

# IMF urges banking discipline

STAR BUSINESS REPORT

The International Monetary Fund yesterday asked the government to better discipline banks to check financial frauds.

Naoyuki Shinohara, deputy managing director of IMF, made the call during a meeting with Finance Minister AMA Muhith at his ERD office.

The IMF raised the issue of banking forgery and Muhith said he informed the delegation about the remedial steps taken.

Muhith cited an example that the government boosted the powers of Bangladesh Bank in governing banks after the Hall-Mark scam.

But it is taking time to take action against BASIC Bank, he said, replying to a question on the issue.

Shinohara flew in on Monday and will leave Dhaka tomorrow. He is scheduled to speak at a media briefing today.

IMF's extended credit facility (ECF), a financial scheme to assist countries in maintaining sound balance of payments, will end in the year starting July 1.

"ECF is a good programme for the country and it is going to be completed successfully, even though many other IMF programmes have been cancelled half-way through,"

# Midas Financing gets green light for rights issue

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission yesterday approved Midas Financing's application to raise Tk 60.13 crore by way of a rights issue.

A rights issue is an issue of rights to a company's existing shareholders that entitles them to buy additional shares directly from the company in proportion to their existing holdings within a fixed time period.

The financial institution, which has been listed on the stock exchange since 2002, will issue 6.01 crore rights shares of Tk 10 each to its existing shareholders.

One rights share will be offered for each existing share, with LankaBangla Investments and CAPM Advisory serving as the issue managers of the rights issue.

The raised fund will be used for

capital strengthening in line with the central bank's requirement and for lease, term and SME financing and home loan expansion, the BSEC said in a statement.

The approval for Midas Financing's rights issue came at a meeting of the stock market regulator, where AB Bank's proposal to issue a Tk 250 crore-bond also got the nod.

The private bank intends to raise Tk 250 crore from institutional investors by issuing a 'subordinated bond' of a seven year-maturity period.

The nature of the bond will be non-convertible and unsecured, with the coupon rate ranging from 11 percent to 13 percent. The face value of each unit of the bond will be Tk 1 crore.

AB Bank will use the proceedings to meet the requirements of Basel II, raise Tier 2 capital and maintain the current account.



Citibank Bangladesh introduced its clients to the concept of real-time gross settlement and launched the bank's upgraded electronic banking platform, CitiDirect BE for mobiles and tablets, at a programme in Dhaka recently.



Officials of MasterCard attend the launch of the company's first campaign in Bangladesh--Char Chakka Hoi Hoi--for MasterCard debit and credit cardholders at a press conference at Sonargaon Hotel in Dhaka recently. The company will reward the highest spenders and users of the company's cards during the campaign that started on June 22 and will continue till July 31.



Sushma Swaraj, Indian external affairs minister, receives a crest from Mohammad Ali, president of India-Bangladesh Chamber of Commerce and Industry, at a meeting with a delegation of the chamber in Dhaka recently.

# Carmudi gets new country manager

STAR BUSINESS DESK

Ashiqur Rahman has been appointed country manager of Carmudi.com.bd, the online marketplace for vehicles in Bangladesh, the company said in a statement yesterday.

Rahman was head of communications in Ericsson Bangladesh prior to joining Carmudi. He was also involved in the launch of internet brand Qubee. "Carmudi is already a successful business as they have brought 90 percent of car showrooms across Bangladesh into the online space," he said. "Moreover, we have built a trusted brand and platform



# Debapriya suggests efficiency gains for development

FROM PAGE B1

Bhattacharya spoke at the opening plenary of the United Nations High-level Political Forum on Sustainable Development (HLPF) at the UN headquarters in New York on Monday. He is also the chair of Southern Voice on Post-MDGs, a network of 48 think-tanks from Latin America, Africa and Asia.

The global development community has to look beyond financial resources and generate efficiency gains by international negotiations in multilateral trade, climate change, technology transfer, international tax agenda and financial architecture, Bhattacharya said.

