggestions made of the labour leaders.

Take, for instance, the 10 percent threshold for signatories to form a trade union that they advocated for, to facilitate unionising.

But, as it stands now, signatures of 30 percent of the factory's workers are needed, as under the old law, to form a trade union. It seems unfeasible as many garment factories employ thousands of workers.

**READ MORE ON B3**

## BoP surplus hits record \$4.66b

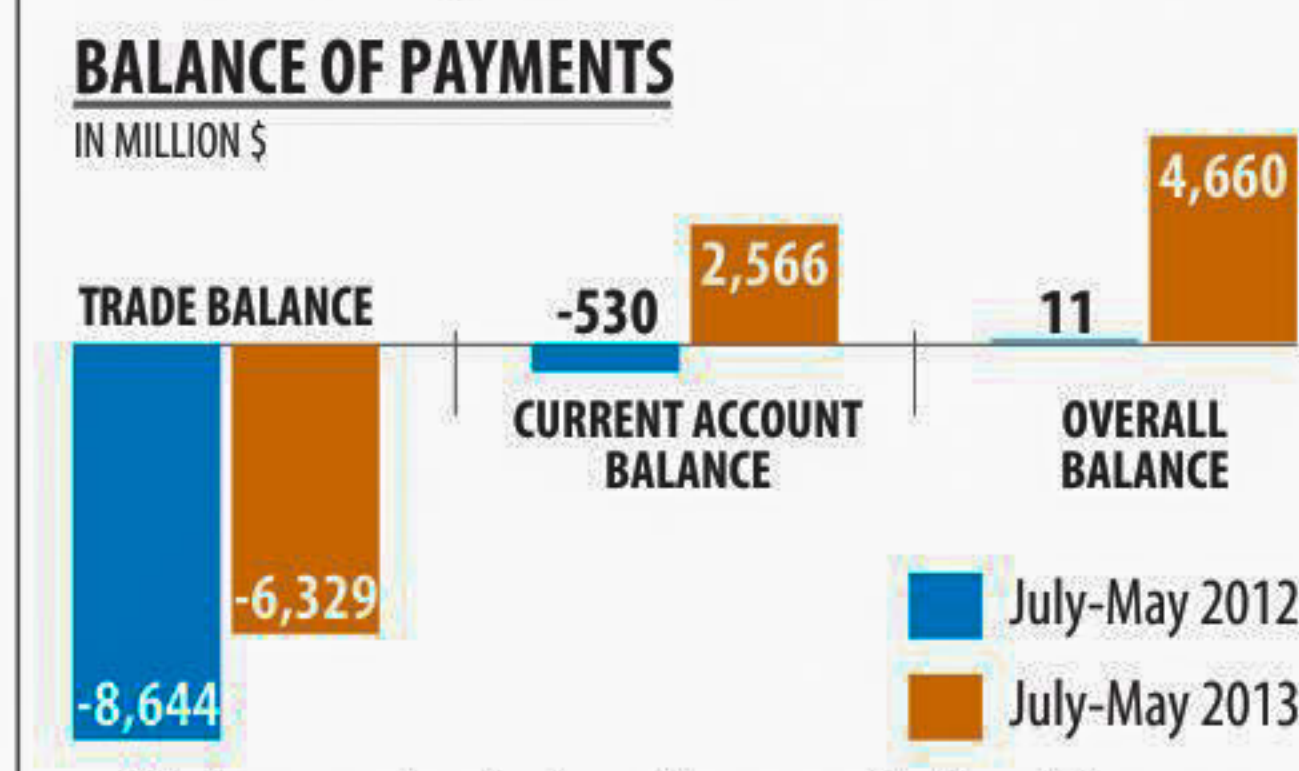
**REJAUL KARIM BYRON**

The country's balance of payments (BoP) saw a record surplus of \$4.66 billion between July and May on the back of a falling trade deficit.

It compares with \$11 million in the surplus in the first 11 months of fiscal 2011-12, according to data from Bangladesh Bank.

The reason for the monumental jump in surplus, according to a BB official, is the significant decrease in trade deficit, due to the "moderate" increase in exports and a drop in imports in the first 11 months of fiscal 2012-13.

During the period, imports decreased by 0.39 percent and exports increased around 10 percent, both of which, in turn, had the effect of narrowing the trade deficit by 26.78 percent to \$6.32 billion. "The political unrest at home and lower oil prices explain the decrease in imports," the BB official said, asking not to be named.



The import of capital machinery and industrial raw materials -- both accounting for almost half of total imports -- fell 14.23 percent and 3.09 percent respectively in the first , according to BB's LC settlement statistics.

Besides, every year the country has to spend a big chunk of foreign currency on fuel imports, which, too, dropped by around 9 percent. Food imports fell as well, by 31 percent, on the back of a good production at home.

In the first 11 months of the just-concluded fiscal year, remittance, foreign aid, foreign direct investment increased substantially, to push up the overall balance.

Thanks to the healthy BoP situation, the country has now maintained foreign currency reserve above \$15 billion for more than 6 months continuously.

