



Star BUSINESS

DHAKA MONDAY AUGUST 10, 2015

BB warns state banks as risks mount

STAR BUSINESS REPORT

The central bank has issued a stern warning to the four state-run commercial banks for their failure to improve their financial conditions, saying observers will be put in place if the situation does not improve.

Bangladesh Bank said punitive measures will be taken against the chief executives of Sonali, Janata, Agrani and Rupali banks, including their removal from the posts, for their negligence to compliance.

The government will be informed about the incidents of negligence committed by board members so that actions are taken against them, it said.

"If the situation does not improve we will not hesitate to appoint observers, if necessary, on the basis of CAMELS rating," said Bangladesh Bank Governor Atiur Rahman yesterday.

Financial scams such as Hall-Mark and BASIC Bank have tainted the image of state lenders, Rahman said.

Negligence by the boards of the banks and the higher executives contributed to such scams, he said.

Rahman made the comments during a meeting with the chairmen and managing directors of Sonali, Janata, Agrani and Rupali banks.

The meeting discussed the status of the performance agreement signed by the four banks with the BB in the first quarter of the fiscal year.

The warning came after an increase in numbers of loss-making branches, loan defaults and capital deficits.

The number of loss-making branches of the four banks increased from 121 to 294 between December last year and March this year.

Sonali Bank's loss-incurring branches stood at 77 in March from 31 in December and Agrani's 86 from 22.

The loss-making branches of Janata increased from 60 to 95 in March and Rupali's 36 from 8.

For serious irregularities at the branch level, the chief executive will be held liable first, the governor said, while asking the banks not to apply for permission for new branches until their CAMELS ratings improve.

READ MORE ON B3

Mobile phone operators seek fair tax regime

STAR BUSINESS REPORT

Mobile operators yesterday demanded a fair tax regime and a level-playing field, saying they pay higher corporate tax than other sectors do.

Association of Mobile Telecom Operators of Bangladesh (AMTOB) placed the demands to Tarana Halim, the new state minister of the telecom division, at a meeting at her office in the secretariat.

Tarana said she will work to create an investment-friendly environment, but for that the operators need to improve service quality, introduce new value-added services and establish a pro-people industry.

Though Bangladesh is a low-revenue market compared to other countries, the operators are trying their best to offer optimum and world class services, AMTOB leaders told the state minister.

"We have raised some issues such as taxation and policy framework and she responded very positively," TIM Nurul Kabir, AMTOB secretary general, said after the meeting.

READ MORE ON B3

Firms honoured for better productivity

STAR BUSINESS REPORT

The industries ministry yesterday honoured 17 firms for enhancing productivity and improving product quality in their factories.

This was the second time the ministry recognised firms with the National Productivity and Quality Excellence Award in six categories. Amir Hossain Amu, industries minister, handed over the awards to the winners for the year 2013, the ministry said in a statement.

It is essential to increase productivity in the factory units to improve the lives of people through sustainable industrialisation, said Amu at the ceremony at Hotel Purbani in Dhaka. The industrial sector has had a great role to play in the country's economic progress.

The pace of industrialisation has increased after the government formulated the Industrial Policy, he claimed.

The industries ministry launched the award in 2012 to encourage firms to attain higher levels of efficiency in production.

The award has been introduced in line with many countries, including Japan, which recognises firms that increase productivity, said Md Nazrul Islam, director of the National Productivity Organisation or NPO, an entity under the industries ministry.

Higher productivity in firms will facilitate faster economic development, according to Islam.

For several years now, the manufacturing sector is growing faster than the agriculture and service sectors.

WINNERS OF NATIONAL PRODUCTIVITY AWARDS

LARGE	MICRO
British American Tobacco	Khan Bakelite Product, Dhaka
Khulna Shipyard	Bandhan Samaj Unnayan Sangstha, Sirajganj
BRB Cable Industries	
MEDIUM	COTTAGE
Energypac Electronics, Gazipur	Adhara Beauty Parlour and Handicrafts Training Centre, Dhaka
Tamai Knit Fashion, Narayanganj	Pindhon, Kishoreganj
CIBL Technology Consultants, Dhaka	Greha Sukhan, Khulna
SMALL	NATIONALISED
Rony Agro Engineering, Satkhira	Jamuna Fertiliser Company
Prince Chemical Company, Pabna	Ashuganj Fertiliser and Chemical Company
Regimax Industry, Chittagong	National Tubes

The manufacturing sector registered 10.32 percent growth in fiscal 2014-15 from 8.77 percent growth a year earlier, according to Bangladesh Bureau of Statistics.

