

# Banks' over-cautious steps suffocating credit flow: ICCB

STAR BUSINESS DESK

Over-cautious steps by the commercial banks are hampering the much needed credit flow to the private sector, ICCB President Mahbubur Rahman said yesterday.

To gain from trade facilitation opportunities and become a middle income country in the next few years, Bangladesh must create a congenial environment for development of a sustainable private sector, he said.

For this, credit to the private sector as well as investment to the infrastructure is of utmost importance to those ends, Rahman said.

He spoke at the inauguration of a workshop on credit risk management and trade finance, organised by the International Chamber of Commerce (ICC) - Bangladesh at a local hotel in Dhaka.

However, the commercial banks and financial institutions must develop proper credit man-



Mahbubur Rahman, president of International Chamber of Commerce Bangladesh (ICCB), and Toufic Ahmad Choudhury, director general of Bangladesh Institute of Bank Management, attend a workshop on credit risk and trade finance management, at a local hotel in the capital yesterday.

agement systems to avoid risks and to provide credit to the private sector, Rahman warned.

A number of state-owned and

private commercial banks are faced with huge loan defaults due to fraudulent practices by some officials of a few commer-

cial banks (both public and private) in connivance with some ill-motivated unscrupulous clients, he said.

More than Tk 4,000 crore was siphoned off from two state-owned banks, which left the possibility open for such disasters at any commercial banks, he said.

The scandals raised serious question on the efficiency of the bank managements and their boards, as well as the central bank's failure to take drastic and timely action to stop such practices, he added.

Because of the interference, one of the pioneers of the non-commercial banks Janata Bank is fighting for its survival, said Mamun Rashid, chairman of ICCB standing committee on banking, technique and practices.

Toufic Ahmad Choudhury, director general of Bangladesh Institute of Bank Management; Johnson Chang, chief risk officer of HSBC Bangladesh; and Mohammed Hossain, former chief executive and managing director of Sonali Bank, were also present.



Rafiqul Islam Khan, sponsor of NRB Commercial Bank, inaugurates the bank's sixth branch in Chinisapur of Narsingdi yesterday. ASM Bulbul, additional managing director, was also present.



Golam Dastagir Gazi, director of Jamuna Bank, speaks at the inauguration of the bank's 89th branch in Rupganj of Narayanganj recently. Kanutosh Majumder, chairman, was also present.

## Korean institute, DU team up over solar energy research

STAR BUSINESS REPORT

Korea Electronics Technology Institute (KETI) plans to set up several test beds for photovoltaic module at Dhaka University to research on the potential of the country's renewable energy sector.

The Korean government-affiliated research institute will also build an integrated photovoltaic module on a test basis at the "Energy Park" of the university's Institute of Energy.

At the same time, as part of corporate social responsibility, KETI and KOTRA (commercial section of Korean embassy) organised training programmes in two sessions for 80 students, faculty members and solar PV professionals.

South Korea organised the programme on Thursday, to mark the beginning of technical support collaboration with Dhaka University.

According to the KETI, a PV test bed is a 9kW power plant made of photovoltaic modules, inverters, monitoring systems and LED lightings provided by Korean companies to develop optimised PV technologies for a climate of high temperature and humidity.

In the next two years, researchers from KETI and Institute of Energy will collect data related to solar energy. Information and data collected from the research will greatly help design the solar power projects and set up the same in Bangladesh.

The project is fully sponsored by the ministry of trade, industry and energy of Korea. Yoon Jaebin from KETI will work as the project director with Dr Jeong Jae-Seong, senior researcher of KETI's research centre for components and materials physics.

Prof Saiful Haque of Dhaka University and his associates Dr Nasif Shams and Prof Md Habibur Rahman are working on behalf of Dhaka University on the project.

## S&P downgrades Qantas to 'junk' status

AFP, Sydney

Embattled Australian carrier Qantas' credit rating was downgraded by Standard & Poor's to "junk" status Friday after the airline issued a shock profit warning and slashed jobs.

