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Whistleblowing for Transparency & Ethics

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WHISTLEBLOWING – FOR TRANSPARENCY & ETHICS






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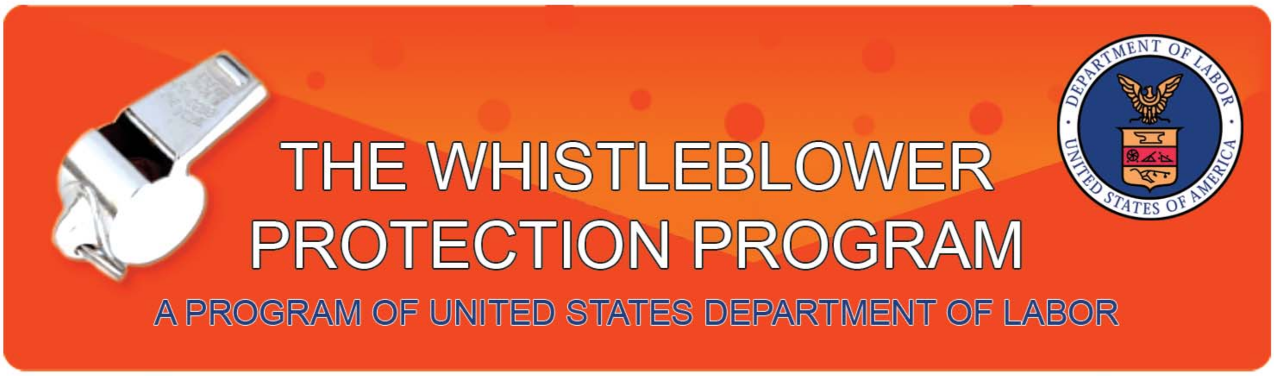
WHISTLEBLOWING – FOR TRANSPARENCY & ETHICS



With the acknowledgement of corporate social responsibility, to run a corporate body both lawfully and ethically the concept of "whistleblowing" was evolved. Whistle-blowing can be defined as 'the disclosure by organization members (former or current) of illegal, immoral or illegitimate practices under the control of their employers, to persons or organizations that may be able to effect action' (Near and Miceli, 1987).

Definition

A whistleblower can be defined as a person who reveals any wrongdoings or malpractices that are taking place within an organization. Most whistleblowers are internal whistleblowers, who report misconduct on a fellow employee or superior within their company. One of the most interesting questions with respect to internal whistleblowers is why and under what circumstances people will either act on the spot to stop illegal and otherwise unacceptable behavior or report it. There is some reason to believe that people are more likely to take action with respect to unacceptable behavior, within an organization, if there are complaint systems that offer not just options dictated by the planning and control organization, but a choice of options for individuals, including an option that offers near absolute confidentiality. External whistleblowers, however, report misconduct on outside persons or entities. In these cases, depending on the information's severity and nature, whistleblowers may report the misconduct to lawyers, the media, law enforcement or watchdog agencies, or other local, state, or federal agencies. In some cases, external whistleblowing is encouraged by offering monetary reward.

Whistle-blowing and Corporate Governance

Whistleblowing is relevant and plays a critical role in corporate governance. Whereas, corporate governance is a number of processes, customs, policies, laws, and institutions which have impact on the way a company is controlled. An effective whistle-blowing programme is regarded as a key element of good corporate governance and good fraud risk management. A key feature of an effective whistle-blowing programme is the ability of whistle-blowers to report incidents anonymously and/or confidentially. Whistle-blowing forms part of the internal control system which a company adopts to achieve good corporate governance practices. Research has shown that whistleblowing is one of the effective ways to detect fraud and wrongdoings in a corporation. This is further evidenced by the fact that the major world organizations are calling for the implementation of whistle-blowing policies and whistleblower protection laws. Thus, if the whistle-blowing policy and procedure are implemented successfully in a company, it would amount to a good early warning system to the company to eradicate improper conduct before the matter escalates to a point of no return.

Why should we blow the whistle?

Silence is not always golden

- Silence may imply that we condone the misconduct
- Silence may imply that we are parties to the misconduct
- Failure to report may cast doubt on our integrity
- Failure to report may cast doubt on our loyalty to the organization
- A right and a duty to report
- "Swallowing the whistle" leads to unchecked fraud and misconduct
- Above all, unreported fraud or gross misconduct can result in loss of jobs and other benefits, which adversely affects every stakeholder of any business.

Benefits of Whistleblowing

Whistleblowing can be a powerful mechanism for bringing about a more ethical climate in any institution. It helps to identify problems early before they escalate, insure that reports are investigated, action taken and retaliation prevented. It may also avoid public disclosure by allowing the misconduct to be solved internally. Effective whistleblowing has made a significant impact in many areas of U.S. society: it has removed a President of the United States in the Deep Throat case, it has exposed huge deficiencies in the management of our public hospitals, some of which have caused dozens of patient deaths, and has stopped illegal activities in innumerable businesses. Whistleblowing is considered by some as the most effective of all possible methods for stopping illegal or corrupt activities within organisations. It is not a simple method, as the controversy surrounding most whistleblowing cases and the need for legislation to protect whistleblowers testifies. The ethical implications are in conflict – the denial of loyalty to the organisation, versus the revealing of wrongdoing in it. The inquiry into the deaths of twelve children at the Winnipeg Health Sciences Center in 1994 described whistleblowing as a 'morally ambiguous action'.

How Whistleblowing was recognized by U.S. Securities and Exchange Commission (SEC)

The financial crisis of 2007–2010 led to widespread calls for changes in the regulatory system in U.S. In June 2009, President Obama introduced a proposal for a "sweeping overhaul of the United States financial regulatory system, a transformation on a scale not seen since the reforms that followed the Great Depression." Consequently, The Dodd–Frank Wall Street Reform and Consumer Protection Act is a federal statute in the United States that was signed into law by President Barack Obama on July 21, 2010. The Act implements financial regulatory reform sponsored by the Democratically controlled 111th United States Congress and the Obama administration. Passed as a response to the late-2000s recession, the Act was touted as the most sweeping change to financial regulation in the United States since the Great Depression, purportedly representing a significant change in the American financial regulatory environment affecting all Federal financial regulatory agencies and almost every aspect of the nation's financial services industry. However, many legal and financial scholars have been critical, arguing that the reforms were insufficient to prevent another financial crisis or additional "bail outs" of financial institutions.

More recently, Section 922 of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") amended the Securities Exchange Act of 1934 ("Exchange Act") by, among other things, adding Section 21F, entitled "Securities Whistleblower Incentives and Protections" effective from August 12, 2011.

According to Sec. 21F SECURITIES EXCHANGE ACT OF 1934 326(6)

The term ''whistleblower'' means any individual who provides, or 2 or more individuals acting jointly who provide, information relating to a violation of the securities laws to the Commission, in a manner established, by rule or regulation, by the Commission.

Whistleblowing award program of U.S. SEC

Section 21F 3 directs the Commission to make monetary awards to eligible individuals who voluntarily provide original information that leads to successful Commission enforcement actions resulting in the imposition of monetary sanctions over USD 1,000,000, and certain related successful actions. Awards are required to be made in the amount of 10% to 30% of the monetary sanctions collected. Awards will be paid from the Commission's Investor Protection Fund. In addition, Dodd-Frank Act § 924(d) directs the Commission to establish a separate office within the Commission to administer the whistleblower program. Section 924(d) of the Dodd-Frank Act requires the Commission's Office of the Whistleblower to report annually to Congress on its activities, whistleblower complaints, and the response of the Commission to such complaints. In addition, Exchange Act § 21F(g)(5) requires the Commission to submit an annual report to Congress that addresses the following subjects:

- the whistleblower award program, including a description of the number of awards
- granted and the types of cases in which awards were granted during the preceding fiscal year;
- the balance of the Fund at the beginning of the preceding fiscal year; the amounts deposited into or credited to the Fund during the preceding fiscal year;
- the amount of earnings on investments made under Section 21F(g)(4) during the preceding fiscal year;
- the amount paid from the Fund during the preceding fiscal year to whistleblowers pursuant to Section 21F(b);
- the balance of the Fund at the end of the preceding fiscal year; and
- a complete set of audited financial statements, including a balance sheet, income statement and cash flow analysis.

Implementation of the Whistleblower Award Program

Adoption of Implementing Regulations

Exchange Act § 21F(b) provides that whistleblower awards shall be paid under regulations prescribed by the Commission. Shortly after the enactment of the Dodd-Frank Act, the Commission formed a cross-disciplinary working group to draft proposed rules to implement the Act's whistleblower provisions. In addition, before publishing proposed rules and commencing formal notice-and-comment rulemaking, the Commission provided an e-mail link on its website to facilitate public input about the whistleblower award program. On November 3, 2010, the Commission proposed Regulation 21F to implement Exchange Act § 21F. The Commission received more than 240 comment letters and approximately 1,300 form letters on the proposal. In response to the comments, the Commission made a number of revisions and refinements to the proposed rules in order to better achieve the goals of the statutory whistleblower program and to advance effective enforcement of the federal securities laws.

On May 25, 2011, the Commission adopted final Regulation 21F, which became effective on August 12, 2011 ("Final Rules"). Among other things, the Final Rules define certain terms essential to the operation of the whistleblower program; establish procedures for submitting tips and applying for awards, including appeals of Commission determinations whether or to whom to make an award; describe the criteria the Commission will consider in making award decisions; and implement the Dodd-Frank Act's prohibition against retaliation for whistleblowing.

Establishment and Activities of the Office of the Whistleblower so far

Section 924(d) of the Dodd-Frank Act directs the Commission to establish a separate office within the Commission to administer and to enforce the provisions of Exchange Act § 21F. On February 18, 2011, the Commission announced the appointment of Sean X. McKessy to head the newly-created Office of the Whistleblower in the Division of Enforcement. In addition to McKessy, the Office is currently staffed by five attorneys and one senior paralegal on detail from various Commission Divisions and Offices, each serving a 12-month detail in the Office of the Whistleblower. These details started in May 2011. The Office of the Whistleblower is in the process of recruiting and hiring a Deputy Chief.

