

Citi launches awards for small initiatives

STAR BUSINESS REPORT

Citi Foundation, the philanthropic arm of Citigroup, yesterday launched Citi Micro-entrepreneurship Awards for 2014 to recognise entrepreneurial skills and best practices of individual micro-entrepreneurs in Bangladesh.

The awards are aimed at promoting micro-enterprises and increase awareness of the financial service needs of micro-entrepreneurs in the country, said Wahiduddin Mahmud, chairperson of the awards' advisory council.

He spoke at a press briefing at Sonargaon Hotel in the capital during the launch of the tenth edition of the awards that have been being given since 2005.

Each winner will get prize money ranging from Tk 3.50 lakh to Tk 4 lakh. The awards will be given in five categories.

The best agricultural micro-entrepreneur will get Tk 3.5 lakh, best

woman micro-entrepreneur Tk 3.5 lakh, best micro-entrepreneur Tk 4.5 lakh, best microfinance institution Tk 3 lakh and most innovative microfinance institution Tk 4 lakh.

The award giving ceremony will be held in June next year.

Of the country's around 2.5 crore microcredit borrowers, 10 percent or 25 lakh have so far set up micro enterprises, said Mahmud, who is also a former adviser to a caretaker government.

Micro-entrepreneurs are contributing to the country's gross domestic product, he said, adding: "Micro-entrepreneurs are creating jobs for themselves and for others."

"We should extend support to such entrepreneurs in adopting new technologies."

Exploring new markets is a major challenge for these entrepreneurs, he said. "If they get the right market, they will grow further."

Women micro-entrepreneurs often find it difficult to be part of the country's mainstream economy, said Selima Ahmad, president of Bangladesh Women Chamber of Commerce and Industry. The award will motivate the women micro-entrepreneurs, she said.

The Citi Micro Entrepreneurship Awards is being supported by Citi Foundation and implemented by Citibank NA Bangladesh and Credit Development Forum as local partners.

Citi Foundation has conducted such award programmes in 32 countries and Bangladesh programme is the biggest among them, said Rashed Naqsood, country officer of Citibank NA, Bangladesh.

A grant of \$75,000 from the Citi Foundation will be used towards the implementation of the award programme as well as the prize money disbursement.

Cyprus central bank chief under fire

AFP, Nicosia

The Cyprus president said Friday that Chrystalla Georgiadji, the eurozone's only central bank governor, had concealed a conflict of interest when he named her to the post in April.

She had altered the terms of her contract, over a conflict of interest involving relatives, that he had failed to check, President Nicos Anastasiades said in a statement.

Georgiadji's daughter works for a law firm which represents the former chairman of the now-defunct Laiki Bank, Andreas Vgenopoulos.

Vgenopoulos is being sued by the administrator of Laiki, which folded under the terms of last year's international bailout for Cyprus.

The suit charges that he authorised millions of euros (dollars) in loans with inadequate collateral, leading to huge losses for the lender.



Kutubuddin Ahmed, chairman of Sheltech, attends the inauguration of the ten-day 'Sheltech Investment Fair' that began in Dhaka yesterday. Toufiq M Seraj, managing director, was also present.

Shahjibazar shares under regulator's scanner again

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Bangladesh Securities and Exchange Commission will once again investigate the unusual price hike of Shahjibazar Power Company.

The share prices of the company rose 470.41 percent to Tk 208.2 in the last 23 trading days, according to the Dhaka Stock Exchange website. Shahjibazar prices seem to rise despite the lack of price pertinent information.

The share price of the company is moving up due to ignorance of investors, said Prof M Khairul Hossain, chairman of BSEC. "We have found anomalies in the accounts of the company. We have spent Tk 1.72 lakh for a new audit to identify the anomalies," Hossain said.

BSEC appointed A Qasem and Company Chartered Accountants to re-audit the company's financial statements to find the irregularities, but share prices are still rising.

