

## Feasibility study on third seaport on way

REJAUL KARIM BYRON

The government is set to conduct a feasibility study with its own finance on the planned seaport at Payra, Kuakata, which it argues would contribute towards preserving the Sundarbans.

The cabinet committee on purchase yesterday approved a proposal to appoint London-based firm HR Wallingford to conduct the techno-feasibility study of the proposed seaport. The consultancy fees will be Tk 18.37 crore.

At a roundtable on the Sundarbans on Saturday at The Daily Star Centre, Planning Minister AHM Mustafa Kamal said the proposed seaport, which would be the country's third, would be used to bring in raw materials for Mongla-centred development sites, including the Rampal coal-based power plant.

Cargo vessels will travel from the Payra seaport to the site without traversing the Sundarbans, he added.

The decision to build a third seaport comes considering the country's future trade volume, highly expected to surge.

The objective of the project is to support sustainable economic growth by increasing the efficiency of waterborne transport, the shipping ministry said in a report.

The port, the work for which started in November last year, will be built under public-private partnership.

The country has also informally approached some countries alongside China and Japan for financing and a number of them responded positively, said planning ministry officials.

Meanwhile at the roundtable, Kamal said the government will try to complete the work on the Rampal power plant and Payra seaport simultaneously so that the coal for the power plant can be taken to the site through the seaport.

Kamal assured that environmental risks would be taken into consideration before implementing any development project in the area.

# Demand for money to pick up in 2015: bankers

SAJJADUR RAHMAN

FALLING lending rates could be a boon for businesses and consumers in 2015, bankers said.

Bank borrowing costs came down to its lowest level in the last two years. All banks are now offering loans for the corporate sector at 13 percent, which goes down further to single digit for short-term working capital.

At the beginning of 2014, borrowing cost for the corporate sector was 15-16 percent.

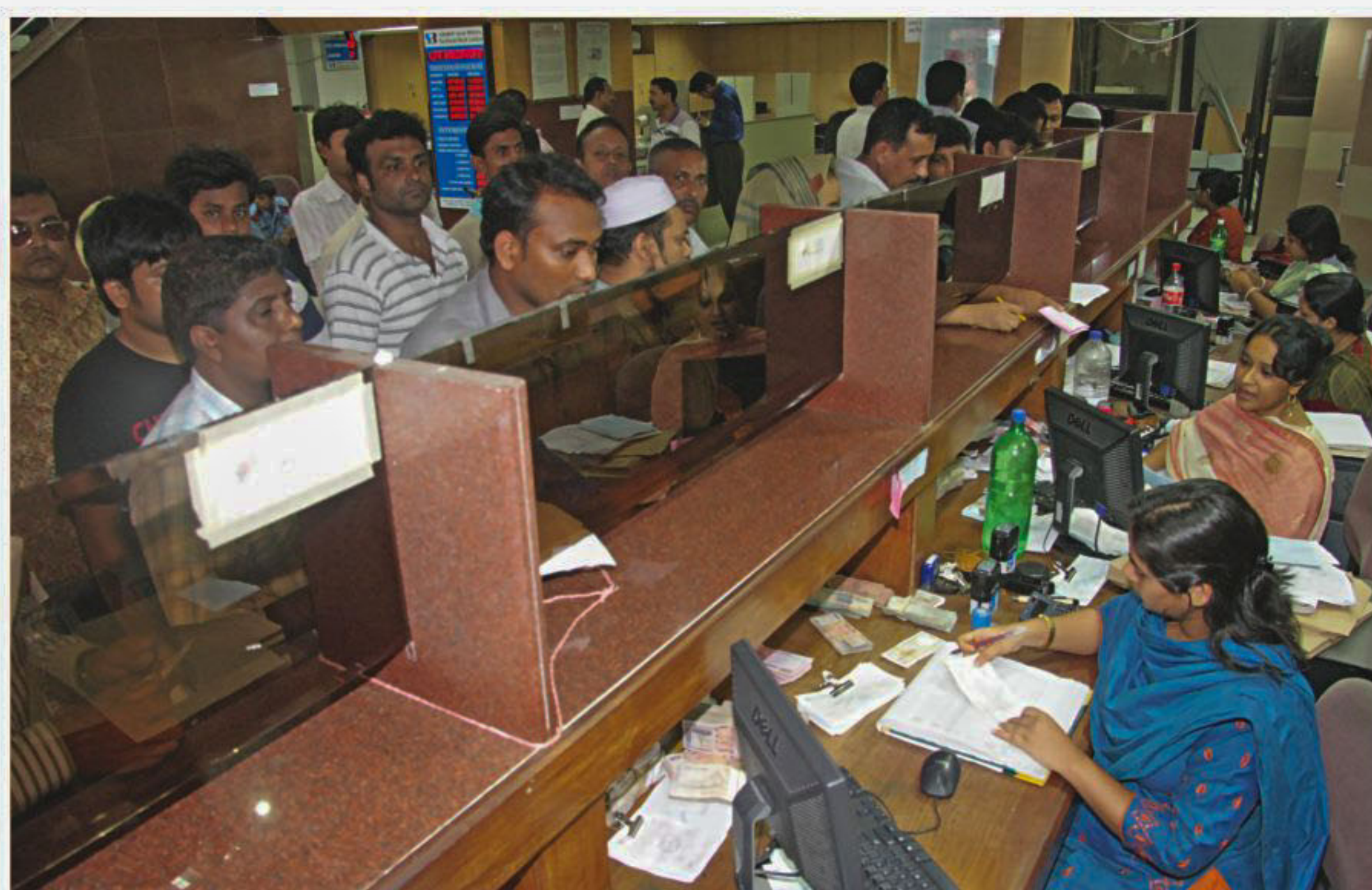
The overall situation, including political stability, gave bankers a sense of optimism, and they believe it will bring better growth for the sector this year.