Since its establishment, the Office of the Whistleblower has focused primarily on establishing the office and implementing the whistleblower program. During fiscal year 2011, the Office's major activities included the following:

- Providing extensive training on the Dodd-Frank statute and Final Rules to the Commission's staff;
- Establishing and implementing internal policies, procedures, and protocols;
- Establishing a publicly-available Whistleblower hotline for members of the public to call with questions about the program.
- Redesigning and launching an Office of the Whistleblower website dedicated to the whistleblower program
- Meeting with whistleblowers, potential whistleblowers and their counsel, and consulting with the relevant subject matter experts in the Division of Enforcement to provide guidance to whistleblowers and their counsel concerning expectations and follow up;
- Conferring with regulators from other agencies' whistleblower offices, including the Internal Revenue Service, Commodity Futures Trading Commission, Department of Justice, and Department of Labor (OSHA), to discuss best practices and experiences;

Whistleblower Tips Received and Its Processing During Fiscal Year 2011

The Final Rules specify that individuals who would like to be considered for a whistleblower award must submit their tip to the Office of the Whistleblower on Form-TCR either via facsimile or mail or via the Commission's online TCR questionnaire portal. Concurrently with the effectiveness of the Final Rules on August 12, 2011, the Commission updated its Tips, Complaints and Referrals System ("TCR System") to conform the online questionnaire to the substantive requirements in the Final Rules and to provide enhanced whistleblower functionality. Out of the total 334 complaints, the most common complaint categories were market manipulation (16.2%), corporate disclosures and financial statements (15.3%), and offering fraud (15.6%). The Commission received whistleblower submissions from individuals in 37 states, as well as from several foreign countries, including China (10) and the United Kingdom (9).

The Office of the Whistleblower leverages the resources and expertise of the Commission's Office of Market Intelligence to triage incoming whistleblower TCRs and to assign specific, timely and credible TCRs to appropriate members of the Enforcement staff. During the triage process, several layers of staff in the Office of Market Intelligence examine each submitted tip to identify those that are sufficiently specific, timely and credible to warrant the further allocation of Commission resources, or a referral to another law enforcement or regulatory agency. Complaints that relate to an existing investigation are generally forwarded to the staff assigned to the existing matter.

The Office of the Whistleblower participates in the tip allocation and investigative processes in several ways. When callers to the Office of the Whistleblower's voicemail provide information of any allegation or statement of concern about possible violations of the federal securities laws or conduct that poses a possible risk of harm to investors (either as a message or during a return call), members of the Office of the Whistleblower staff enter that information in the TCR System so it can be triaged. During triage, the Office of the Whistleblower may contact the whistleblower to glean additional information or may participate in the qualitative assessment of the best course of action to take in response to a whistleblower tip. During an investigation, the Office of the Whistleblower is available as needed to serve as a liaison between the whistleblower (and his or her counsel) and investigative staff.

Whistleblower Incentive Awards Made During Fiscal Year 2011

The Final Rules set out the procedures for applying for a whistleblower award. The award process begins following the entry of a final judgment or order for monetary sanctions that, alone or jointly with judgments or orders previously entered in the same action or an action based on the same nucleus of operative facts, exceeds USD 1 million. Following the entry of such a judgment or order, the Office of the Whistleblower publishes a Notice of Covered Action on the Commission's website. Once a Notice of Covered Action is posted, individuals have 90 calendar days to apply for an award by submitting a completed whistleblower award application, which is known as Form WB- APP, to the Office of the Whistleblower. It is anticipated that as the program evolves, the Office of the Whistleblower's standard practice will be to provide individualized notice to whistleblowers who may have contributed to the success of a Commission action resulting in monetary sanctions exceeding USD 1 million.

SEC Investor Protection Fund

Section 922 of the Dodd-Frank Act established the Securities and Exchange Commission Investor Protection Fund ("Fund") to provide funding for the Commission's whistleblower award program, including the payment of awards in related actions. In addition, the Fund is used to finance the operations of the SEC Office of the Inspector General's suggestion program.

The suggestion program is intended for the receipt of suggestions from Commission employees for improvements in the work efficiency, effectiveness, and productivity, and use of resources at the Commission, as well as allegations by Commission employees of waste, abuse, misconduct, or mismanagement within the Commission.

Whistleblower security concerns

Though many laws protect the whistleblower as employee, supplier, or buyer in a governmental context, there have been few protections for whistleblowers in private industry. In the 1980s, states began to provide whistleblower protection to employees as a result of the erosion of the at-will employment doctrine, which until very recently meant that private, nonunionized employees could be fired for any reason, including blowing the whistle. With the enactment of the Sarbanes-Oxley Corporate Reform Act of 2002, internal and external whistleblower protection has been extended to all employees in publicly traded companies for the first time. The provisions of Sarbanes-Oxley are follows:

- Make it illegal to "discharge, demote, suspend, threaten, harass or in any manner discriminate against" whistleblowers
- Establish criminal penalties of up to 10 years for executives who retaliate against whistleblowers
- Require board audit committees to establish procedures for hearing whistleblower complaints
- Allow the secretary of labor to order a company to rehire a terminated employee with no court hearing
- Give a whistleblower the right to a jury trial, bypassing months or years of administrative hearings

Sec. 21F SECURITIES EXCHANGE ACT OF 1934 330 (A) also protects Whistleblower and includes the following:

No employer may discharge, demote, suspend, threaten, harass, directly or indirectly, or in any other manner discriminate against, a whistleblower in the terms and conditions of employment because of any lawful act done by the whistleblower—

(i) in providing information to the Commission in accordance with this section;

(ii) in initiating, testifying in, or assisting in any investigation or judicial or administrative action of the Commission based upon or related to such information; or

(iii) in making disclosures that are required or protected under the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7201 et seq.), the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.), including section 10A(m) of such Act (15 U.S.C. 78f(m) [78]), section 1513(e) of title 18, United States Code, and any other law, rule, or regulation subject to the jurisdiction of the Commission.

The Protection Program Example

Recently it was published in the media as a Press Release by OSHA (Occupational Safety and Health Administration) that, an Engineer working in a firm was fired due to whistle blowing and OSHA after investigation, has ordered the firm to compensate for the damage to the engineer.

US Labor Department's OSHA orders Enercon Services to pay $261,152.69 in damages after firing engineer who reported unsafe work practices Investigation found violations of the Energy Reorganization Act whistle-blower provisions for construction contract Enercon was completing at Wolf Creek Generating Station, a nuclear power plant.

Enercon Services Inc. has been ordered to pay $261,152.69 in back wages, compensatory damages and interest, plus attorney's fees, to a senior engineer following an investigation by the U.S. Department of Labor's Occupational Safety and Health Administration, which found that the company violated the whistle-blower provisions of the Energy Reorganization Act. An investigation conducted by OSHA staff in Kansas City, Mo., found that Enercon wrongfully terminated a senior engineer for raising safety concerns during construction projects Enercon Services was part of at the Wolf Creek Generating Station, a licensee of the Nuclear Regulatory Commission, located in Burlington. (Region 7 News Release: 13-822-KAN)

OSHA's investigation concluded that the licensed professional civil and structural engineer was terminated Jan. 30, 2012, for reporting breaches of minimum soil coverage requirements for emergency service water piping and for refusing to provide Enercon Services an engineering justification for the use of concrete as backfill over the piping. The evidence shows that a manager for Enercon Services proposed to backfill the pipes with concrete before the arrival of NRC inspectors, but that the engineer refused to implement the design change because he believed concrete fill was insufficient. The engineer was fired a few days later. Wolf Creek ultimately used cohesive soil as backfill over the pipes.

The agency (OSHA) has ordered Enercon Services to reinstate the engineer to his former position with all pay, benefits and rights and pay back wages of $206,360, plus interest currently estimated at $4,142.69, compensatory damages of $50,650 and reasonable attorney fees. The ERA does not provide for an award of punitive damages.

Contemporary Laws Protecting Whistleblower

There has been some Laws passed to protect employees from termination and discrimination from the employer as a retaliation for disclosing unlawful or unethical activities to the regulatory authorities. Consumer Financial Protection Act of 2010 (CFPA),Section 1057 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, 12 U.S.C.A. §5567 Enacted July 21, 2010 and FDA Food Safety Modernization Act P.L. 111-353 January 4, 2011, SEC. 402. EMPLOYEE PROTECTIONS are examples of such regulations. The first one provides protection to the employees in the field of consumer financial products and the second one to the employees working in manufacturing, packaging and transportation of Foods.

Under these acts any individual can lodge complain to the Secretary of Labor within 180 days of any discriminatory action faced as a retaliation of whistleblowing. Upon receipt of such a complaint, the Secretary of Labor will notify, in writing, the person named in the complaint who is alleged to have committed the violation. This provides the alleged in the complaint to provide an explanation in writing or by meeting the representatives of the Secretary of Labor. The Secretary of Labor then will conduct an investigation. If the Secretary of Labor concludes that there is reasonable cause to believe that a violation of has occurred, the Secretary of Labor will issue a preliminary order with penalty or corrective measure. The alleged and the complainant, both have the right to request for hearing if they have objection with the findings of the preliminary order. Otherwise the preliminary order will be deemed as the final order.

If the Secretary of Labor determines that a violation has occurred,

I. the Secretary of Labor shall order the person who committed such violation –

i. to take affirmative action to abate the violation;

ii. to reinstate the complainant to his or her former position, together with compensation (including back pay) and restore the terms, conditions, and privileges associated with his or her employment; and

iii. to provide compensatory damages to the complainant.

II. PENALTY- If an order is issued under clause (i), the Secretary of Labor, at the request of the complainant, shall assess against the person against whom the order is issued, a sum equal to the aggregate amount of all costs and expenses (including attorney fees and expert witness fees) reasonably incurred, as determined by the Secretary of Labor, by the complainant for, or in connection with, the bringing of the complaint upon which the order was issued.

On the other hand, If the Secretary of Labor finds that a complaint is frivolous or has been brought in bad faith, the Secretary of Labor may award to the prevailing employer a reasonable attorney fee, not exceeding $1,000, to be paid by the complainant.

If any person fails to comply with a final order, the Secretary of Labor may file a civil action in the United States district court for the district in which the violation was found to have occurred.