The company's shares were barred from being traded from August 11 to October 20 as Shahjibazar overstated net profits and earnings per share for the nine months to March in its financial statement, Hossain said.

The company showed an excess Tk 11.68 crore as net profit in its financial report for the period, according to BSEC-appointed auditors.

The real profit stood at Tk 16.87 crore, compared to the published Tk 28.54 crore and real EPS was Tk 1.48, down from the company's published Tk 2.5.



MD Shahrir Alam, state minister for foreign affairs, and MD Abduhu Ruhullah, chairman of Power Development Board (PWD), attend the launch of Robi's bill payment service for PWD in Rajshahi area. Supun Weerasinghe, managing director of Robi Axiata, was also present.



SM Amzad Hossain, chairman of South Bangla Agriculture and Commerce Bank, inaugurates the bank's 24th branch at the capital's Kamal Ataturk Avenue recently. Md Rafiqul Islam, managing director, was also present.

HSBC awards export heroes

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Reaz Uddin Al-Mamoon, managing director of the company, said the award will inspire the company and its employees to reach the next level of success.

He also said skilled human resources are going to be the key factor for the country to raise exports. "There are forecasts that Bangladesh's exports will be \$50 billion in less than a decade, which means we will need expert CEOs, chartered accountants and employees to run a billion dollar company."

"If we can build human resources, nothing can stop us," the entrepreneur said.

Chittagong-based Pacific Jeans Group, which specialises in producing premium quality jeans and casual wear, was awarded in the category of enterprises in the export processing zones of Bangladesh.

Based in Chittagong EPZ, the company currently exports to more than 25 countries, including Japan, the USA, China, Korea, the UK, Singapore, Taiwan, Canada, Hong Kong and France. Set up in 1984, it also won the same award in the 2011 and 2013 editions of the awards.

Syed M Tanvir, director of Pacific Jeans, said branding has become important for the country, and companies like his should take the lead in branding the country abroad.

Picard Bangladesh won the award in the category of exporters

in traditional and emerging sectors, with annual export turnover of \$5 million or more.

A pioneer in producing consumer leather goods, Picard exports to around 20 countries, including Germany, Italy, Lithuania, Australia, Singapore and Japan.

The company also produces for brands such as Sportsraft, Saba, Oxford, JAG, David Jones, Lloyd, Kitamura, Clathas, Max & Co and Pennyblack.

Md Saiful Islam, managing director of Picard Bangladesh, said the country needs to diversify its exports instead of relying on apparels, which account for around 80 percent of the total overseas sales.

AgroKagri Commodities won the HSBC award in the small and medium enterprises category. Based in Chittagong, AgroKagri exports potatoes to countries such as Malaysia, Singapore, Brunei, Sri Lanka, Senegal and China.

Its CEO Abdul Hamid received the award on behalf of the company, which was set up in 2011.

Muhith said Bangladesh was right to continue its exports-led growth strategy even after the 2008 global recession when many had predicted that the strategy might prove ineffective as the country's key export destinations were hit hard.

"But our exports have doubled since 2009," he said, adding that exports would bring \$50 billion within the next three years.

The minister said Bangladesh's strength lies in value addition and the country should continue taking advantage of this strength.

Bangladesh Bank Governor Atiur Rahman said the awards will inspire exporters to expand their business internationally, and will help them adopt international best practices. "Bangladesh's success story is the success story of the entrepreneurs."

Rahman said the exporters are also making successful inroads with newer goods and services into newer markets with thrusts in other non-textile and non-apparel export services.

HSBC Bangladesh Chief Executive Francois de Maricourt said the export sector has been the driving force of the economy, not just in terms of bringing in foreign currency but also in terms of promoting resilience and diversity.

He said trade has always been at the heart of HSBC's business.

"Our earliest customers were merchants looking to fund their trade in goods such as tea, cotton and silk. The exporters of Bangladesh are responsible for not only driving economic growth but also for establishing the 'Bangladesh' brand across the world's major developed and faster-growing markets."