"Political calm, the start of the Padma bridge construction work and an improved energy situation resulted in higher investment in capital machinery in 2014," said Anis A Khan, managing director of Mutual Trust Bank.

Khan, also a vice chairman of the Association of Bankers Bangladesh, a platform of chief executives of banks, sees optimism in export-import growth and healthy foreign exchange reserves at more than \$22 billion in the just-concluded year.

Shafiqul Alam, managing director of Jamuna Bank, said a fall in costs of funds may encourage businesses to come up with new investments. Lending rates dropped to 13 percent in the last few months from 15-16 percent at the beginning of 2014.

Businesses became more confident in 2014 as there was hardly any political violence, including shutdowns, like the previous year. Alam said. "We want the situation to continue in 2015 so that entrepreneurs can take advantage of the low



Customers gather to take service from a bank branch. Bankers say political stability will bring better growth for the sector this year.

interest rates."

A rise in call money rates, which increased to 9.22 percent on December 30 from 7.34 percent on the same day a year ago, also indicates that the demand for money is going up.

Though nine new banks went through a rough patch as depositors expected higher rates and borrowers the opposite, they also see a bright time ahead.

"The investment situation is improving slowly amid continued political stability and a fall in borrowing costs," said Muklesur Rahman, managing director of NRB Bank, one of the nine new banks

that began operations in 2013.

The economy was hit hard by confrontational political programmes in the run up to the national election in January last year. Business activities were hampered due to shutdowns and blockades in 2013. A World Bank report estimated the economic loss at about \$1.4 billion or around 1 percent of the country's gross domestic product.

Banks' liquidity was also swelling due to poor demand from borrowers. The surplus money pushed many banks not to take deposits at higher rates. Proportionately, lending rates were also coming down.

"I was surprised when a leasing company lent me at a 12 percent interest rate," said Nasiruddin Biswas, chairman and managing director of Nasir Group of Industries. Leasing companies usually charge 2 percentage points higher than what banks do, he said.

