

NCC Bank re-elects chairman of risk management committee



STAR BUSINESS DESK

ASM Mainuddin Monem has been re-elected as the chairman of NCC Bank's risk management committee.

He is also a director of the bank and has previously served the bank as vice chairman, the bank said in a statement yesterday.

Monem is also the deputy managing director of Abdul Monem Ltd and managing director of Abdul Monem Economic Zone Ltd.

He completed his bachelor in business from Boston University and also holds an MBA from Harvard Business School of USA.

## Banglalink revenue grows 9pc in first half

STAR BUSINESS REPORT

Banglalink's gross revenue rose 9 percent year-on-year to Tk 2,320 crore in the first six months of 2015, VimpelCom, parent company of the mobile operator, said in its half-yearly statement on Thursday.

The revenue figure stood at Tk 1,180 crore in the last quarter, VimpelCom said in the statement.

The customer base of the operator also grew 8 percent year-on-year to 3.2 crore in June this year, of which around 1.37 crore are connected to the internet, VimpelCom said.

The operator also found a good growth in active subscribers number and in data usage, according to the report.

The report credited the growth to a significant improvement in the political environment as well as a boost in customer acquisition through simple and attractive offers that enhanced price perception and customer re-activation and stimulated data usage.

## EU officials note progress in Greek bailout talks

REUTERS, Brussels/Athens

Greece is on track to complete a draft deal on a third bailout by Tuesday and possibly get a first disbursement by Aug. 20 to meet a key payment, sources familiar with a conference call of senior EU finance officials late on Friday said.

Athens is negotiating with European Union institutions and the International Monetary Fund for up to 86 billion euros (\$94 billion) in fresh loans to stave off economic collapse and stay in the euro zone.

Senior EU officials assessed the progress in talks between Athens and its international creditors, with Germany warning against haste.

Greek Prime Minister Alexis Tsipras has tried to force the pace of the talks, keen to wrap up agreement on sensitive economic reforms by mid-August, while many Greeks are on holiday, and receive an initial aid disbursement by Aug. 20 in time to make a bond payment to the European Central Bank.

The view of EU officials was that talks are proceeding smoothly and may be completed over the weekend, one source said.

If a draft memorandum of understanding and an updated debt sustainability analysis are ready as planned on Tuesday, the Greek government and parliament would be expected to approve them by Thursday.

This would open the way for euro zone finance ministers to meet or hold a teleconference on Friday to endorse the up to 86 billion euro three-year loan programme for Athens.



A Rouf Chowdhury, chairman of Bank Asia, and Md Mehmod Husain, managing director, attend the semi-annual performance review meeting 2015 for the bank's Dhaka region operations at a hotel in the capital yesterday. Mohd Sufwan Chowdhury and AM Nurul Islam, vice chairmen; Rumeen A Hossain, chairman of the board executive committee; Mohammed Lakotullah, chairman of the board audit committee; and Shahjahan Bhuiyan, a director, were also present.

BANK ASIA

## China July exports, imports drop amid worry for economy

AFP, Shanghai

China's foreign trade performance worsened in July with both exports and imports falling on an annual basis, customs said on Saturday, spelling more worry for the world's second largest economy.

Exports plunged 8.3 percent year-on-year to \$195.10 billion while imports dropped 8.1 percent to \$152.07 billion, it said in a statement

on its website.

The country still recorded a trade surplus of \$43.03 billion, customs said, but gave no comparative figure. Separately, the agency said the trade surplus in yuan currency terms narrowed by 10 percent on the year.

Exports are a key driver of China's economic growth, while falling imports can indicate weak domestic demand.

"China's trade slump deteriorated further in July," ANZ Banking Group said

in a research note. As global growth moderates and commodity prices remain depressed, he said, it will be "unlikely" that China's trade growth will pick up significantly in the remainder of the year. "China's exports will continue to face strong headwinds," the bank said.

The latest trade figures worsened from June, when exports in US dollar terms eked out a 2.8 percent annual rise and imports still fell but a lesser 6.1 percent, previous data showed.



Mohammad Riad Mamun Prodhani, managing director of Sanofi Bangladesh; Shailesh Ayyangar, vice president of Sanofi in South Asia; and Mohammad Iqbal, chairman of Bangladesh Chemical Industries Corporation, pose at the 51st annual general meeting of Sanofi Bangladesh in Dhaka on Wednesday. The shareholders approved 10 percent dividends for 2014.