National News: Bangladesh Bank

Default Loans Weigh Down Banks' Profits BB Forms Panel to Check Their Profit Statements

Banks' net profits dropped 104 percent in 2012 due to an unprecedented rise in default loans. However, net profits of foreign banks increased 17 percent, while it fell 28 percent at private banks. Four state banks were the worst sufferers. The banks made a total operating profit of Tk 19,727 crore in 2012, according to Bangladesh Bank. After deducting provisions for default loans and taxes, the figure stood at Tk 4,465 crore.

Last year, default loans of the private banks increased by 81 percent, which is blamed for the drop in their net profits. In 2012, the private banks made net profits worth Tk 4,020 crore, which was Tk 5,653 crore the previous year. However, the foreign banks made a net profit of Tk 1,444 crore in 2012, up from Tk 1,230 crore the year before. The central bank has formed a panel for the first time to scrutinize the profit statements of the banks. The BB official said they will complete the scrutiny by March as the banks would begin making their balance sheets public by then. Sometimes bank management artificially shows higher profits than actual, to give more profits to shareholders, the official added. The central bank's aim is to restore financial discipline in the banks and unearth whether the loans have been properly classified, he said.

Source: The Financial Express, March 14, 2013

BB Launches Software to Check Fraud in Forex Dealings

The central bank of Bangladesh has launched a piece of software, dashboard, to monitor all foreign exchange transactions of commercial banks in a bid to check fraud and forgeries in the banking sector. Bangladesh Bank (BB) Governor Atiur Rahman inaugurated the software at the central bank headquarters in Dhaka Tuesday. Government officials, chief executive officers and managing directors of commercial banks were also present. Following the launch of the dashboard, both the BB and the scheduled banks now will be able to access every bank's data, including those on outstanding inland documentary bills and the bills of acceptance given by a branch of any bank by going online.

Source: The Financial Express, February 13, 2013

BB Opens Large-Scale Loan Monitoring Software Today

Bangladesh Bank will inaugurate software styled Large Loan Monitoring Software (LLMS) for sanctioning and monitoring large-scale loans. Bangladesh Bank Governor Dr Atiur Rahman will inaugurate the LLMS at Jahangir Alam Conference Room of Bangladesh Bank today (Sunday), said a press release. Deputy governors, executive directors of BB and other high officials of the central bank will attend the programme.

Source: The Daily Sun, February 17, 2013

BB Sets Tk 722.03b SME Loan Disbursement Target For 2013

The Bangladesh Bank (BB) has set Tk 722.03 billion small and medium enterprises (SME) loan disbursement target for local and foreign banks and NBFIs for the current calendar year (2013). The amount is 22.35 per cent more than that of the previous year (2012). The state-owned, specialised, private and foreign commercial banks and non-banking financial intuitions (NBFIs) had a target to disburse Tk 590.12 billion SME loan in 2012, according to the BB data. However, the actual disbursement surpassed the target by 18.20 per cent in 2012, as the banks and NBFIs disbursed a total of Tk 697.53 billion loan that year, according to the BB data asing in the country."

Source: The Financial Express, March 6, 2013

National News: Banking Regulations

Sanction loan even if clients have sub-standard loan BB asks scheduled banks

Bangladesh Bank asked all scheduled banks to sanction loan to the clients even if they have sub-standard loan. The direction came following the business people's allegation that the banks did not follow the rules in line with the latest central bank circular, said BB officials. The BB issued a letter to managing directors and chief executive officers of all banks in this regard asking them to give direction to their branches to maintain the regulations of loan classification and provisioning properly.

A BB official told New Age on Wednesday that the country's trade bodies including the Federation of Bangladesh Chambers of Commerce and Industries had recently raised issues to the central bank that a number of branches of some banks did not sanction loans, since they were considering the sub-standard loan as default loan in line with the previous regulations.

'But, according to the latest BB circular, the sub-standard loan has to be treated as classified loan, but not default loan. The Bank Company Act clearly explained that if any loan or part of it or accrued interest thereon to any person or organisation of his or its own or related concern remains overdue for more than six months, the borrower availing of such loan facility will be treated as defaulted borrower', he said. The loan will be treated as sub-standard if the overdue of the loan will be more than three months, he said. The businessmen alleged that the misinterpreting of the regulations had widened as the central bank had already changed a number of times the master circular of loan classification and provisioning, he said.

Source: The New Age, March 21, 2013

BB relaxes rules for foreign investment

Bangladesh Bank (BB) has eased the related rules for opening of businesses by foreign investors and non-resident Bangladeshis (NRBs) in a bid to expedite foreign investment. The central bank in a circular Wednesday asked all Authorised Dealer (AD) banks to approve in a day the applications for opening businesses or appointing agents and advisers. The facility is valid for the investors, who are not Bangladeshi citizens, or the business firms not registered in Bangladesh, according to the circular. — BSS

Source: The Financial Express, March 21, 2013

Borrowers to be identified as defaulters after six months

The central bank has not changed the definition of defaulted borrower, saying that only after six months such a borrower will be identified as defaulter. "We've clarified the definition of defaulted borrower in line with the existing Bank Company Act," a senior official of the Bangladesh Bank (BB) told the FE Wednesday, adding that the loan, classified as substandard will not be treated as defaulted one.

"The loan, classified as substandard, was earlier treated as defaulted loan," the central banker said while replying to a query relating to substandard and defaulted loan. The central bank issued a circular clarifying definition of loan defaulters. The BB's latest move came against the backdrop of public opinions about tenor of defaulted loan after circulars relating to loan classification, provisioning and rescheduling policies by the central bank was issued on June 14 last year.

"There is no problem to provide fresh loan to the borrower whose loan has been identified as substandard," the central banker said, adding that any loan will be classified as 'substandard' if it is due/ overdue for three months or beyond but less than six months. He also said it will be 'doubtful' if it is due/ overdue for six months or beyond but less than nine months while it will be 'bad/loss' if it is due/ overdue for nine months or beyond.

Besides, the BB earlier relaxed its loan classification and provisioning policies to facilitate small businesses, identified as 'missing middle group,' the central banker added. Under the revised provisions, a fixed-term loan amounting up to Tk 1.0 million will be classified for non-repayment within six months instead of the previous three months. The amendments have been made to expedite the economic growth, triggered by the comparatively small-scale borrowers, and promote financial inclusion, according to the central bankers.

Source: The Financial Express, March 21, 2013

Realtors asked to report to BB about suspicious buyers

Bangladesh Bank's worries that real estate and jewelry were fertile sectors of black money led the central bank to ask the two industry owners to report to it about suspicious offers from any buyer, officials said. Earlier, BB had asked banks, insurance companies, money changers, stock exchange brokerage houses, the post office, courier services and companies in 20 other sectors to report to it whenever suspicion arises that a buyer was offering black money for any transaction.

BB's suspicions regarding the real estate transactions drew protests from Real Estate and Housing Association of Bangladesh. REHAB, however, said that it would cooperate with the government. BB took the initiative as part of its anti-money laundering efforts under the anti-money laundering act of 2012. However, the central bank initiative irked various business sectors, particularly the real estate industry owners. BB, the National Board of Revenue and host of other government agencies are worried that large segments of the daily transactions in the real estate industry were not reflected in the documents shown to the authorities.

They say that the practice of maintaining different books of accounts to hide transactions by many real estate companies was only helping pump black money in the economy. Finance Ministry's banking division additional secretary Amalendu Mukherjee, said the BB needs to speed up its fight against money laundering activities. Bangladesh is committed to Financial Action Task Force and Asia Pacific Group on money laundering to keep at least its current gray status. Bangladesh's position could be downgraded or it could also be blacklisted, if it fails to address the deficiencies in real estate and other problematic areas, said Amalendu.

Source: The New Age, March 21, 2013

BB wants statement on big borrowers by 10th of every month

The Bangladesh bank (BB) has asked banks to submit particulars including the CIB (Credit Information Bureau) report of large borrowers by 10th of every month starting from March. In a circular issued Wednesday to this effect, the BB authority has also asked all the banks to send respective statements in the prescribed format.

Source: The Daily Sun, March 14, 2013

BB raises credit facility for stock dealers up to Tk 30m

Bangladesh Bank (BB) has raised credit facility for stock dealers up to Tk 30 million from existing limit of Tk 10 million to boost purchase power of dealers, officials said. The BB has said that credit facility has been extended considering over all situation prevailing in the country's stock market. The BB Wednesday said this through a circular, which will come into effect immediately. The latest move by BB comes after the premier bourse--Dhaka Stock Exchange (DSE)-recently has proposed the central bank for extending the credit facility for stock brokers up to Tk 200 million.

Stock Market coordination committee and the DSE have also held some meetings with the BB authority and urged the governor to extend credit facility for stock dealers. As per previous circular issued on June 15, 2010, a stock dealer was allowed to avail the credit facility up to Tk 10 million to purchase listed stocks or debentures. "A bank can provide a loan up to Tk 30 million to a stock dealer on the basis of relation and taking mortgage," the BB circular said. The stock dealers, however, will avail the credit facility for purchasing or selling 'A' and 'B' category stocks or debentures. And other conditions for receiving bank loans by stock dealers will remain unchanged.

Source: The Financial Express, March 14, 2013

BB allows low-cost loans to BGAPMEA mills

Bangladesh Bank (BB) has included the members of the Bangladesh Garments Accessories and Packaging Manufacturers and Exporters Association (BGAPMEA) in the list eligible for its low-cost Export Development Fund (EDF). The central bank Monday issued a guideline on the limit of borrowing from the export development fund in form of foreign exchange by the authorised dealer (ADs) banks. In the circular, issued by the Foreign Exchange Policy Department (FEPD) of the central bank, set the borrowing limit for ADs up to $1 million from to finance import of raw materials by mills under BGAPMEA for local deliveries of garment accessories to manufacturer-exporters against inland back to back letter of credit (LC).

Earlier in December 22, 2009, the central bank allowed the ADs to borrow from the EDF against their foreign currency loan to the mills under Bangladesh Textile Mills Association (BTMA) to make bulk import of raw cotton and other fibers against deemed exports.

The latest circular reads, an EDF loan to an AD against their foreign currency financing of input imports of BGAPMEA member mills, shall not exceed (i) the value realised in foreign exchange against inland back to back LCs over the past 12 months, or (ii) $1. million, whichever is lower.