READ MORE ON B3

BB expands efforts to curb money laundering

STAR BUSINESS REPORT

The central bank has widened its anti-money laundering initiatives beyond financial institutions, in a bid to effectively put it in check.

The BB has now asked real estate developers, precious and semi-precious stone businessmen, jewelers, consultants, lawyers and accountants to abide by the rules and regulations stipulated in the money laundering and terrorism prevention laws.

The associations of the businessmen and professionals have to develop their own policies on their anti-money laundering measures, the central bank said in a statement yesterday.

The BB also asked these entities to record information on the buyers of real estate and jewellery and clients of lawyers and accountants.

READ MORE ON B3

Two defendants get bail in 1996 share scam case

STAR BUSINESS REPORT

The special tribunal yesterday granted bail to Rakibur Rahman, a former president of Dhaka Stock Exchange, and AS Shahudul Islam Bulbul, a former director of the premier bourse, in a case related to the 1996 stockmarket scam.

The tribunal also directed Abu Tayeb, another defendant in the case, to be present in court on August 16, the day the tribunal is scheduled to take depositions.

Judge Humayun Kabir granted the bail and passed the order after a petition filed by the defendants, who were found by a government probe report involved in the share market scam.

After getting bail, Rahman said they want an end to procrastination on the case. "We don't want to remain victimised."

This case was one of the 15 cases filed by Bangladesh Securities and Exchange Commission against 38 individuals, eight listed companies and six brokerage firms on charges of manipulating share prices through fraudulent means in 1996.

The share price index of the DSE rose as high as 3,648.75 points on November 5, 1996. The following day, it started falling and came down to 462 points in May 1999.

The share prices of listed companies soared abnormally, even by several hundred times, before the crash, which left millions of investors penniless.

After the crash, the then Awami League-led government formed a probe committee on December 26, 1996, headed by Aminul Islam, who was the vice-chancellor of Jahangirnagar University at the time.

The committee submitted its report to the government on March 27, 1997, identifying a number of companies and some of the country's biggest brokers and influential individuals to be involved in market rigging.

DSE members Rahman and Bulbul were directors of Chittagong Cement and

Clinker and Grinding Company, now known as Heidelberg Cement, according to the report.

Although the BSEC directed them to step down from the posts, they continued to stay as directors in the company, whose prices crossed Tk 18,000 per share in 1996 against a book value of Tk 134.

One of the directors of the company transferred a large number of shares in the July-November period of 1996 to one of his relatives that were sold in the market, the probe report said, without mentioning any name.

The BSEC had also inquired about the sale of shares by the company to outsiders (Indian and Iranian nationals) bypassing the DSE and Chittagong Stock Exchange. There was no satisfactory reply from the company, which is also a defendant of the case.

During the period, some shares were sold by foreign investors, and there were some price-sensitive announcements, which made the prices peak, the committee found.

These clearly indicate an act of manipulation and these dealings come within mischief under a section of the Securities and Exchange Ordinance, the report had said.

Although the cases were filed 18 years ago, there were no major developments.

After recommendations from another probe report on the stockmarket crash of 2011, the Securities and Exchange Ordinance 1969 was amended in parliament in November 2012, empowering the government to set up special tribunals to try such cases.

The much-awaited special tribunal for the capital market began its judicial functions last month to quickly dispose the stockmarket related cases.

In a verdict on August 3, Judge Humayun Kabir sentenced Mahub Sarwar, a manipulator, to two years in prison for illegally influencing the stockmarket through blogs and websites.

COMMUNICATION SUMMIT 2015
29th August, 8:30 am - 10:30 pm
Pan Pacific Sonargaon Hotel, Dhaka

Speakers:
 - Dave McCaughan: Marketing Thought Leader and Storyteller, BIBLOSEXUAL
 - Syed Gousul Alam Shaon: Managing Partner & Country Head, GREY Bangladesh
 - Indranil Chakraborty: Founder, StoryWorks
 - Muralidhar Salvateeswaran: Managing Director - South India, Millward Brown
 - Dan Mobley: Regional Head of Corporate Affairs, India & South Asia, Standard Chartered
 - Bickey Russell: Head of Agency Development, Global SMB Revenue Organization, Google

For Registration and Other Information:
Call: 017 555 94 960, 017 555 94 961
Email: commward.bbf@gmail.com

The Summit will be followed by **Gala Award Ceremony**

An Initiative of **Bangladesh BRAND FORUM**
Inspiring Brands in Bangladesh

Partners: AFD, MSB, INDEPENDENT, ROYAL LIONS, WebAble, MASTHEAD PR, aamra, MAVERICK STUDIOS