SANOFI BANGLADESH



Participants pose during a training on mediation process and its application under Artha Rin Adalat Ain organised by Bangladesh International Arbitration Centre in Dhaka yesterday.

## Minister vows to set up bank for garment sector

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Regarding achieving the goal of \$50 billion garment exports by 2021, the minister said: "It is possible to achieve, but it will be difficult."

On the role of the central bank in disbursement of loans at low interest rates to the entrepreneurs, the minister said the job of the banking regulator is not to make profit, but to make industry-friendly financing policy.

Atiqul Islam, president of BGMEA, said the sector needs low-cost funds to ensure high compliance, high productivity and to remain competitive in the global market.

Small and medium factories cannot relocate their units to the purpose-built buildings from the shared buildings due to a shortage of fund, Islam said.

But at the same time the international retailers are less interested to give work orders to the factories housed in shared buildings, he said.

Currently, 60 percent of the factories are housed in purpose-built buildings, which are well accepted by the retailers, while the rest are housed in shared buildings, Islam said.

Jennifer Bair, an assistant professor at the University of Colorado in the US, suggested Bangladesh to go for producing high-end value-added garment to get high prices.

In 2012, China received the highest price of \$7 for a unit of men's and boy's cotton trouser while Bangladesh received \$3.5 for each unit to the US market, she said.

In 2014, Mexico received orders for each unit of the product at \$7 to the US market, but the prices did not change for Bangladesh, she also said.

Ahsan H Mansur, executive director of the Policy Research Institute stressed the need for attracting new foreign and domestic investors to reach the \$50 billion export target.

The factory owners should also take steps to increase the efficiency of the workers, build a strong mid-level management and ensure the best use of water resources, Mansur said.

Allowing back-to-back letters of credit and giving 25 percent cash incentives during the beginning of the industry played a vital role to help the sector flourish, said Ahsan Ullah, executive director of Bangladesh Bank.

The situation of the small and medium factories in Chittagong is so bad that the time has come to take a decision to help the factories run, said Nasir Uddin Chowdhury, former BGMEA vice president.

Mesbah Rabin, managing director of US-based factory inspector Alliance, said the Alliance and Accord, a grouping of European retailers, gave \$50 million in soft loans to Bangladesh Bank through the International Finance Corporation for factory upgrade.

But the commercial banks responsible for loans choose factories they have good relations with, depriving the factories of the funds they need the most to upgrade their units, Rabin alleged.

## Three large-loan proposals get BB nod

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To date, the committee has given the green light to three proposals, according to Chowdhury.

The remaining proposals are being examined as per the central bank guideline, and the committee hopes to inform the banks about their decisions soon.

Another member of the scrutiny committee said some proposals have shortcomings, so they have sought clarifications from the banks. Once the clarifications come through, decisions will be taken on the proposals.

The interest on the loans of Beximco and Jamuna has been set at 10 percent and the rate for Ratanpur Group is upwards of 10 percent but less than 13 percent.

A high official of Janata Bank said the normal rate of interest is 12 to 13 percent and the repayment period three to five years. They have charged a lower interest rate, which would slightly erode their profitability.

The move to give large-loan defaulters a chance to reschedule their loans came after Beximco applied to the BB to rescue it from a cash crunch.

So far, eight banks have sought to reschedule loans worth Tk 5,619 crore of Beximco: the proposal by Janata Bank has been approved, while those of other banks are still under scrutiny.

For Beximco's loan rescheduling, banks have proposed to charge interest rates between 10 percent and 12.5 percent.

Ten banks have sent proposals to reschedule Jamuna Group's Tk 1,685 crore loans, of which only the Tk 598 crore proposal from Janata Bank got the clearance.

Other proposals under scrutiny are: Thermax Group's Tk 667 crore (with one

bank); Sikder Group's Tk 1,838 crore (with three banks); Abdul Monem Ltd's Tk 577 crore (with four banks).

Keya Group's loans amounting to Tk 879 crore with five banks, SA Group's Tk 918 crore with five banks, BR Spinning's Tk 572 crore with four banks and AnonTex Tk 1,094 crore with one bank, are also sitting on the scrutiny committee's table.