Source: The Daily Sun, February 12, 2013

Banks won't have directors more than 20

The number of directors at any bank will not exceed 20, according to the draft Banking Companies (Amendment) Bill 2013 approved yesterday. Though the existing law does not specify the number of directors, the finance ministry had earlier tried on several occasions to bring down the number to 15. After a cabinet meeting yesterday, Cabinet Secretary Musharraf Hossain Bhuiyan told reporters that of the 20 bank directors, four will be independent directors. The amendment will also bring stringent measures to curb frauds in fund collection from people in the name of deposits.

Source: The Daily Star, March 19, 2013

Bank investment cap to be reset

Cabinet Secretary Mosharraf Hossain Bhuiyan, recently said the draft Bank Company (Amendment) Act 2013 is under scrutiny by the Ministry of Law. Referring to the Section 26 (A) of the draft, the Secretary said that no bank will be able to buy shares of a company amounting to more than 10 percent of the company's paid-up capital and more than five percent of the company's total market borrowings. There will be no amendment regarding Sharia banking or in the regulations for Islamic banks.

"This amended law intends to bring down the market risks of the banks and protect the interest of the small investors in the stock market," the Secretary said. If any bank has crossed this ceiling at the moment, they will have to bring it down within three years. Any violation of the amended regulation will invite a fine of Tk 2 million. Failure to pay the fine will invite an additional fine of TK 50,000 per day beyond the time limit to pay fine.

Source: http://bdnews24.com March 04, 2013

NATIONAL NEWS

Banking Industry

Sir Abed returns as BRAC Bank chairman

Sir Fazle Hasan Abed was re-elected as the chairman of BRAC Bank on March 7. He founded the bank in 2001 to develop inclusive banking services for small and medium entrepreneurs, including those in rural Bangladesh. He was the chairman of the bank from July 2001 to April 2008, the bank said in a statement yesterday.

Source: The Daily Star, March 14, 2013

Mosharraf Hossain elected as Independent Director of SJIBL

Eminent Banker Mr. Mosharraf Hossain has been elected as an Independent Director as well as the Chairman of the Board Audit Committee of Shahjalal Islami Bank Limited. Mr. Mosharraf Hossain was born in a respectable Landlord family in Shariatpur District on 25th November 1945. After received post graduation degree from University of Dhaka he started his Banking career as a probationary officer in Eastern Mercantile Bank Limited, Presently Pubali Bank Limited. He hold a numerous post in different commercial banks, lastly he was the Managing Director & CEO of Standard Bank Limited and IFIC Bank Limited. Mr. Mosharraf Hossain received higher training on international Banking from world famous Deutsche Bank of Germany. He also attended in various workshops, seminars and Symposium in banking held in Germany, USA, Italy, china and Vietnam etc.

Source: The Financial Express, March 19, 2013

EBL gets new DMD

Hassan O Rashid has joined Eastern Bank Ltd as deputy managing director recently, the bank said in a statement. Prior to joining EBL, he was working as the head of SME banking at Standard Chartered Bank in Bangladesh. He began his career with Arab Bangladesh Bank as a management trainee and has worked for Credit Agricole Indosuez, Hong Kong & Shanghai Banking Corporation and Standard Chartered Bank in different senior positions. Rashid has 22 years professional experience with both local and multinational banks.

Source: The Daily Star, March 24, 2013

City Bank opens domestic airport lounge at HSIA

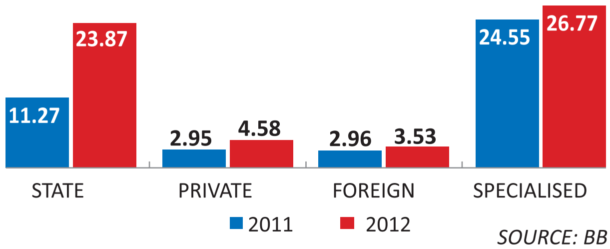
City Bank launched an international standard domestic airport lounge, the first of its kind, at Hazrat Shahajalal International Airport in Dhaka Tuesday. The lounge named "City Bank American Express Domestic Airport Lounge" will cater to the City Bank issued American Express Gold Credit Card-members, said a press release. The lounge would provide complementary facilities and food and beverage, wi-fi connections for internet access, American Express Card service desk and other entertainment options.

Source: The Daily Sun, March 27, 2013

Default loans double: Bankers blame scams, dull business in some sectors

Defaults Pile Up

In Percentage of Outstanding Loans as on Dec 31, 2012



SOURCE: BB

The amount of default loans in the banking sector almost doubled in 2012 mainly due to scams, loans stuck in some sectors and the new loan classification rules. The amount stood at 10.03 percent of the banks' outstanding loans to reach Tk 42,726 crore on December 31, according to central bank statistics.

In December 2011, the amount was Tk 22,644 crore or 6.12 percent of the banks' outstanding loans. Sonali Bank tops the list of banks, which saw a rise in their default loans, due to a huge amount entangled in the Hall-Mark scam. In 2012, default loans in state banks rose by Tk 12,344 crore, while the amount increased by Tk 5,833 crore in private banks, by Tk 219 crore in foreign banks and by Tk 1,685 crore in specialised banks.

Former deputy governor of Bangladesh Bank Khandker Ibrahim Khaled blamed the rise in default loans mainly on corruption. He said the central bank's new loan classification policy also raised the amount. Khaled said a big portion of bank loans invested in the stockmarket is also becoming defaulted.

Source: The Daily Star, February 12, 2013

L/C opening down by 4.26pc

Banks issued 4.26 per cent less import letter of credits in the first half (July '12-January '13) of the current fiscal year 2012-13 compared to the previous year 2011-12. The total value of import letter of credits (LCs) opened by Authorized Dealer banks during July-January of the current fiscal was US$ 20,282.41 million while it was $ 21,185.91 million in the same period of the previous year, according to the data of the central bank.

Source: The Daily Independent, March 5, 2013

Foreign banks' spread widens far beyond limit set by BB

The interest rate spread in foreign banks remains very high despite the central bank's persuasion to cut it down to 5 percent within next month.

Foreign banks' average spread was 8.65 percent at the end of January, which is more than double the state banks' 4 percent and almost double the local private banks' 5.26 percent, according to Bangladesh Bank data. BB Governor Dr Atiur Rahman at a meeting with top bankers last month warned the banks against the high spread and asked them, especially the foreign ones, to bring it down to 5 percent by March.

Source: The Daily Star, March 7, 2013

Banks' deposit up by 20.32pc in a year

Deposits in banks marked a 20.32 per cent rise in the past one year, thanks to the central bank's policy support that encouraged savings, remittance inflow and discouraged unnecessary spending on credit, reports BSS. Data released by the Bangladesh Bank (BB) showed that the total deposit in the banking sector soared to Tk 5395.68 billion in the end of December 2012, which was 20.32 per cent higher than the deposit of Tk 4484.42 billion at the end of 2011.

Source: The Financial Express, March 3, 2013

EBL adjudged Best Retail Bank in Bangladesh by Asian Banker

Muklesur Rahman, Deputy Managing Director of Eastern Bank, holding the trophy of the Best Retail Bank in Bangladesh for 2013 presented by The Asian Banker at the Retail Financial Services International Awards ceremony held in Seoul, South Korea recently. Mr. Rahman is flanked by Foo Boon Ping (R), Managing Editor of the Asian Banker and Philippe Paillart, Chairman of the Jury Board.

The leading private sector financial institution of the country, Eastern Bank Limited has been adjudged as the Best Retail Bank in Bangladesh for 2013 at The Asian Banker's International Excellence in Retail Financial Services 2013 Awards. The award presentation ceremony was held in Seoul, South Korea recently. The event was held in conjunction with the region's most prestigious retail banking event, the Excellence in Retail Financial Services Convention.

The Excellence in retail Financial Services programme was instituted in 2001 to recognize the pursuit of excellence among retail financial institution in the region. The programme is also a repository of evolving best practices from which players can benchmark their own products and processes over long term.

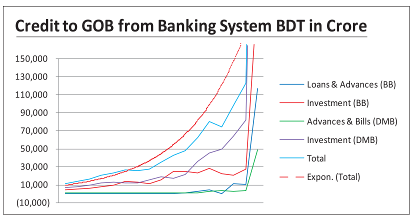
Source: The Financial Express, March 21, 2013

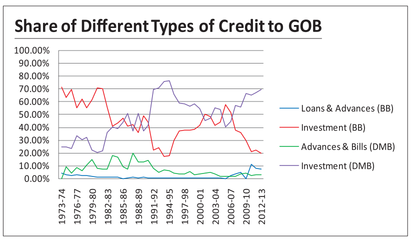
NB Group to Sell Its Share In NB Bank

NB Group can now sell its shares in Nepal Bangladesh Bank to Bangladesh-based IFIC Bank, one of the biggest stakeholders in the bank, as it has formally received permission to do so from Nepal Rastra Bank (NRB) – the banking sector regulator. Although the bank had sought permission for trading of promoter shares long time ago, it was not able to do so due to legal ambiguity. IFIC will purchase 3,803,434 shares belonging to NB group and another 2,665,500 units of Bank Asia. After the transaction, IFIC will hold a 42 percent stake in the bank. The selling price for each unit of the share has been fixed at Rs 260 for the NB group & Rs 100 for Bank Asia respectively. With this, the NB group, which once promoted four financial institutions, will only have shares in Nepal Credit and Commerce (NCC) Bank. Once the shares held in the names of Manaslu Investment and Capital Investment are sold, two subsidiaries of the group, NB Group will formally make an exit from the bank.

Source: Republica, March 27, 2013

Trends of Credit to GOB from Banking System





Source: Monthly Economy Trends, Bangladesh Bank

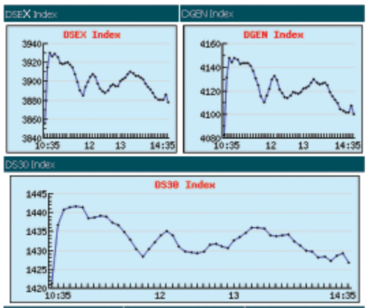
According to Bangladesh Bank's (BB) data) Total Credit to GOB (Government of Bangladesh) would increase by over 1000% from 2011-12 to 2012-13.

Figures of 2012-13 have been estimated based on available data on 08 months. The graphs are based on historical data since 1973-1974.

The first graph is noticeable to read most of the Credit Sources to rise vertically in 2011-12.