Falling prices of commodities -- be it fuel oil, cooking oil, gas, milk powder or sugar -- will benefit consumers, bankers said.

They also said the role of the central bank, in liquidity and exchange rate management and improving corporate governance, will give a boost to the economy. However, rising nonperforming

loans are becoming a concern for banks as provisioning against bad loans would erode their profits. On September 30 last year, default loans reached Tk 57,290 crore, which was 11.6 percent of the total outstanding loans.

One of the most talked-about issues in 2014 was a central bank waiver for Beximco Group, for rescheduling Tk 5,245 crore loans of the conglomerate till 2025-26.

Bangladesh Bank stepped in when Salman F Rahman, vice chairman of Beximco Group, in a letter in August pleaded that an extreme liquidity crisis has brought Beximco Ltd, the largest company of the group, on the verge of collapse.

Beximco Ltd owes Tk 4,315 crore to four state-owned banks -- Sonali, Janata, Agrani and Rupali -- and the rest Tk 930 crore to three private banks -- AB, Exim and National.

The four state banks approved Beximco's loan rescheduling proposal till 2026 -- a decision that sparked controversy in the banking industry as it contradicts the central bank's rules on loan rescheduling.

No default loans can be rescheduled more than three times, the BB had said in a notice earlier.

But Sonali Bank has rescheduled Beximco's loans seven times so far. With the latest in November, Sonali rescheduled Tk 982 crore loans of Beximco.

Two private banks -- Mercantile and National -- also hit the headlines after the BB had detected massive irregularities in the banks. The central bank later appointed observers to the banks.

The BB in August cancelled Prime Bank's mobile banking licence due to "gross violation of rules" by the company that the bank had appointed to run the service.



AHM Mustafa Kamal, planning minister, unveils the new logo of NCC Bank and inaugurates NCC Bank Bhaban, the bank's 22-storey corporate office, in Motijheel, Dhaka yesterday. Md Nurun Newaz Salim, chairman of the bank, was also present.

## India to scrap tax breaks on cars

BBC NEWS

CARS, bikes and consumer goods are set to get more expensive in India as the government plans to withdraw tax breaks in the New Year, reports say.

The finance ministry officials told local media they would not renew excise duty concessions, which ended yesterday.

For a luxury car worth 5m rupees (£50,000; \$80,000) the tax rise will add roughly 200,000 rupees to the cost.

Analysts say the cash-strapped government is trying to boost its

finances through taxation.

The concessions were announced by the former Congress-led government in February to revive sluggish sales.

The Bharatiya Janata Party (BJP) government extended the tax breaks until the end of the year.

"The notification providing relief was meant to be temporary. We are not extending it," a source told the Times of India.

Officials said data showed the car sector had recovered in the past few months, and that the government "cannot hand-hold any sector for ever".

For small cars, the excise duty will rise from 8 percent to 12 percent - adding roughly 8,000 rupees to the price of an average small car.

For larger cars, the rate rises from 20 percent to 24 percent.

Car makers say they expect the sales to fall in the New Year, but recover later.

"To the extent the excise duty goes up, car prices will go up," RC Bhargava, chairman of India's biggest car maker Maruti Suzuki, told Reuters news agency.

"It will temporarily affect sales. But I don't think it will have any long-term impact."

# Top business tips for 2015

BBC NEWS

AS one calendar year draws to a close, and another is set to be begin, many business leaders are thinking about their challenges for the next 12 months.

They are weighing up any number of potential choices and factors; from expansion plans, to new products, whether to change suppliers, and how everything fits into the economic backdrop.

It is the time of year when forward planning comes to the forefront of people's minds.

Here, 10 business leaders profiled in 2014 for the BBC's The Boss slot, share their top tips on running or setting up a company in 2015.

**James Watt, co-founder of Scottish beer firm Brewdog**

Work like a demon, work stupid, stupid hours. So make sure you are enjoying yourself. Running your business shouldn't feel like work, it should feel like a hobby. This is what sustains you if things are ever difficult.

