

TIB condemns black money amnesty

STAR BUSINESS REPORT

Transparency International Bangladesh yesterday expressed deep concern over the government's recent move to allow unquestioned legalisation of black money in real estate.

The anti-corruption watchdog in a statement stressed the need for scrapping the rule from the national budget for 2014-15.

The unethical whitening provision in the budget indicates that policymaking is overpowered by corruption, said TIB Executive Director Iftekharuzzaman.

"Although the finance minister opposed the rule both in and outside parliament, continuing such unethical option without any logical explanation is frustrating and embarrassing."

The provision is contradictory to the constitution and the government's unconditional stance against corruption and its

initiative of bringing laundered money back to the country, TIB said.

The provision all but awards and institutionalises corruption, the TIB chief added.

The decision comes three weeks after Finance Minister AMA Muhith publicly vowed to discontinue "all sorts of scope for legalising black money" from the next fiscal year.

"I tell you that the provision is cancelled from today," Muhith said at a crowded post-budget press conference on June 6.

However, Muhith backtracked and said on Saturday that the facility would be available in the next fiscal year in two ways—investments in homes by paying tax, and legalisation of undisclosed income by paying a 10-percent penalty on top of normal tax.

The move reflects the finance minister's apparent U-turn and surrender to the pressure of corrupt politicians, bureaucrats and influential realtors, TIB said.

New commercial banking head for HSBC

STAR BUSINESS DESK

Bhuvnesh Khanna has recently been appointed as the head of commercial banking in HSBC Bangladesh, the bank said in a statement yesterday.

Khanna will be responsible for managing the commercial banking business in Bangladesh, including payments and cash management and global trade and receivables finance.

He has over 19 years of diverse experience in various frontline and management roles, including investment banking, corporate banking, business banking and retail banking.

Before joining HSBC Bangladesh, he was the head of business management, commercial banking in HSBC China. He joined the HSBC group in 2004 in India.

"We are delighted to welcome Bhuvnesh to our team in Bangladesh. He is a seasoned banker with a diverse range of experiences gained in numerous different roles and countries. I am confident that HSBC customers will benefit from his new perspectives," said Andrew Tilke, chief executive officer of HSBC Bangladesh.

Khanna replaces Md Mahub-ur Rahman, who is moving to take on his new role as the head of commercial banking in HSBC Malaysia, subject to regulatory approval.



Bhuvnesh Khanna



IIDFC

M Matiul Islam, chairman of IIDFC, presents a cheque and certificate of emission reduction to CM Alam, chairman of Kapita Auto Bricks, in the carbon revenue distribution programme in Dhaka recently.



RUPALI BANK

Nurul Islam Nahid, education minister, opens the relocated premises of Rupali Bank's Sylhet Agriculture University branch in Sylhet recently. Ahmed Al-Kabir, chairman of Rupali Bank, was also present.



PORCELONOSA

D Luis Tejada Chacon, Spanish ambassador; Nuria Lopez, chairperson of Nupami Foundation; Silvestre Segarra, director of Porcelanosa Grupo, and Aritz Izura, chief executive of Nupami BD Ltd, attend the launch of the Italian tile company's products at one of its outlet in Gulshan, Dhaka recently.

Latin American firms leap from Spain to rest of Europe

AFP, Madrid

Spanish firms seeking to escape a sluggish eurozone are heading in ever greater numbers to reap the financial benefits of doing business in the faster-paced economies of Latin America.

But the corporate business traffic now runs in both directions: Latin American groups are building business links with Spain as a gateway to entering the rest of Europe.

On a visit to Madrid this month by Mexican President Enrique Pena Nieto, for example, Spanish business chiefs, from the leaders of major bank BBVA to energy giant Iberdrola, lined up to meet with him.

Indeed, Spain's firms fall easily for Mexico's charms: an economy expected to grow five percent annually in the years ahead and which plans to invest 440 billion euros (\$600 billion) up to the end of 2018, notably in energy and telecommunications.