Also, strong and effective global development cooperation for improving the global

governance and institutions are imperative for low-income countries to accelerate national efforts to reduce poverty, inequality and discrimination in their respective countries, he said.

The HLPF meeting was themed on achieving the millennium development goals and charting the way for an ambitious post-2015 development agenda, including sustainable development goals.

The HLPF on Sustainable Development was created at the United Nations Conference on Sustainable Development (Rio+20) in June 2012, to provide political leadership, technical guidance and policy recommendations for adoption of sustainable development goals as part of the post-2015 international development agenda.

# Incomes from all sources should be taxed

FROM PAGE B1

"We even have not been able to bring the black money in the mainstream economy. We give some incentives and wait for voluntary actions from the black money holders. Stringent measures should be taken about the issue."

"We also talk about decentralisation. But all decisions are taken by the head of a department in a highly centralised system."

He also criticised the government for its failure to use the huge amount of foreign aid lying in the pipeline.

At present, about \$19.4 billion in concessional aid commitment has been in the pipeline, said Zahid Hussain, lead economist of the World Bank in Dhaka.

Hussain also said Bangladesh needs to explain how the growth in a turbulent year was higher relative to the growth in a normal year.

"This storyline has to be clarified. Otherwise, the World Bank will face this challenge in September-October when their Global Economic Prospects come out. They are going to ask us about the estimate for fiscal 2013-14."

"If we tell them that the FY2014 growth rate is 6.12 percent compared to 6.01 percent in FY2013, the next question naturally would be 'how do you explain?'"

"Because we have also told the public that because of the 45 days of strikes and turbulence, the GDP loss was at least \$1.4 billion. This estimate has been accepted in the budget speech of the finance minister."

Hussain said, this time the World Bank has disagreed not only on the magnitude but also on the direction of the growth estimate.

He said the credibility of the macroeco-

omic statistics is at stake. "If you don't have credible macroeconomic statistics, the macro-polices and macro-debates can't move forward constructively."

Hussain said he is really worried as too many unapproved projects have been included in the annual development programme (ADP).

He said, if the country can use 20 percent of the aid money in the pipeline then a large fraction of the external financial target will be achieved in the current fiscal year.

The WB economist also agreed with PRI's Sadiq Ahmed that decentralisation is the number one structural reform agenda.

"Through decentralisation, we can signal the political will for change, build capacity and solve the problem of aligning incentives with development performance."

The government will have to do something credible about decentralisation, Hussain said.

Binayak Sen, research director of Bangladesh Institute of Development Studies, said the Implementation Monitoring and Evaluation Division should be empowered to improve the scenario of project implementation in terms of quantity and quality.

He said the finance minister seems to be keen about giving more power to the upazila parishads, but the political authority might not want it.

Zakir Ahmed Khan, another former finance secretary, criticised the huge allocation made under the headline of the miscellaneous expenditure.

"It is huge. How could the miscellaneous expenditure be 9 percent of the budget?" he said.

# IGWs plan to form cartel

FROM PAGE B1

A model has been proposed so that the interests of all the gateways are protected and the government's revenue ensured, he said.

BTRC Chairman Sunil Kanti Bose said the proposal is currently being examined.

The proposed clearing house will have two tiers. IGWs in tier 2 will transmit international incoming calls to telecom operators through interconnection exchanges, while tier 1 will only send its entire calls to tier 2, according to the proposal.

The system would create a revenue-sharing model that distributes twice the revenue to tier 2 gateways compared to that in tier 1.

The proposal also said the international incoming call rate will be fixed by the clearing house in accordance with BTRC rules. Each member will contribute Tk 48 lakh a year to the forum to maintain the system.

Also, the forum proposes to collect 'unspecified' amounts from the gateways to stop the illegal use of VoIP (voice over internet protocol).