And only employ amazing people. You need to get the most out of your staff, so don't employ anyone you aren't sure about.

Don't be scared to take risks [in growing your business], as the biggest risk to your company is when you stop.

Yet at the same time, you need to be forensic with your finances. This is something that a lot of small firms don't pay enough attention to, and therefore risk failing. It isn't the fun or sexy part of running a company, but it is vital, and you need to be clued up about it. **Rob Baines, co-founder of frozen yoghurt chain Snog**

Never spend more than you are making, and invite friends into your business life with caution. When I started my first chain of coffee bars, I went from selling coffee from a little cart in Hammersmith bus station to being granted permission to trade within three locations at Westminster Abbey.

My business sky rocketed overnight, with many £1,000s crossing over the counters each day. Based on the success of Westminster, St Pauls invited me to replicate operations there.

Many people I know came out of the woodwork for jobs, cars, bonuses, work dinners at five star restaurants, and holiday trips, etc. Very quickly I went from being cash rich to owing suppliers and the VAT man unmanageable amounts, generating severe cash-flow problems.

Fortunately, I managed to restructure the business, get rid of the people who perhaps did not have my best interests at heart, and continued trading. I still ended up being the bad guy, and lost most of the "friendships", even though I never did draw a salary the whole time.

**Danae Ringelmann, crowdfunding website Indiegogo**

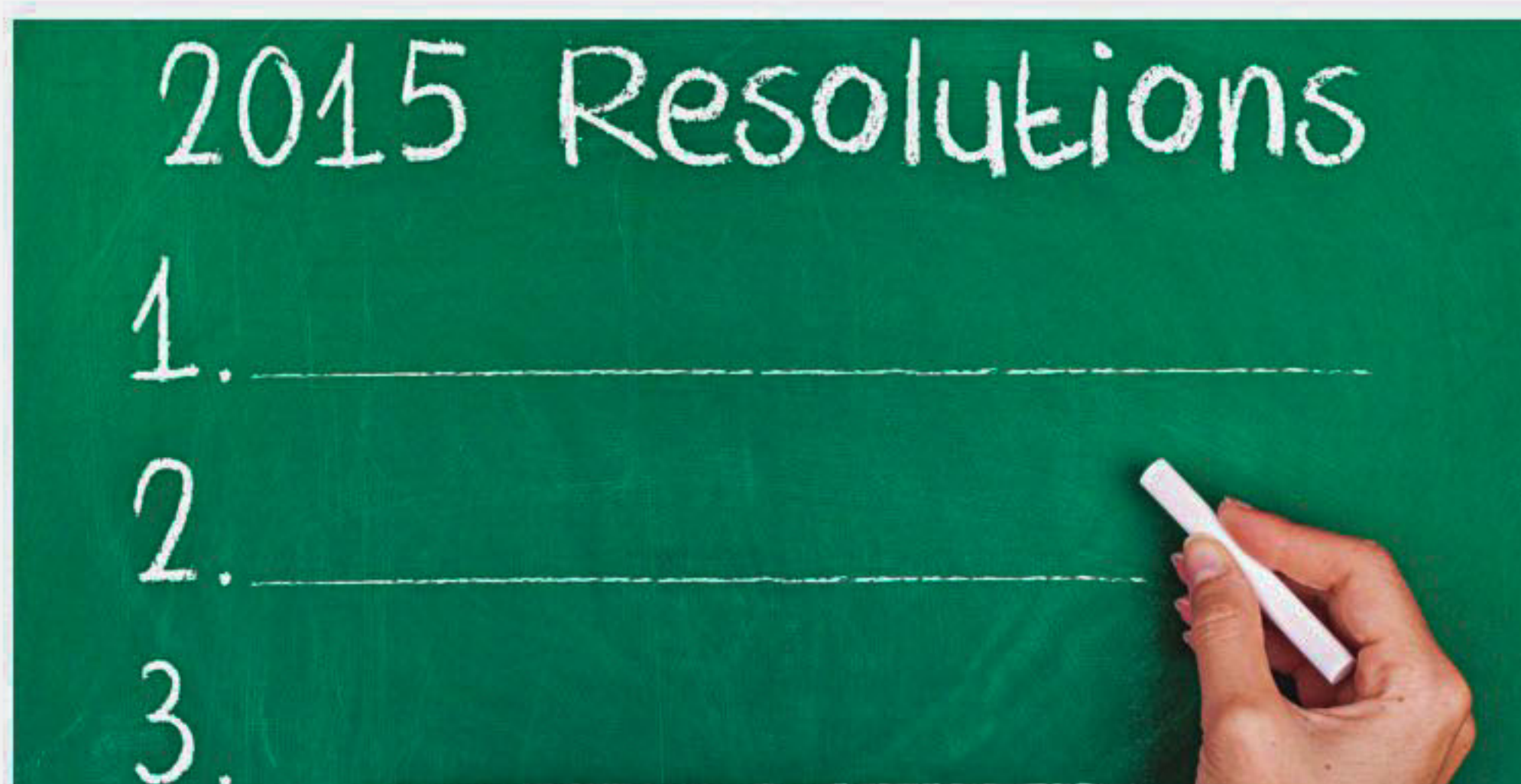
As Gandhi once said, "be the change you want to see in the world". I wholeheartedly agree.