More generally, "we are witnessing a major boom in infrastructure construction in Latin America for the next decade," explained Juan Carlos Martinez Lazaro, lecturer at the IE Business School.

"We can see it from Mexico to Chile, where almost everything is yet to be done," he said, citing Brazil which is hosting the World Cup and will also put on the 2016 Olympics.

With its cultural and linguistic affinity, Latin America became a natural destination in the 1990s for Spanish companies seeking to spread internationally.

In that period, construction and public works group FCC set foot in the region, first in Costa Rica and Mexico, said Vicente

Mohedano, regional director for the group's construction branch.

FCC enjoyed "the same culture, the same language and practically identical values," he said. That offered it a competitive advantage that has led to FCC now undertaking about 40 percent of its construction activity in Latin America -- slightly more than it does in Europe.

The eurozone's financial woes sent more Spanish firms to the region, particularly Brazil and Mexico.

In March this year, FCC in a consortium with Spanish construction group ACS won a 3.9-billion-euro contract to build part of the metro system in Lima, Peru.

Brazil became Spanish telecommunications group Telefonica's top market at the start of 2013. In Panama, another Spanish firm, Sacyr, is overseeing the enlargement of the Panama Canal.

In Mexico, Iberdrola plans to invest 3.5 billion euros over six years.

- Mexican investment -

But the roles are being switched, too: Spain is now a target for Latin American companies, especially those from Mexico and Venezuela.

"There are more and more companies we call 'multilatinas' which are Latin American multinationals that have begun to have a presence not just in Latin America but also on a global scale, in Europe in Asia or the United States," said Carlos Malamud, Latin American research chief for the El Cano research institute.

They are investing in all sectors, the analyst said.

ECB monitors impact of anti-deflationary measures

AFP, Frankfurt

The European Central Bank is unlikely to make new policy moves at its monthly meeting next week, focusing instead on monitoring the impact of last month's unprecedented package of measures.

After cutting rates last time round and pre-announcing new liquidity measures in its battle to prevent the single currency area from slipping into deflation, the ECB will "sit tight" at its meeting on Thursday, central bank watchers predicted.

"The ECB is clearly going to sit tight for now at least while the interest rates and liquidity measures it announced at its June meeting increasingly kick in," said Howard Archer at IHS Global Insight.

"Indeed, a number of senior ECB policymakers have indicated that the bank is unlikely to act again in the near term at least, as it will take time for its recent announced package of measures to take full effect," the expert continued. At its June meeting, the ECB entered uncharted waters, taking one of its key interest rates into negative territory for the first time.

It lowered its benchmark refinancing rate to 0.15 percent and cut the deposit rate, the rate at which the central bank pays commercial banks for depositing their unused cash, to minus 0.10 percent.

This means that banks will be charged for parking funds at the ECB, in the hope they might lend it on to

businesses and consumers instead.

ECB chief Mario Draghi also unveiled plans to pump more liquidity into the financial system later this year via the Targeted Long-Term Refinancing Operation (TLTRO).

These are different to the liquidity measures it took at the end of 2011 and the beginning of 2012.

At that time, banks did not lend the cash on to the small and medium-sized companies that form the backbone of the eurozone economy and so this time, the ECB is targeting the loans to encourage banks to lend to households and non-financial corporations.

With regard to further follow-up action, Draghi promised in early June that the ECB would "if required ... act swiftly with further monetary policy easing."

But he admitted that in terms of interest rate cuts alone, there was no further room for action.

"For all the practical purposes we have reached the lower bound," he said.

Analysts therefore believe the ECB has other possible measures up its sleeve, even so-called quantitative easing (QE) -- widespread purchase of sovereign debt practised by other central banks, but which the European bank has steered clear from imitating so far.

"The ECB has indicated that it is prepared to take further action if the risk of prolonged too low inflation morphing into deflation persists," Archer at IHS Global Insight said.

Stocks bounce back as Muhith withdraws capital gains tax

FROM PAGE B1

Fine Foods was the highest gainer of the day, as it posted a gain of 9.92 percent, while Active Fine Chemicals was the worst loser, plunging by 4.09 percent.