"A cartel in the guise of a clearing house violates the competition law. Therefore, such a move is absolutely illegal," said Abu Saeed Khan, a senior policy fellow at Colombo-based regulatory think tank, LIRNEasia.

"Bangladeshi migrant workers will be paying excessive charges while calling home if the clearing house is allowed," he said.

Citing an example of Pakistan,

Khan said, "The then government of Asif Zardari had unscrupulously introduced clearing house in 2012 to disastrous consequences."

The Competition Commission of Pakistan noted in early 2013 that the implementation of the clearing house had led to a 70 percent drop in international voice traffic and a 31 percent decrease in taxes, but a 308 percent increase in revenues for the clearing house operators.

Tanjib Alam and Associates, a law firm that deals with telecom issues, said, as the tier 1 IGWs will no longer transmit calls, they will not feel the need to invest further, reducing overall investment and leading to violation of the Competition Act.

Setting call rates by the clearing house is also a violation of the Act as the gateways will no longer have freedom to charge the amounts they wish within the regulator approved tariff range, the law firm said.

The clearing house model also violates the income tax ordinance as tier 1 companies will not transmit any call and thus not be eligible for tax benefits, it said.

A BTRC official said all the gateways are compelled to connect the operators through interconnection exchanges when they transmit calls. The government will need to amend the guideline and the long distance policy to pave the way for the clearing house.

"Someone is trying to inject the Pakistani malpractice model into the telecom sector, which will criminalise the industry," Khan of LIRNEasia said.

# Seven European countries urge retailers to contribute to Rana Plaza fund

FROM PAGE B1

"It is frustrating that the brands and retailers are not paying the compensation even after 14 months of the accident."

Chandra said the annual turnover of the 29 retailers that sourced from the factories housed in the ill-fated building is \$22 billion, so if they contribute even 0.2 percent of their annual profits, it will be possible to adequately compensate the victims.

Alan Duncan, UK secretary of state for international development, said he has written to all British brands associated with Rana Plaza, urging them to make immediate and significant pay-

ments to the trust fund.

Meanwhile, Srinivasa Reddy, the ILO country director for Bangladesh, yesterday said a three-member delegation from ILO headquarters in Geneva is calling in Bangladesh on July 9 to assist in working out a just compensation for the victims.

"Basically, the delegation will assess the whole compensation process for more than 3,600 workers. They will not assess the compensation process of any particular company or individual. The delegation will provide assistance on how to determine the compensation for the victims."

# Banks return to profits

FROM PAGE B1

Islami Bank Bangladesh, the largest private commercial bank, made the highest profit of Tk 830 crore. The figure is a decline of 14.78 percent from the previous year.

"Our deposits went up. However, investment has not picked up at the same rate, causing the profit to fall," said a senior

official of the bank. He is however hopeful that profits would go up in the next half of the year to make up for the shortfall.

Most banks saw their profits decline in 2013 due to political unrest and an increase in default loans. Lenders could not disburse credit properly due to political instability and their import-

# Bank account for house rent collection

FROM PAGE B1

The measure might encourage negative practices among landlords and tax officials, Sajjad Zohir, research director of Economic Research Group, told

The Daily Star.

He said ideally the government needs to encourage a move towards such transactions that reduces dependence on hard cash.



Naser Ahmed, external affairs director of Chevron Bangladesh; William Ng, president of Enterprise Asia; and Sudhir Sharma, member of the international advisory panel for Enterprise Asia, pose with Chevron Bangladesh's Asia Responsible Entrepreneurship Awards 2014 - South Asia, at a programme in Singapore recently.



Syed Alamgir, executive director for consumer brands at ACI Ltd, inaugurates a showroom of the company with Panasonic products in Uttara sector-7, Dhaka yesterday. Md Quamrul Hassan, business manager, was also present.



Abdullah Al-Mahmud, chairman of Crystal Insurance, presides over the company's 14th annual general meeting at Hotel Sarina in Banani, Dhaka recently. The company announced 10 percent cash dividend for 2013.