The banks sent in proposals for six more companies but those did not make the cut as the total loan amount was less than Tk 500 crore.

To take the large loan restructuring facility, a borrower must pay a minimum of 1 percent of the loan as down payment if the loan figure exceeds Tk 1,000 crore.

In case of loans between Tk 500 crore and Tk 1,000 crore, the borrower has to pay 2 percent as down payment.

After getting the restructuring facility, large borrowers will enjoy 50 percent term loan facility against their last credit limit from the banks and 60 percent for their working capital.

The restructured loans will have a maximum tenure of 12 years for term loan and six years for demand and/or continuous loan.

The interest rate against the outstanding balance of the restructured loan may be at a discount from the prevailing declared rate of the bank.

However, it may not be less than the cost of fund plus 1 percent. The banks will have to keep the restructured loans under special mention accounts and they must keep 2 percent provision against such type of loans. The banks will have to withdraw the restructuring facility if any borrower fails to repay instalment for two consecutive quarters.

## Brazil inflation rate hits 12-year high

BBC NEWS

Inflation in Brazil has hit a 12-year high of 9.56 percent, official figures have shown.

The rising cost of electricity, in particular, has pushed the rate to its highest level since November 2003.

The country's central bank targets an inflation rate of 4.5 percent and has raised interest rates to 14.25 percent - among the highest of major economies - to combat rising prices.

## BTRC working to increase competition in telecom

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As per the draft, a designated 'significant player' will not be able to copy offers of other operators.

"We seek to establish strong control over the market and at the same time encourage healthy competition," said an official who was involved in formulating the regulations.

Also, the new regulations will allow operators to register complaints against any service or process, the official said, asking not to be named. Mobile operators have expressed mixed reactions to the proposed regulations.

While Grameenphone is in favour of fair competition in the market, some of the clauses in the draft appear to be vague and are in need of clarification, said Mahmud Hossain, chief corporate affairs officer of the operator. "We have raised our concerns with the regulator in our feedback and remain hopeful that those will be addressed," he added.

The government already has a competition act, so there seems to be no need to formulate new regulations for telecoms alone, another official of Grameenphone said.

While Banglalink, the second largest mobile operator, remains wary, Robi, the third, is welcoming the move.

"We hope, under the proposed regulations, BTRC can monitor and take action against the behaviour of all operators," said Ekram Kabir, a vice president of Robi.

Referring to a study of International Telecommunication Union in 2009, Kabir said the move to designate large players as a 'significant operator' could be a good move for the market.

The ITU had recommended that if any operator has more than 35 percent to 40 percent market share, the regulator can declare it a significant operator. Banglalink said they want to implement the ITU's recommendation.

## Govt to give awards for industrial development

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The shipbuilding industry, which can also be categorised as heavy industry, will help improve Bangladesh's image globally because of export of vessels from here, he said.

It will also help diversify the export basket and markets and reduce the heavy dependence on apparels.

It will send out a message to entrepreneurs to move into new products and new markets, Islam said.

The announcement from the industries ministry, which also provides National Productivity and Quality Excellence Award and recognises businesses as commercially important persons, comes at a time when the economy has been growing at nearly 6 percent a year owing to industrial growth.

The manufacturing sector grew at a faster pace than the agriculture and service sectors in the last several years.

Its share of the economy grew to 20.17 percent in fiscal 2014-15 from 19.47 percent a year earlier, according to Bangladesh Bureau of Statistics.

Bangladesh has 42,792 industrial establishments, 41 percent of which are micro-type manufacturing units, 37 percent small, 14 percent medium and 8 percent large, according to BBS's Survey of Manufacturing Industries 2012.

The recognition will create enthusiasm among entrepreneurs, said Zaid Bakht, research director of Bangladesh Institute of Development Studies.

However, it will not have a substantive impact on industrialisation. For that, reducing infrastructural bottlenecks and ensuring concessionary loans for faster industrial expansion are needed, he added.

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Hafiz Ahmed Mazumder, chairman of Pubali Bank, and Md Abdul Halim Chowdhury, managing director, attend the year's second conference of regional and corporate branch managers of the bank at its head office in Dhaka recently.



Sheikh Tofael Ahmed, head of business at SSG Solar Unit, poses during an Off-Grid Appliance B2B Networking Event hosted by Global LEAP and Bangladesh Solar and Renewable Energy Association recently.

SSG