National News: Capital Markets

Lax monetary policy 'led to stock market bubble'



Lax monetary policy and poor financial regulations led to formation of the bubble in the capital market that ultimately began to burst at the fag end of 2010. Dr. Ahsan H Mansur, Executive Director of the Policy Research Institute (PRI), made the observation Saturday as a keynote speaker at a seminar held at the University of Dhaka. The Accounting for Capital Market Development, a World Bank-funded research project, organised the seminar on the 'Impact of Monetary Policy on the Capital Market.'

He said in the absence of strong monitoring by the Bangladesh Bank, banks and financial institutions invested in the capital market exceeding their permissible limits. He pointed out, easy availability of credit from merchant banks and brokerage firms helped investors push up the market to the extreme level, which consequently failed to sustain and wiped away money of thousands of investors."Poor financial regulations due to weak regulatory structure were responsible for that situation," Mr Mansur said.

Source: The Daily Sun, March 24 , 2013

DSE forms body to avert stock forgery

Dhaka Stock Exchange (DSE) has formed a four-member panel to examine financial reports and monitor business activities of the listed firms to avert any forgery and irregularities of the market. The DSE authorities decided to form the committee since some listed companies have allegedly been submitting fabricated information in their financial reports while some were not said to be using IPO funds properly, an official of the premier bourse said. The members of the committee are: Jiban Chandra Das, general manger, Md Monowar Hossain, deputy general manager, Nizam Uddin, assistant general manager and Istiak Ahmed Sohag, assistant general manager of Dhaka Stock Exchange.

DSE said the panel will work to ensure transparency and accountability in the bourse and submit report to the DSE board in every 15 days. The body will also monitor the usage for IPO funds as some companies have used the IPO proceeds in other ways than what they declared in the IPO prospectuses.

Source: The Daily Sun, February 13, 2013

Provision against losses by stock dealers: Deadline extended till December 31, 2013

The securities regulator has allowed the stock dealers to provision their unrealized losses against own portfolios, calculated up to December 31, 2012, by December 31, 2013, officials said.

As per the regulatory decision, the stock dealers will avail the facility of 20 per cent provisioning of their losses in the quarter, ending on December 31, 2012.The provisioning of the remaining 80 per cent of the losses will have to be done in 2013, at a rate of 20 per cent in each quarter. The provisioning facility, however, will not be applicable to the losses, calculated after December 31, 2012. Similarly, the same provisioning facility will be applicable for the unrealized losses due to distribution of margin loans to the clients by the respective stock brokers.

The BSEC recently allowed the merchant banks to avail the facility of provisioning their unrealised loses against their own portfolios and calculated up to December 31, 2012.

Source: The Financial Express, February 20, 2013

National News: Business & Economy

Remittances play vital role in poverty reduction: UN

Remittances sent home by migrant workers have played a significant role in reducing poverty in most countries including the least developed one like Bangladesh, said a senior official of the United Nations. In Bangladesh just 13 per cent of households that receive remittances from abroad are below the poverty line, compared to 34 per cent of non-remittance-receiving households, according to an updated data of the UN. In Bangladesh, some 27 per cent of the total population of some 155 million people, live below international poverty line, said the UN data. Bangladesh earns around $14 billion a year from remittances sent home by its nearly 8.0 million expatriate workers across the globe mainly in the Middle East and the Gulf regions. With the increase in inward flow of remittances the enrolment of students, including girls has been boosted in Pakistan, where many other programmes to uplift socio-economic conditions of the people are being taken in proportionate with the enhancement of remittances from expatriate workers, said the UN official.

Source: The Financial Express, March 20, 2013

Savings-investment gap widens to 6.1pc

The domestic savings-investment gap has continued to widen in last four years due to decline in credit flow to the private sector, reports Bangladesh Bank. The gap stood at 6.1 percent in the fiscal 2011-12 from 5.9 percent of GDP in 2010-11. BB figures showed that private investment grew 19.7 percent in FY09, 19.5 percent in FY10, 19.4 percent in FY11 and 19.1 percent in FY12. On the other hand, the private domestic savings marked growth by 18.8 percent in FY09, 18.8 percent in FY10, 18.0 percent in FY12 and 17.9 percent in FY11, presented the central bank data.

Source: Daily Sun, March 19 , 2013

SME a strong engine for economic growth: Atiur

Bangladesh Bank Governor Dr Atiur Rahman said a vibrant SME sector is a strong engine for economic growth which can contribute to job creation and stimulates entrepreneurship. The Bangladesh Bank chief boss made the remarks while speaking at the MoU signing ceremony at a hotel in Dhaka Wednesday. A Memorandum, of Understanding (MoU) was signed among the authorities of National Bank Limited, Jamalpur District Handicrafts Association and Future Solution for Business for marketing the goods of Jamalpur handicrafts. Addressing the programme the central bank chief informed that from the year 2010 to 2012 the banks and financial institutions of the country distributed SME loan of Tk 1,770.17 billion to the clients. In the year 2013, the aim of distributing SME loan is Tk 720 billion, he informed. This is one of the many indicators that signifies the importance of SME sector in Bangladesh.

Source: Daily Sun, March 14, 2013

China to provide $133m for ICT Infrastructure

China will provide $133 million to Bangladesh for developing its ICT Infrastructure network. To this effect, the governments of Bangladesh and China Wednesday inked a financial agreement at a ceremony. Economic Relations Division (ERD) Secretary Abul Kalam Azad and Chinese Ambassador to Dhaka Li Jun signed the agreement on behalf of their respective sides amidst the presence of senior officials from both sides. The project titled "Development of National ICT Infra-Network for Bangladesh Government Phase-II (Info-Sarker)" of Ministry of Information and Communication Technology will be implemented under the framework agreement.

Source: Daily Sun, March 14, 2013

ACC starts enquiry against MLM company

The Anti-Corruption Commission yesterday launched a primary enquiry against Ideal Cooperative Society Ltd, a so-called multilevel marketing (MLM) company, which allegedly misappropriated around Tk 300 crore of depositors' money. According to the anti-graft watchdog, the MLM company had been operating since 2001 in three districts–Dhaka, Narsingdi and Comilla. It disappeared in February. In the meantime, it lured people with high rate of interest–Tk 2000 a month against a deposit of Tk 1 lakh and misappropriated around Tk 300 crore, said an ACC official.

Earlier, the ACC carried out a primary enquiry on the much-talked-about MLM company Destiny Multipurpose Cooperative Society Ltd and then filed a case against 22 of its top officials on July 1 last year on charge of embezzling Tk 1,178 crore of depositors' money. The commission is now investigating the case. On November 27 last year, a Dhaka court directed the ACC to confiscate all properties of the controversial business group, Destiny.

Source: The Daily Star, March 21, 2013

India keen to extend support for SME sector

A visiting delegation comprising SME sector high officials from India has shown interest to strengthen cooperation between the two nations in the SME sector. During a meeting with Industries Minister Dilip Barua Sunday, members of the Indian delegation observed that both the countries are producing many products in the SME sectors and further cooperation in this sector will expedite the bilateral trade between the two friendly nations. They also showed interest to hand over technology of Indian entrepreneurs to Bangladesh for the development of SME sector of the country. Currently, Bangladesh has an industrial growth of 30 percent in the SME sector.

Source: Daily Sun, March 25, 2013

Dhaka among worst cities for global business

Dhaka among worst cities for global business, Dhaka is among the 10 lowest ranking cities in the world for recruitment, employment and relocation, according to a recent study by an American human resource consultancy firm. Of the 138 cities selected by Aon Hewitt — based on population size, rate of population growth, level of business investment and geographic spread among the cities covered — Dhaka came in at 130 of the People Risk Index.

The 2013 study measures the risks that organisations face with recruitment, employment and relocation in 138 cities worldwide by analysing factors as demographics, access to education, talent development, employment practices and government regulations. Dhaka scored, the same as Tripoli, and better than Karachi, Baghdad, Luanda (Angola), Port Moresby (Papua New Guinea), Addis Ababa (Ethiopia), Sana'a (Yemen) and Damascus. The capital was among the top 10 highest risk cities for the employers last year as well, coming in at exactly the same spot in the index as this year.

Source: Daily Sun, March 27, 2013

IP registration rises as firms become savvier

The registration of intellectual property (IP) rights by local companies is on the rise, with companies becoming increasingly conscious of brand rights and trademarks against piracy. IP registration is a must for companies to protect their trademarks, logos, patent rights and industrial designs against any piracy. The Department of Patents, Designs and Trademarks (DPDT), an agency under the industries ministry, issued 759 trademark registrations to the local companies in 2012, up 86.48 percent year-on-year.

Source: The Daily Star, February 18, 2013

Gold price likely to fall with global downtrend

The price of gold in the domestic market is likely to go down soon following a downward trend in the international market, traders have said. The recent prices of different types of gold are: one bhori of 22-carat Tk 58,320; 21-carat Tk 55,754; 18-carat Tk 47,822 and the traditional gold Tk 35,575, according to the BJS. Different websites show the price of gold at six months' low in the international market. The demand for the precious metals among the bullion merchants has dried up after the end of the marriage and festival season which normally boosts the buying activities. They said a weak trend in the overseas markets, where gold dipped below USD 1,600 an ounce after Federal Reserve Chairman said the US economy was recovering, also reduced demand for the metals as an alternate investment option.

Meanwhile, the world's largest gold investors offloading their holdings in exchange-traded products backed by gold last quarter, further influenced the market sentiment, they added. Gold was traded between $1603 and $1618 per ounce in the international spot market till Monday evening in Bangladesh, according to www.kitco.com. The BJS leaders have revised the price in the domestic market based on $1660 per ounce in international market on December 31, 2012 which was effective from January 1, 2013.

Source: The Financial Express, February 19, 2013

Ctg housing fair logs Tk 300cr in sales

Plots and flats worth more than Tk 300 crore were sold at a recent housing fair in the port city, organisers said. Although the turnout fell far below expectations initially, it gradually gained a momentum and was termed a success, both in terms of attendance and sales, they said. There were 68 stalls of housing institutions from both Dhaka and Chittagong at the show, said Mizanur Rahman, the convener of four-day Chittagong REHAB Fair-2013. Only the plots and flats approved by the appropriate authorities were sold, he said, adding that they are happy with the sales figure and expect to attract additional booking.