As a leader, I believe actions speak far louder than words. People follow what they see, not hear.

So whether it's greater workforce diversity, faster innovation, or more accountability, change starts with you.

**Paul Lindley, founder, Ella's Kitchen**

As an entrepreneur, the people you work with both inside and outside your organisation will help shape and influence your actions.



The Ella's team has been inspirational, and crucial to our success, but I am also fortunate to have forged a great personal friendship with Neil Grimmer, co-founder and chief executive at Plum Organics - one of our main US competitors.

Our friendship has been borne out of a shared respect and vision to help babies and young kids be healthier.

My tip for any entrepreneur would be to inspire your team with purpose and leadership and to foster strong working relationships with those beyond your own organisation. Collaboration is key for achieving success with a more purpose driven and socially responsible business.

**Angus Thirlwell, founder of Hotel Chocolat**

How your customers view your business is the only view that counts. I always find it useful to try to zone out from my usual view

to obtain this perspective. It seems to be the easiest when on a long haul flight.

When you have good people with you, anything is possible. Most of the regrets I have in business are around the theme of keeping the wrong people on for too long.

It's the honest thing to do on both sides to tackle the issue as soon as you know it is there. When you get the right person, it's such a fresh breath of air.

**Sophi Tranchell, managing director of Divine Chocolate**

My top tip for anyone running a new business, or thinking of starting one, is to utilise all the support and advice available.

As the UK Social Enterprise of the Year, Divine Chocolate couldn't have got to where it is today without consulting with specialists, and training staff to prepare for the challenges each year holds.

I suggest planning what you want to achieve within the next year, and work out what external support and internal skills are needed to get you there.

My first port of call is the government's Business is Great Britain website. This provides insight from other small business owners, and highlights the variety of support that the government can offer.

**Charles Rolls, chairman of soft drinks firm Fever Tree**

My advice is directed to any owner of a successful small firm who is thinking of selling up. What I would say is, stay with a good business.

I understand that it may be tempting for an entrepreneur to take an early offer for all the company, to bank the cash, and unwind from what may have been uncomfortable levels of financial risk and stress.

Yet, if it is a good business, and one potential buyer sees value in the company, then there may be ways to stay with it, releasing some cash while still keeping a significant stake in the future of the business.

**Nick Hungerford, founder of investment company Nutmeg**

Any business should go back to basics. Don't over-complicate, and instead think about what your customers genuinely need. What will make their lives easier, richer and more convenient?

When it comes to assembling your team, create one that is built for the future. The better your team you have, the more likely your business will exceed its objectives. So take maximum care when hiring, and don't be afraid to double and triple check references.