Bhuvnesh Khanna, country head of commercial banking of HSBC Bangladesh, said, "HSBC's unparalleled network covers all the

major trading nations of the world including Bangladesh. As one of the leading international trade banks, we are well positioned to connect Bangladeshi exporters to rising global opportunities."

"Through HSBC Export Excellence Awards, we continue to bring forward the achievements of our exporters and the immense export potential that Bangladesh has to offer."

On the eve of the awards ceremony, Latifur Rahman, chairman and chief executive officer of Transcom Group, termed the initiative of HSBC outstanding.

He said quality is critical to ensure excellence and competitiveness in exports markets. "There should be no compromise on quality," said Rahman, who won the prestigious Oslo Business for Peace Award in 2012.

The Daily Star, the daily Prothom Alo, internationally recognised audit firm KPMG and Brand Forum are the strategic partners of the annual event.

HSBC, headquartered in London, facilitates around 10 percent of Bangladesh's international trade.

This is the top trade award for exporters in the private sector. Its jury board looked at financial performance, business diversification, compliance, contribution to the economy and past achievements and recognition in picking this year's winners.

Development spending at four-year low

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Most of the unapproved projects are for constructing rural roads, bridges and culverts, and expanding power distribution lines, which are generally undertaken by some ministries and agencies under pressure, it added.

The size of ADP in fiscal 2014-15 has been increased by 34 percent over the revised ADP of the last fiscal year.

The important ministries that got larger allocations have been lagging in implementation, IMED statistics show.

Though the average implementation rate in the first quarter is 9 percent, the power, railways, road transport and highways divisions and the health and family welfare, energy and mineral resources, housing and public works ministries could manage only 4-8 percent implementation.

However, the local government division spent 16 percent, primary and mass education ministry 11 percent, and education ministry 13 percent of their total allocations.

Banking flaws come to the fore

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The governor also criticised the bankers for lending resources to well-off borrowers only, even with insufficient diversification and inappropriate asset-liability maturity mismatches.

"Weak corporate governance allows dominant equity holders to manipulate credit access, credit appraisal and internal control process to their own advantage," Rahman said. SK Sur Chowdhury, deputy governor of BB, said the banking system here depends largely on loans.

"Banks are very sceptical about derivatives... They prefer giving loans only. I don't understand why banks do not come up with derivative products," Chowdhury said.

He also mentioned lease and syndicated financing as two structured products that local banks can adopt.

governor said the banking sector's capital adequacy ratio would be impacted seriously, even if half a dozen of the large borrowers get defaulted.

Talking to The Daily Star, Anis A Khan, managing director of Mutual Trust Bank and vice chairman of ABB, said the banking system still operates traditional products, and of the structured products, only syndicated financing is present.

"Derivatives and CLS (continuous limit settlement) are not available in the market. Also, there is a fear factor for the products after the recession," Khan said.

However, he said Mutual Trust Bank is coming up with a commercial paper, which is a promissory note with a fixed maturity.

On risk management, he said banks' risks, including cyber risks, are posing increasing threats. "We need to develop a

mechanism to deal with these," he said.

Khondkar Ibrahim Khaled, a former deputy governor of BB, suggested the bankers balance between technology and human resources to minimise risks. He blamed bank owners for higher lending rates in Bangladesh compared to those in neighbouring countries. Khaled said Bangladesh was not affected by global financial crisis because of its exclusion from globalisation.

Prof MA Taslim, who teaches economics at Dhaka University, expressed his concern over a significant rise in nonperforming loans in banks. He said interest rate spread is high in Bangladesh because of inefficiency.

Taslim said BB has shown moderate success in managing its monetary policy, but it has failed to regulate the banking industry properly.

Financial Express, called upon top bankers to ensure 'due diligence' in a bank's root level. He also expressed worry over the quality of credit and its concentration.