The Chittagong Stock Exchange gained yesterday with its selective categories index, CSCX, soaring by 139 points to close at 8,540.

Gainers beat losers by 179 to 35, with 10 issues remaining unchanged at the port city bourse that traded 1.08 crore shares and mutual fund units with Tk 33 crore in turnover.

Meanwhile, the trading hours have been curtailed for the month of Ramadan, due to begin today. Trading will start at 10:30am and close at 1:30pm. The bourses will also remain closed on July 1 due to bank holiday.

Banks' lending rates dip to a record low

FROM PAGE B1

Non-bank financial institutions (NBFIs) are also feeling the pinch of the sluggish investment demand. On an average, their lending rates fell 1-2 percentage points between 2013 and 2014, market players said.

"Corporate borrowing has witnessed a drastic fall in recent months," said Selim RF Hussain, managing director of IDLC Finance.

He said massive investments are required in infrastructure, gas and electricity to boost investor confidence.

Muhith praises media for reports on banking scams

FROM PAGE B1

Muhith cited the sacking of BASIC Bank's managing director as an example of punishment. "Steps have been taken to recast the entire board of BASIC Bank."

Lawmakers Nurul Islam Milon, Rustom Ali Farazi and Haji Mohammad Selim opposed budget allocations to the banking division of the finance ministry, as they said the unit failed to stop scams in the banking sector.

SIBL extends chairman's tenure



STAR BUSINESS DESK

Social Islami Bank has extended the tenure of incumbent Chairman Md Rezaul Haque, the bank said in a statement yesterday.

Haque is the second founding sponsor director of the bank. He is also a sponsor director of United Hospital Ltd and a director of SIBL Securities Ltd.

He is also serving Little House (Pvt) Ltd, Active Builders Ltd, Probashi Forum Co-operative Ltd and SIBL

GM recalls 428,211 more vehicles

BBC NEWS

General Motors is recalling nearly half a million vehicles in the US amid concerns over faulty air bags and other issues, the company has said.

Among the 428,211 vehicles recalled on Friday are the Chevrolet Cruze, Silverado and GMC Sierra.

Problems in the vehicles' air bag mechanism risk shooting pieces of metal into the cabin or keeping the air bags from deploying, the company warned.

In 2014, GM has issued 48 separate recalls for 20 million vehicles total.

"The inflator in the driver's front air bag may rupture and/or the air bag may not inflate during air bag deployment," the company wrote in a statement listing the models and model years subject to the recall.

"A rupture could propel metal pieces of the inflator into the vehicle cabin, possibly striking and seriously injuring the driver or other vehicle occupants."

Additionally, if the inflator does not inflate the air bag, there is an increased risk

of injury to the driver."

The company said it was aware of one injury stemming from the issue.

Other issues cited in the four recalls announced on Friday include a transfer case failure which could allow a vehicle to lose all power to its wheels while in motion.

On 16 June, GM announced it would recall 3.16 million cars in the US because of ignition switch problems.

Earlier this month, an additional 500,000 Chevrolet Camaro cars were recalled after GM found fault with the ignition system.

In March, 2.6 million cars were also recalled because of a faulty ignition switch.

Earlier in June, the company raised its expected second-quarter charge for recall expenses to \$700m (£411m), up from \$400m.

In May, the company was fined \$35m for failing to address defects which have been linked to 13 deaths.

GM has now recalled nearly 20 million vehicles in the US this year - more than the carmaker sold in 2013.



SUMMIT GROUP

Muhammad Aziz Khan, chairman of Summit Group, and Md Arif Al Islam, managing director of Summit Communications, receive an award for best emerging market initiative at Asia Communications Awards 2014 from TianUnp Ping, assistant vice president for mobility at Starhub, in Singapore recently.



SJIBL

AK Azad, chairman of Shahjalal Islami Bank, presides over the 13th annual general meeting of the bank at Bashundhara Convention Centre in Dhaka yesterday. SJIBL announced 10 percent stock dividend for 2013. Farman R Chowdhury, managing director, was also present.