Source: The Daily Star, February 19, 2013

Taka's continuing appreciation

The local currency has been gaining against the dollar over the last eight months, going by Bangladesh Bank data. The greenback is currently fetching Tk. 79 per dollar, down from Tk. 81 in June last year. This is, however, reflective of the official rates, in the open market buying and selling rates are different, for all one knows. The reasons for appreciation in Taka value vis-a-vis dollar are put down to substantial inflow of remittances, declining imports and the upward trend of exports. Bangladesh Bank must be closely monitoring the appreciation-inducing factors and their contributions, both individually and collectively to the prevailing exchange value between taka and dollar.

Understandably, the appreciating trend is causing the exporters to worry over lack of competitiveness in the world market. The exports are seemingly on an upward curve indicating a positive trend. But of course, the volume of exports may not necessarily imply better earnings in foreign exchange from the overseas market. Increase in Taka value unless held at a reasonable level, could have a knock-on the economy for decline in imports will have a negative impact on investment which in turn would undercut employment.

As long as taka-dollar exchange rate remains around Tk. 79-80 (plus-minus), it needn't set off any alarm bell to the exporters. But anything above that rate could hurt importers and anything below par is likely to affect the exporters. In all, 'the central bank will have to handle the situation carefully' so that a balance is struck between appreciation and depreciation in the value of Taka.

Source: The Daily Star, February 25, 2013

Political troubles force business houses to count heavy losses

The country's corporate sector is bearing the brunt of ongoing political turmoil as sales and production in most entities have dropped sharply for the last few weeks, sector insiders said. Small as well as big business firms and production units are counting financial losses as the off-take of goods has been facing serious disruption due to the on-going restive political situation across the country. Industry insiders however have expressed their fear that their production might face closure if the present situation persists. They said stock of food items in the factory premises has started bulging as delivery of the same has slowed down, leading to rise in the prices of items at the retail level.

Source: The Financial Express, March 5, 2013

Remittance rises slightly

Remittance in February climbed 2 percent as Bangladeshi workers netted more overseas jobs. Remittance rose to $1.15 billion in February from $ 1.13 billion in the same month last year, according to data from Bangladesh Bank. However, the remittance inflow for February is lower than the inflow for January, which was $1.31 billion. Overall, remittance rose 17.34 percent to $9.88 billion in the first eight months of the current fiscal year, rising from $8.423 billion in the same time last year. This is the 15th month in a row that remittance has crossed the one-billion-dollar mark. A higher inflow of foreign currency is important for Bangladesh, as it eases pressures on the balance of payments and curbs volatility in the exchange rate.

Source: The Daily Star, March 5, 2013

Forex reserves cross $14b

Foreign currency reserves crossed the $14 billion-mark for the first time yesterday in the history of Bangladesh. According to the central bank statistics, the reserve was $14.10 billion yesterday. Foreign exchange reserve is shooting up due to the export and remittance growth and fall in imports, said Kazi Saidur Rahman, general manager at Bangladesh Bank.

Around $140 million of the second instalment of the extended credit facility of the International Monetary Fund will be deposited with the central bank today, which will further boost the forex reserves, according to a BB official. The current reserve can be used to clear import bill requirements of over five months, the central bank said in a statement March five 2013. Besides, in the first six months of the current fiscal year, import fell by 8 percent and export increased.

Source: The Daily Star, March 6, 2013

Country's industrial sector decelerates by 3.31pc

Unnayan Onneshan, an independent think-tank, reveals that the growth rate in the country's industrial sector has decelerated by 3.31 percent due to reduction in investment demand, increased cost and reduced supply of investment capital and inapt policy regime. Simultaneously, settlement of letters of credit (L/Cs) has decreased by 8.23 percent, it said in its current issue of Bangladesh Economic Update (BEU).

Source: The Daily Sun, March 3, 2013

Businesses fear further hikes in essentials' prices

Businesses have feared a major adverse impact on the transportation of food items, leading to further hikes in the retail prices of essential items, as a sequel to the on-going restive political situation across the country. The country's gross domestic product (GDP) growth is also likely to suffer if such a trend continues for one more month, according to some analysts.

Ahsan H Mansur, executive director of the Policy Research Institute (PRI) of Bangladesh, a private think-tank, said attaining even 6.0 per cent GDP growth rate will be a tough job, if such a kind of programmes persists for a month.

Source: The Financial Express, March 4, 2013

MTB NEWS & EVENTS

INAUAGURATION OF SAMSON H CHODHURY MEMORIAL ATM (150th)

Chief Guest: Anjan Chowdhury, Director of MTB and Managing Director, Square Consumer Products Ltd.

Special Guest: Mostafizur Rahman, Deputy Commissioner, Pabna, Jahangir Hossain, Superintendent of Police, Pabna, M. Saidul Haque Chunnu, Zila Parishad Administrator, & Baby Islam, Chairman, Pabna Diabetic Society.

MTB Officials: Md. Ahsan-uz Zaman MTB Additional Managing Director, Shah Alam Patwary, Group Chief Information Officer of MTB.

Date: January 05, 2013
Venue: Square Pharma, Pabna ATM Booth, Pabna

ONLINE BILL COLLECTION AGREEMENT BETWEEN MTB AND QUBEE

Qubee : DS Faisal Hyder Chief Executive Officer of Qubee

MTB Officials : Md. Ahsan-uz Zaman Additional Managing Director (AMD) of MTB

Date: January 03, 2013
Venue: MTB Centre, 26 Gulshan Avenue, Gulshan 1, Dhaka 1212

MTB DEBATE COMPETITION 2013 AT DINAJPUR

Chief Guest : Ahmed Shamim Al Razi, Deputy Commissioner, Dinajpur

Other Guest : Md. Mizanur Rahman, ADC Dinajpur

MTB Officials : Taimur Hossain, Branch Manager, MTB Dinajpur Branch

Date: February 27, 2013
Venue: Dinajpur Academy High School Dinajpur

MTB SCHOLARSHIP DISTRIBUTION PROGRAM AT NAZIRHAT BRANCH

Chief Guest : Mr. Aftab Uddin Chowdhury Upazilla Chairman, Fatikchari

Special Guest : M. Ali, Head of Chittagong Division Branches, MTB

Date: February 4, 2013
Venue: M.M. Plaza, Nazirhat Bazar, Fatikchari, Chittagong

MTB NEWS & EVENTS

ANNUAL BUSINESS CONFERENCE 2013

MTB Group Chairman Dr. Arif Dowla attended the inaugural ceremony along with MTB Directors Md. Wakiluddin, Khwaja Nargis Hossain, M.A Rouf (JP), Anjan Chowdhury and Q.A.F.M. Serajul Islam.

MTB Managing Director & CEO Anis A. Khan, AMD Md Ahsan-uz Zaman, Deputy Managing Directors Quamrul Islam Chowdhury and Md. Hashem Chowdhury were present.

Date: January 19, 2013
Venue: Pan Pacific Sonargaon Dhaka 107 Kazi Nazrul Islam Avenue, Dhaka 1215

AWARD GIVING CEREMONY - 'MY MTB & ME' WINNING

Md. Ahsan-uz Zaman, AMD, MTBL & Quamrul Islam Chowdhury, DMD, MTBL were present at the Ceremony.

Date: February 26, 2013
Venue: MTB Center, 26 Gulshan Avenue Dhaka - 1212

INAUGURATION OF RELOCATED MTB SECURITIES LTD. PALLABI BRANCH

Inaugurated By : Md. Rakibur Rahman, President, Dhaka Stock Exchange (DSE)

Special Guests : Mizanur Rahman Khan, Director and Chairman of the Executive Committee of DSE, Anis A. Khan, Vice Chairman of MTBSL and MD & CEO of MTB, Md. Nazrul Islam Mazumder, CEO of MTBSL were present at the Ceremony

Date: February 11, 2013
Venue: Dr. Mohsin Complex, Eastern Housing, Pallabi, Mirpur, Dhaka 1216

MoU SIGNING WITH NIKETON WELFARE SOCIETY FOR ATM AND GATE BEAUTIFICATION

Mr. Shamsul Arefin Chowdhury, President, Md. Taznur Rahman Chowdhury, General Secretary & Md. Ahsan Habib and Mojidul Hossain Badol, Member Executive Committee of Niketon Welfare Society along with other dignitaries of Niketon like: Arefin Chowdhury, Taj Noor Rahman Chowdhury & Mr. B R Ahmed.

MTB : Md. Hashem Chowdhury, DMD, MTB
Mr. Swapan Kumar Biswas, EVP, MTB

Date: January 22, 2013
Venue: MTB Centre, Dhaka 1212

National News: Fiscal Issues

Tax at source on savings tools' profit up 30.57pc in 7 months

Tax at source on profit earnings from various savings instruments of the government has increased by 30.57 per cent in the first seven months in the current fiscal year (FY) over that of the corresponding period of the last one, according to the Directorate of National Savings (DNS) figures.

"The government's collection of taxes from the savings bonds and certificates rose because of increased sales across the country," a high official at DNS told the FE this week. The government increased the rates of interest on all savings instruments to help boost its sales on February 23, 2012 with effect from March 1 that year, he said.

Source: The Financial Express, March 13 , 2013

Govt spends 38pc of ADP in 7 months Slightly better, but not good enough: BIDS expert

The latest data available from the Implementation Monitoring and Evaluation Division of the planning ministry showed that the government was able to spent 38 per cent of the ADP in the first seven months (July-January) of the current fiscal year. The expenditure in local currency during the period was Tk 21,039 crore against the ADP allocation of Tk 33,500 crore, registering 4 per cent higher over the same period of the fiscal year 2011-12..

'The 38 per cent of ADP implementation in seven months is comparatively better than previous years but not good enough,' Zaid Bakht, research director of the Bangladesh Institute of Development Studies told New Age on Tuesday. The remaining 62 per cent of ADP needs to be implemented in next five months which will be quite challenging for the government to ensure the quality expenditure of development budget, he said.

Source: The New Age, February 20, 2013

Foreign loan disbursement up by 41pc in 7 months

Disbursement of loans and grants to Bangladesh by international lenders and development partners increased by 41 per cent to $1.41 billion in the first seven months of the 2012-13 financial year compared with that of the same period in the previous FY.

According to the data released by Economic Relations Division on Sunday, lenders disbursed $1.14 billion in loans and $0.32 billion in grants in July-January of FY 2012-13.