**READ MORE ON B3**

## BB receives 427 customer complaints against banks

**STAR BUSINESS REPORT**

Bangladesh Bank last month received the highest number of complaints for non-payment against accepted import bills.

Of the 427 objections received from customers in June, 201 were for non-payment of accepted import bills alone.

Purchase of both local and foreign bills is a source of major financial irregularity in the country's banking sector. It calls to mind the biggest financial scam by Hall-Mark, a textile company that misappropriated hundreds of crores of taka out of Sonali Bank by way of import-bill purchase.

The central bank received 69 complaints against Sonali Bank, the highest for a state bank. Thirty-six objections were stacked against Krishi Bank and 32 against BRAC Bank, the highest among private commercial banks.

Of the complaints, 303 were settled, the central bank said in a statement, adding that regular communication with relevant banks were ongoing to work out the remaining complaints.

BB initially opened a help desk in March 2011 under the then foreign exchange inspection and vigilance department to reduce the harassment for customers when getting banking services.

Seven months later, the desk was renamed Customers' Interests Protection Centre.

The centre turned into a full department in July last year and was named the Financial Integrity and Customer Services Department.

## Ticfa up in the air

**STAR BUSINESS REPORT**

The signing of the Trade and Investment Cooperation Forum Agreement (Ticfa) with the US is still uncertain as the government is yet to decide on a date to ink the deal.

"Ticfa is a dead issue. The cabinet just approved it ahead of the US government's verdict on GSP [Generalised System of Preferences] thinking it might have an impact," a senior government official said yesterday.

Although the US has been informed immediately via a written letter about the cabinet's approval to Ticfa, a timeframe for signing the deal was not specified, the official said.

There are some procedural matters before the final signing of the agreement, but the government has yet to initiate any move to complete the procedure, he added.

After more than a decade of talks, the government on June 17 finally gave the go-ahead to the signing of a crucial deal that is expected to accelerate trade and investment with the US to foster an open and predictable environment for trade and investment.

## Cement exports to India halve as rupee plunges

**SARWAR A CHOWDHURY**

Cement exporters are facing tough times as shipment to India almost halved recently due to a steep fall of the rupee.

In the face of weak demand, some manufacturers have already stopped exporting to the neighbouring country, which is the only export destination for Bangladeshi cement.

The fresh blow comes after exports plunged 57.82 percent to \$14.58 million year-on-year in fiscal 2012-13, according to Export Promotion Bureau.

"Our exports fell by 45-50 percent in the last couple of months," said Alamgir Kabir, additional managing director of MI Cement Factory, a leading exporter who markets the Crown brand.

They exported 5,600 tonnes of cement last month to the

Northeast states of India, compared to 9,760 tonnes in May, Kabir said.

The rupee nosedived 10 percent against the dollar just in the last two months, resulting in a surge in import cost for the Indian traders, he said.

The dollar traded at Rs 59.33 yesterday and rose as high as Rs 61.05 on July 8, from Rs 54.83 on January 1, according to Reserve Bank of India.

In contrast, the Bangladeshi currency gained against the dollar due to higher foreign exchange reserves and lower imports. The taka has advanced 2.5 percent to Tk 77.75 against the dollar since January.

"Our export price has come down by around 5 percent due to the devaluation of the Indian currency," Kabir said.

**READ MORE ON B3**



Traveling becomes rewarding with up to 20% savings on airfare at Malaysia Airlines

Enjoy up to 20% savings on your airfare when you purchase tickets from Malaysia Airlines for journeys from Dhaka to your desired destinations, with your City Bank American Express® Credit Card.

**Details:**

Travel Origin	Travel Destination	Savings Percentage
Dhaka	All Malaysia Airlines destinations*	Business Class 20% savings Economy Class 15% savings

The offer is valid from June to November 2013. Traveling has never been so rewarding.



To find out more, please call 16234

**city bank** making sense of money

American Express is a trademark of American Express. This Card is issued by City Bank pursuant to a license from American Express.

Terms and Conditions:  
\* Offer valid till 15<sup>th</sup> November, 2013 • Travel must commence on or before 30<sup>th</sup> November, 2013 • Offer is available for ticket purchase with City Bank American Express® Credit Cards only • Tickets can only be purchased from selected travel agents and head office of Malaysia Airlines in Dhaka • Offer is only available for the day flight of Malaysia Airlines • Savings applicable on base ticket fare only (excluding tax & surcharges)

Now you can Apply Online for your **MTB Credit Card**

http://apply.mutualtrustbank.com

MTB CONTACT CENTRE 16219 or 88 09640 16219

Mutual Trust Bank Ltd.

## Export target fixed at \$30.5b

**STAR BUSINESS REPORT**

The commerce ministry yesterday fixed the export target for the current fiscal year at \$30.5 billion, up by 12.84 percent from the past year.

Bangladesh earned \$27.01 billion from foreign trade in the last fiscal year against the annual target of \$28 billion, registering an 11.22 percent growth.

**READ MORE ON B3**