Jim McCabe, chief executive officer of Standard Chartered Bank, presented a paper on technology and virtual banking in the post-lunch session. Prof SM Ahsan Habib, director of Bangladesh Institute of Bank Management, Muhammad A Rume Ali, a former deputy governor of BB, and M Kaykobad, professor of computer science and engineering at Buet, were the panel discussants at the session. Earlier, Jan Vasko, managing director of Risk Solutions in Singapore, presented a paper on the future of banking in emerging markets.

Some 600 bankers -- from mid to senior levels -- took part in the ABB's first-ever national seminar on the banking system.

Exploiting interest in social recognition to raise tax compliance

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In other words, all the estimates reported are the combined behavioural response of firms of increased tax payments and the improved recording of payments.

While improved record keeping is valuable for the NBR, generating new revenues is the bigger prize.

Regardless, the findings clearly demonstrate that firms pay attention to peer recognition letters and react in ways predicted by simple economic theory.

Firms who are deviating from the norm of some tax payments in their cluster, and therefore at greatest risk of "negative" information revelation relative to their peers, react most strongly.

This suggests that there is significant potential for improving tax compliance and revenue collection through peer information programmes.

Firms are either paying as a result of the treatment or are ensuring that their tax payments are recorded -- which are both important behavioural changes that are vital to establishing an effective tax collection system.

The treatments tested consist of interventions that governments could feasibly implement on a large scale in practice.

An example of a potential programme for the NBR to consider is to mandate market and shop associations to display lists containing tax information about firms in public locations inside shopping centres.

The intervention could act in a similar way to the peer information treatment in the experiment to increase tax revenues.

Further, it may induce additional incentives for firms to become tax-compliant since publicly available information about tax compliance may affect consumer behaviour, perhaps steering customers towards tax compliant businesses.

Scaling this programme to a larger geographic area than that of the study, in addition to the potential changes in consumer behaviour, may lead to increases in revenue far greater than what is predicted by the study.

The writer is a former chairman of NBR.

Power outage heaps costs on industrial units

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The group needs 120 litres of diesel per hour for running just 15 production lines, but it has more than 100 production lines. Each litre of diesel costs around Tk 75.

Mashrul Anwar, a commercial manager of Eusebio Sporting Bangladesh Ltd, a tent and sleeping bag manufacturer at Karnaphuli Export Processing Zone, said the colossal power failure is costing the factory Tk 16,000 by the hour. Eusebio needs three barrels of diesel per hour.

"If the situation does not improve soon, we will have to count few lakhs of taka in diesel bills. We can halt production, but that is a risky proposition for us."

MA Jabbar, managing director of DBL Group, another major garment exporter, said he has no choice but to run his factories on expensive diesel-generated power.

The retailers have given him a strict timeframe for executing the work orders.

"Luckily, I have the captive generation power supplier in my factory. They run on gas, so I don't need to buy diesel at the high prices," said A Matin Chowdhury, managing director of Malek Spinning Mills, a leading yarn producing company.

"But I am worried about the smaller factories -- they cannot afford the gas-run expensive captive generators."

Anwar-Ul-Alam Chowdhury Parvez, managing director of Evince Group, said industrial units have long been suffering for inadequate supply; this latest incident has simply compounded their woes.

The production losses from this mishap could have been recovered if the factories had been permitted to run on Fridays, Hasan of Babylon Group said.

"The international retailers are very strict about it. They categorically stated that we cannot run production on a bank holiday. So ultimately, it is the factory owners who are the biggest losers out of all this."

Tax returns deadline to be extended by a month

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Since tax returns submitted so far are not satisfactory, the date should be extended, the FBCCI said in a statement.

Also, many businessmen could not submit their returns due to the Eid-ul-Azha and Durga Puja holidays, it said.

Many taxpayers were also hindered by the recent strike by Jamaat-e-Islami, it said.