According to the ERD data, Asian Development Bank provided the highest amount in this period by disbursing $380 million in loans and grants while World Bank became second with $342 million in loans followed by Japan International Cooperation Agency, which disbursed $221 million. They said efficient implementation of the projects was the main reason for increased amount of foreign loans and grants. Net inflow of foreign loans and grants also increased significantly, recording $992.20 million in the first seven months of the 2012-13 FY. In the period, the government repaid $468.70 million as principals of the previous years' loans and interests on them.

Source: The New Age, February 25, 2013

Revenue collection sluggish in fiscal's first 7 months NBR struggles with Tk 30b shortfall

The revenue collection growth continued to mark a sluggish trend in the current fiscal as the National Board of Revenue (NBR) is struggling with a Tk 30 billion shortfall from its target in the first seven months. The NBR collected nearly Tk 530 billion tax against its target for Tk 560 billion for July-January period, according to a provisional figure of the board. Officials said the declining import and sluggish local and foreign investments, is the major cause of revenue shortfall in the current fiscal."Capital machinery import has declined significantly, affecting import revenue. Also unstable political situation has hit the businesses seriously posing a threat to local consumption tax collection," said a senior revenue board official. A senior income tax official said income tax collection from large taxpayers would face a blow as profits of major corporate taxpayers, especially banks, declined in 2012.

Source: The Financial Express, February 26, 2013

ECNEC okays Tk 27b project to upgrade rural infrastructure

The government's top economic policy-making body ECNEC Tuesday endorsed a Tk 27.06-billion-project for upgrading rural infrastructure and services. Presided over by Prime Minister Sheikh Hasina, the ECNEC (Executive Committee of the National Economic Council) gave its stamp of approval to the project "Northern Bangladesh Integrated Development" at its meeting in the city. Under the northern region development project, the government will build 1,000 kilometres road at union and upazila level, improve 300-km road at the upazila level and construct nearly 3,000 metre bridge and culverts at the upazila and union levels. The economic policymaker's club also approved five other projects involving a total amount of Tk 18.01 billion, said Planning Division Secretary Bhuiyan Shafiqul Islam.

Source: The Financial Express, March 6, 2013

Deficit financing falls

The deficit financing fell 117 percent year-on-year in the first six months of the current fiscal year, on the back of lower subsidy expenditure. In the July-December period of fiscal 2012-13, deficit financing stood at Tk 14,353 crore, down from the Tk 22,331 crore in the same period a year ago.Deficit financing, essentially, is the practice in which a government spends more money than it receives as revenue, the difference being made up by borrowing or minting new funds.

According to a finance ministry official, this decline in deficit financing has been mainly attributed to the increase in low cost foreign loan and decrease in comparatively higher costing domestic loans.

Source: The Daily Star, March 2, 2013

Forex Reserve touch $14 billion again

Bangladesh Bank governor Atiur Rehman declared that for the second time in March, the forex reserves touched the $14 billion mark on March 24. It did so for the first time on Mar 5 but fell to $13.5 billion after accounting for the Asian Clearing Union (ACU) bills. Ever increasing remittances from expatriates primarily explains the upward curve of foreign exchange reserves, said Bangladesh Bank's Forex & Treasury Management chief Kazi Saidur Rahman.

Source: Bdnews24, March 25, 2013

National News: Export-Import

Exports grow by $ 1.23 billion in seven months

Despite the ongoing global economic recession, the country's merchandise shipments got momentum during the first seven months of the current fiscal (2012-13) with a 9 per cent growth, mainly driven by apparel exports. According to the EPB statistics, the country's total export earnings stood at $15.15 billion in July-January period of the current fiscal as against $13.92 billion during the same period of the last fiscal. The amount is $ 1.23 billion higher or 8.83 per cent up. However, the earning fell short of projected target by 1.90 per cent.

Both the government officials and apparel manufacturers attributed the reasons to their moves to increase exports to non-traditional markets, such as Japan, China, India, Russia, Australia and South Africa along with traditional ones. "The overall export performance is quite satisfactory considering the global economic recession," said Shubhashish Bose, vice chairmen of the Export Promotion Bureau (EPB) while talking to the Independent.

As per the EPB statistics, knitwear garment fetched $ 5.854 billion as against $ 5.56 billion in the same period of the last fiscal. The export earnings from woven garment products, which used to stay behind knitwear in the last few years, grew by 10.16 per cent to $ 6.03 billion in July-January period. Earnings from jute and jute goods during the first seven months stood at $ 591.88 million, registering a growth of 11.17 per cent. Meanwhile, The frozen fish sector is severely affected due to the global recession that hits the major export markets in the EU and USA. Earnings from frozen fish stood at $ 332.46 million during the period; a negative growth of about 19.56 per cent. Export from home textile also registered a negative growth of 7.78 per cent to $ 443.01 million. In other major areas, the growth in earnings from the footwear export registered a growth of 14.36 per cent tom $ 254.38 million as compared to $ 222.44 million in the same period of the last fiscal. In the seven-month period, exports from leather and leather goods, rubber, cotton and cotton products, paper and paper products registered a positive growth.

Source: The Independent, February 12, 2013

Trade deficit drops by 34pc in H1 due to import fall

The country's trade deficit in the first half of the current financial year decreased by 34.13 per cent compared with that of the same period of FY 2011-12 due mainly to negative import growth, said Bangladesh Bank officials.

According to BB data to be released today, the import in July-December registered a negative growth of 6.69 per cent to $16.06 billion from $17.21 billion during the corresponding period of FY 2011-12. On the other hand, the country's exports increased by 6.47 per cent to $12.38 billion in July-December of the financial year from $11.63 billion during the same period in FY 2011-12.

It is usually considered that a narrowed trade deficit trend is positive for macro-economic situation of any country but it is now alarming for Bangladesh, a BB official told New Age on Wednesday.

A decreased import trend in capital machinery and industrial raw materials in the first six months of FY 2012-13 pushed a significant reduction in trade deficit, he said. The BB data, however, showed that the import of food grains (rice and wheat) and petroleum had also decreased significantly in the period.The recent political volatility in the country has created an unfriendly business environment to set up new industries resulting in a negative growth in capital machinery, he said.

An increased trend in inward remittance has strengthened the current account balance in the first six months of this financial year, said another BB official. The current account balance in July-December stood at $850 million against a negative figure of $1,646 million in the same period of FY 2011-12, according to the BB statistics.The foreign direct investment in the first half of FY 2012-13 increased by 7.45 per cent to $750 million year-on year while medium and long-term loan increased by 91.64 per cent to $1,054 million.

Source: The New Age, February 14, 2013

Export to Germany up by 80pc in three years

The country's export to Germany got a tremendous boost in the last three years increasing by around 80 per cent. As a result, the highly developed European country has become the second largest destinations for the goods from Bangladesh after the USA. This was disclosed by the president of the Bangladesh-German Chamber of Commerce and Industry (BGCCI) at a colorful function in the city on March 31.The current bilateral trade a year between the two countries is more than $4 billion, which is dominated by Bangladesh's exports worth $3.5 billion. The trade figure was close to $2.5 billion in the year 2009, according to BGCCI.

Source: The Independent, March 31 , 2013

CEPZ saw highest investment in 3 yrs$288m investment, $4.85b export recorded till Feb 2013

Chittagong Export Processing Zone (EPZ), country's second-largest EPZ, showed best performance among the country's eight EPZs over the last three years in terms of investment volume, export and job creation, data showed.

The CEPZ, a facility situated 3.10 kms off the Chittagong sea-port and spreading over 453 acres of land, fetched around $288 investment and exported goods worth Tk $4.85 billion during the last three financial years.

Data obtained from Bangladesh Export Processing Zones Authority (BEPZ) shows that during the first eight months (July-February) of the current fiscal, Chittagong EPZ saw an investment of $100.5 million, while the Dhaka EPZ received investment of $48.55 million during the same period. . However, the Chittagong EPZ is facing space crisis to allot those to the new investors from home and abroad

Source: The Daily Sun, March 24 , 2013

Country's shrimp exporters eyeing South African countries

Shrimp exporters have set their eyes on South African countries which have long been untapped with a view to fortifying their footprints there to reduce dependency on traditional markets.

The frozen fish export is severely hit hard in recent times mainly because of the ongoing global recession in the major destinations of European Union and the US.

South Africa can become a lucrative destination for Bangladesh's frozen fish as export of products to that country has already started, exporters said. "South Africa could be a potential market for the local frozen fish due to the quality and taste of our products," Vice Chairman of Export Promotion Bureau (EPB) Shubhashish Bose said.

A meeting was held in EPB Tuesday on exploration of new markets especially in South African countries where a delegation from that country was also present with local stakeholders.

Source: The Financial Express, March 13, 2013

National News: Technology in Banking

Expansion of e-banking and e-payment

The amazing advancement in ICT has brought about a universal revolution in the banking sector. Internet together with other information and communication technologies is not only influencing the global economies but also transmuting societies into knowledge-based economies. With the growing use of internet worldwide, it is therefore no surprise that there has been a marked increase in its use for banking and other financial services. Electronic banking is being done in Bangladesh in the form of digital data on computers through Credit and Debit Cards, ATMs (automated teller machine), M-Banking (mobile banking), Net-banking and internet banking.

The following factors have led banks to make use of electronic banking: lower cost of technology, abridged operational and processing cost, increasing e-commerce, companies make direct payments, problems with traditional payment systems etc.

The advantages of having such a facility are: The electronic banking mode of payment is speedy, cost-effective, convenient, paper-less and safe and involves no hazard from thieves. On the contrary, disadvantage includes, but not limited to, communication gaps, no hard cash, unknown apprehension, technical errors, electricity failure etc.

There are advantages as well as disadvantages of e-banking and e-payment. Despite the disadvantages, it would not be wise to hold back, when it comes to expansion of e-banking. To address the risk factor, it is suggested that appropriate control and efficient security measures as well as proper utilization of the audit trail should be ensured in the case of expansion of the e-commerce system.

Source: The Financial Express, March 31, 2013

NATIONAL NEWS

National News: Energy & Power

Govt seeks additional IDB support for floating deep-sea oil terminal

The installation of the proposed floating oil handling terminal in the deep sea of the Bay of Bengal has hit snags because of funding constraints, according to the indications available from relevant sources. The government has not yet succeeded to line up external funds to meet its escalated costs, officials admitted this week.