Qantas on Thursday flagged a half-year loss of up to Aus\$300 million (US\$271 million) and said it would axe 1,000 jobs as it struggles under the weight of record fuel costs and fierce competition from subsidised rivals.

In response, S&P cut the airline's rating from BBB-, the lowest investment grade, to BB+ and placed it on a creditwatch with negative implications. Qantas shares closed 3.74 percent lower at Aus\$1.03, having lost more than 10 percent on Thursday.

The rating puts Qantas in what is known as "junk" status among professional investors, increasing the cost of financing for the carrier and restricting access for investors that do not put their money in lower rated companies.

"The downgrades reflect our view that intense competition in the airline industry has weakened Qantas' business risk profile to 'fair' from 'satisfactory', and financial risk profile to 'significant' from 'intermediate'," S&P said in a statement.

## Business leaders threaten tougher actions

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Earlier on December 3, garment exporters marched impromptu to Prime Minister Sheikh Hasina's official residence, where they held a two-hour meeting. Following the meeting they set off to BNP Chairperson Khaleda Zia's office in Gulshan, but were denied a meeting with her.

Meanwhile, the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) expressed its full support to the garment owners' latest step.

"We are unable to do any business amid this unstable political situation. So, it has to be stopped," said Helal Uddin, vice-president of FBCCI, adding that a grand rally will be organised should the situation not improve.

Annisul Huq, a former president of the country's apex trade body, "earnestly" urge the two political leaders to resolve the ongoing violence and save the future of 160 million people as they are "the mothers of the country".

Shafiqul Islam Mohiuddin, the immediate past president of BGMEA, said the businesspeople now provide around 74 percent of the total government revenue, so they have the right to get proper security from the government.

Mohammad Hatem, first vice-president of BKMEA, urged the government to enact a special law to protect the apparel industry.

Around 2 crore people are involved with export and import activities, said Abdus Salam Murshedy, president of the Exporters Association of Bangladesh. "So, this 'sick politics' in the country must be stopped urgently."

Rustom Ali, general secretary of Bangladesh Truck-Covered Van Owners' Association, said the country's transportation system has collapsed due to the blockades and shutdowns, during which picketers burn the vehicles and loot money from the drivers and helpers.

Jahangir Alamin, president of the spinners' platform BTMA, said the apparel sector is the backbone of the economy. "If the sector is damaged due to this volatile politics, there is no meaning of politics."

AK Azad, president of Bangladesh Chamber of Industries, and Sirajul Islam Rony, president of Bangladesh National Garment Workers Employees League, also spoke among others at the human chain.

The apparel sector now employs around six crore people in the backward, forward and supporting industries.

## Onion prices soar

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He said he did not buy local onions as the wholesalers in Shyambazar demand as high as Tk 120 a kg.

Malika Parvin, a buyer at Kadir's store, said: "Sellers charge prices at will citing short supply as an excuse."

"An onion crisis is looming because of the continuing blockades," said Md Alamgir Hossain, an onion importer at Bhomra Land Port, a main station to handle imported onions from India.

No truck could enter Bangladesh during the blockade days last week, as all port activities were suspended.

Only 30-32 trucks entered Bangladesh through the port on Friday when the authority kept it open, Hossain said. No trucks came through the port on Saturday.

"Short supply and higher transport fares are fuelling the prices of onion."



M Amanullah, chairman of Mercantile Bank, inaugurates the bank's 88th branch on Nawabpur Road in Dhaka recently. M Ehsanul Haque, managing director, was also present.

## Stocks gain marginally

STAR BUSINESS REPORT

Stocked gained marginally last week despite the bleak investment outlook amid the countrywide blockade enforced by BNP and its allies.

DSEX, the benchmark general index of the Dhaka Stock Exchange, went up by 46.67 points or 1.10 percent, to close the week at 4,277.39 points.

"Market is in a very capricious mood. It is not following any direction, as political uncertainties are still not taking any shape," LankaBangla Securities said in its weekly market analysis.

"Continuous political uncertainties are hampering corporate earnings. Export activities are being hampered severely."

Call money rate has come down to around 6 percent, the stockbroker said.

Investors could not make decisions on whether they would take position in the market or stay on the sidelines to observe the political situation, it said.

"Bleak investment outlook provided a shaky start to the first week of December," said IDLC Investments in its weekly market analysis.

Daily average turnover declined 30.47 percent to Tk 429 crore from the previous week.

The gainers took a modest lead over the losers as out of the 295 issues traded, 176 advanced, 97 declined and 22 remained unchanged on the premier bourse.

The major sectors showed mixed performances. Banks gained 2.65 percent, the most in the week.

## Employment in a globalised world

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However, it is likely that the corrective process will generate high social costs, as is the case of economics of transition.

These often weaken macro economics and reduce employment demand, which in turn result in a drop in real wages and increase the number of low-paid jobs in the unofficial sector or unemployed workers due to the lack of necessary flexibility to move from one productive sector to another. The following measures should be taken to boost economic growth and employment in developing countries:

-- Avoid peremptory and misguided policies on some targets such as microeconomic stabilisation, financial deficit reduction and balance of payments.

-- Adopt an appropriate trade liberalisation strategy, as radical and wide-spread liberalisation may entail high social costs due to the market competitiveness of certain exports. In developing countries, this competitiveness may suffocate nascent industries, and thus, lead to high unemployment.

-- Implement necessary programme to better allow local producers to the new economic situation generated by the economic recovery.

-- Redoubled efforts must be made to develop rural infrastructure, credit systems and guidance services.

Globalisation is a significant influence on labour market developments in many countries in the world or this influence may increase in the future.

A more realistic and positive view is clearly required. Moreover, it is important to recognise that both international and national policies can still make a decisive difference in increasing the benefits and minimising the costs.

The writer is a former deputy speaker and the chairman of Committee on Government Assurances.

## 30,000 workers return home from Saudi Arabia

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The Saudi government last May announced the amnesty until July 4 and later extended it to November 3.

The government would continue to carry out raids until all illegal workers are deported, said Maj Gen Sulaiman Al-Yahya, director general at the Saudi Passport Directorate.

"The crackdowns will go on to find and locate those who are in violation of residency and labour regulations. There is no deadline for this," Saudi Gazette reported last week quoting Al-Yahya.



Abdul Alim Khan Selim, vice chairman of Meghna Bank, inaugurates the bank's fifth branch at Ashulia in Dhaka yesterday. Kaiser A Chowdhury, managing director, was also present.



Ferdousi Ali, managing editor of The Daily Tribune, cuts a cake to mark the launch of Grameenphone's 3G services at the GP regional office in Khulna yesterday.

## CAREER OPPORTUNITY

A Multinational bank in the country has taken strategic plan for expansion of its business in Bangladesh. With this view, the Bank is looking for a competent, aspiring and creative individual in a senior / MANCOM level role as Head of Liability, capable of leading the Sales team and coordinate with the branches and ensure appropriate product launch, strategy, sales training and team building etc. The major responsibilities and prerequisites shall include:

- To be the focal person to initiate drive and achieve bank's deposit targets through embedding sales culture across the Branches and sales teams and ensure cross selling of other retail products.
- Coordinate with brand and business unit in acquiring new business and / or arranging different types of campaign.
- Planning, Directing and Management of Sales Team and Branches to acquire new business and ensure continuous business growth of the bank.
- Strong exposure of hands on Branch Management, Product Development and Sales Penetration strategy development initiatives at a Leadership role.
- Bachelors or Masters from any reputed university with minimum of 12 years of relevant working experience on sales in retail business
- Good IT, budget preparation, presentation and report writing skills coupled with strong command of English language.

Should you think yourself competent to take the challenge, you may apply with a detailed CV and a forwarding letter justifying your candidature to GPO Box – 997 within December 20, 2013.