Earlier, the state-backed Bangladesh Petroleum Corporation (BPC) in May 2010 undertook the SPM terminal installation project at a cost of $129 million to check pilferage and ensure efficient handling of imported petroleum handling. The BPC initiated the project for carrying crude oil from Kutubdia Island to Eastern Refinery and tackling the problem of oil pilferage as well as reducing the time for supply of oil across the country. This project is aimed to significantly reduce BPC's dependency on other countries for handling imported petroleum oil. He added, the BPC would also be able to save funds, between Tk 4.5 billion and Tk 5.0 billion a year by reducing pilferage during transportation of oil and to reach a break-even point within 15 years after the terminal becomes operational.

The Jeddah-based lender IDB made a commitment to providing $120 million in loans for installing the floating oil terminal to load and unload oil and for constructing a pipeline for such purposes. However, the Officials later reported that the cost of the floating terminal, called Single Point Mooring (SPM) project, has risen to US$ 327 million from the earlier estimated $129 million after a thorough scrutiny of its cost in the light of the funding in a detailed feasibility study by a German firm. The previous estimation was done by a Pakistani consulting firm.

Source: The Financial Express, March 28, 2013

National News: Telco & Internet

3G LICENCE FEE

Private mobile phone operators have requested the finance minister AMA Muhith to give full rebate of value-added tax on payment for 3G service licence. The request was made last week after the minister had 'agreed' to reduce the VAT to 7.5 per cent from 15 per cent. Five operators, Grammephone, Robi, Banglalink, Airtel and Citycell, sent separate letters to Muhith seeking what they said 'rebate of 7.5 per cent VAT' that the minister 'agreed' to impose on 3G licence payment at a meeting on February 13. National Board of Revenue officials, however, said they had no knowledge of the Muhith's assurance of reducing the VAT to 7.5 per cent from the existing standard rate of 15 per cent.

Mobile operators have set a pre-condition that they will participate in the auction for 3G service licence if the VAT proposed in the 3G guideline is waived. The Bangladesh Telecommunication Regulatory Commission on June 24 will hold an auction for awarding four licences for providing 3G services in the country. Three licences will be awarded to three out of five mobile companies operating in the country and one to any foreign firm. State-owned Teletalk has already got the 3G licence. It has to pay the license fee at rate set by the auction.

Source: The New Age, March 28, 2013

BTCL reduces bandwidth price by Tk 3200

The state-owned Bangladesh Telecommunications Company Limited (BTCL) has reduced monthly leased rental bandwidth price by Tk 3,200 aimed at providing cheaper internet services to its subscribers. "We've trimmed the monthly rental bandwidth price to Tk 4,800 from the existing Tk 8,000," Kolimullah, managing director of BTCL said Sunday. The decision will be effective from April 1, he added. The BTCL chief said that registration, installation and testing fee has also been reduced, and the subscribers have to pay a total of Tk 5,000 for the packages. Earlier, the registration fee was Taka 5,000 while the testing and installation charge was Taka 5,000.

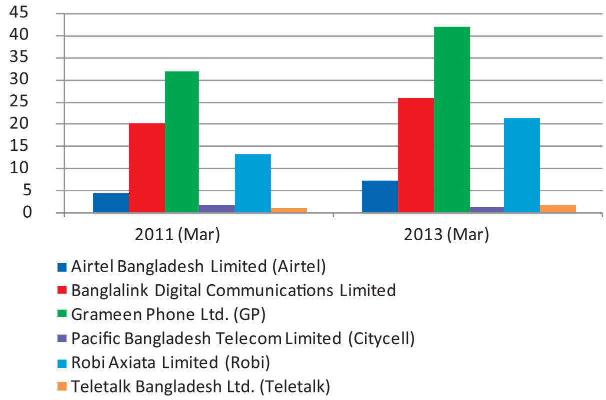
Source: The Financial Express, April 29, 2013

Market Share of Cellular Operators:

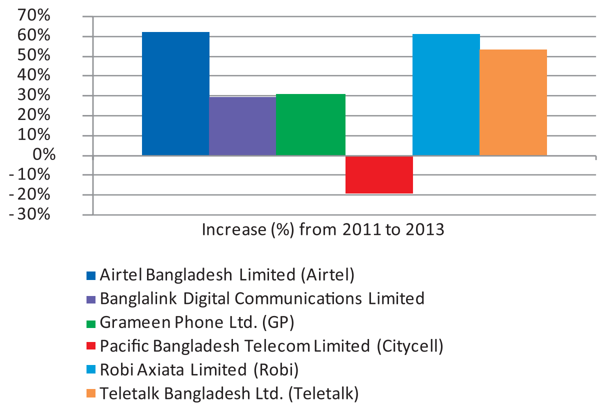
Data obtained from BTRC website, shows GrameenPhone to be the Market Leader having 41.8 million of subscribers, while total active subscribes are almost 100 million.

Following Graph shows comparative number of subscribers among operators and respective growth rate between 2011 & 2013.

Active Subscribers in 2011 & 2013 (Unit = million)



Growth Rate by Subscribers



Statistics of Internet Users:

Up to March 2013, it is noted that total 32 million people are using Internet in Bangladesh and most of them are using Internet via mobile phone set or cellular internet modem.

Internet Users as of March 2013

Category	Subscribers (in millions)
Mobile Internet	30.099
ISP	1.221
Wimax	0.482
Total	31.801

Source: BTRC, May 22, 2013

DSE APPROVED IPO LISTING IN 2013

Bengal Windsor Thermoplastics Limited

Nature of Business: The company is one of the largest garments accessories manufacturer and exporter in Bangladesh. The company is currently dedicated to the production of hangers to be supplied to exporters as accessories for garments export.

Major Products: The company has ten lines of hanger manufacturing machines serving its customers who are the leading garments exporters of the country.

Issue Manager: ICB Capital Management Limited

Golden Harvest Agro Industries Limited

Nature of Business: The principal activity of the company is the production and processing of frozen vegetables and snack foods in Bangladesh.

Major Products: Frozen Ready to Cook Snacks, Frozen Ready to Cook Vegetables, Frozen Ready to Cook Fishes.

Issue Manager: Lead Issue Manager: Banco Finance and Investment Limited Co-Issue Manager: Royal Green Capital Market Limited

Orion Pharma Limited

Nature of Business: The Company owns and operates a modern pharmaceuticals factory and produces and sells pharmaceuticals drugs and medicine.

Major Products: Enliven (Imatinib Mesylate) capsule, Betacal (Atenolol plus amlodipine) tab, Vertex injection (Ceftriaxone sodium), Clognil plus (Clopidogrel+ Aspirin) tab, Pep (Zinc sulphate) Tab/Syrup, Deslor (Desloratadine) Tab/Syp, Axet (Cefuroxime) Tab/inj, Pedicef (Cefpodoxime) susp, Azalid (Azithromycin) Tab/Sus, Truso (Cefixime) Cap/sus.

Issue Manager: ICB Capital Management Limited

Premier Cement Mills Limited

Nature of Business: To manufacture Ordinary Portland Cement and Portland Composite Cement under "PREMIER CEMENT" brand and marketing the same in local and abroad.

Major Products: Cement: Ordinary Portland Cement, Portland Composite Cement.

Issue Manager: Alliance Financial Services Limited

Global Heavy Chemicals Limited

Nature of Business: To manufacture and distribute Sodium Hydroxide (Caustic Soda), Chlorine and other chemical product.

Major Products: Caustic Soda (Flakes)/ Caustic Soda (Liquid)

Issue Manager: BMSL Investment Limited & AFC Capital Limited

Argon Denims Limited

Nature of Business:

100% Export oriented manufacturing, dyeing & finishing units of denims fabrics.

Major Products: The company has been set up to produce 100% Cotton Denim fabrics for export.

Issue Manager: Lanka Bangla Investments Limited

Sunlife Insurance Company Limited

Nature of Business: The company is mainly engaged in Insurance Business.

Major Products: Ekok Bima, Islamic Ekok Bima (Takaful), Ganamukhi Bima (Micro Insurance), Islamic Asaan Bima, Lokomukhi Bima(Micro Insurance), Islamic DPS Bima (Micro Insurance), Urban Bima, Ettehad Bima, SDPS Bima and Adarsha Bima.

Issue Manager: Banco Finance and Investment Limited

Summit Purbanchol Power Co. Limited

Nature of Business: To set up power plants for generation and supply of electricity.

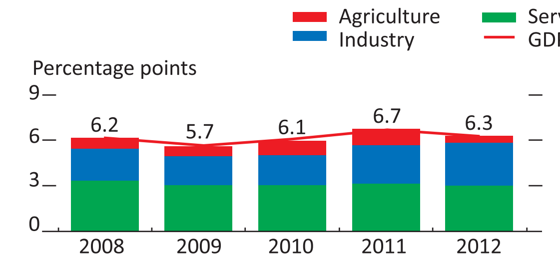
Major Products: Generation and supply of electricity.

Issue Manager: Prime Finance Capital Management Limited

BANGLADESH ECONOMIC FORECAST - ADB

Growth slowed, inflation quickened, and exports weakened, but the current account surplus nearly doubled on strong remittances. The authorities began implementing a program of macroeconomic and structural reforms to correct emerging imbalances and foster sustained, rapid growth. Weak external and domestic demand is projected to slow growth this year but leave the current account in surplus. Political instability in the run-up to elections is a risk. Improving the business climate and infrastructure, deepening the financial sector, and liberalizing trade are needed to boost investment and competitiveness.

3.15.1 Supply-side contributions to growth



Source: Bangladesh Bureau of Statlstlcs. 2012. National Accounts Statistics. May.

Economic prospects

Economic forecasts for FY2013 and FY2014 rest on four assumptions: **First**, the central bank's slight easing in monetary policy announced in January 2013 will not stoke inflation, given the declining trend in international commodity prices and a favorable domestic crop outlook. **Second**, the government will contain subsidies by continuing to raise fuel and electricity prices and thus keep in check its need for bank borrowing. **Third**, though political activity is expected to be volatile, social stability will be maintained. And, **finally**, weather will be favorable.

GDP growth is projected to edge lower in FY2013 to 5.7%. Export demand, a major contributor to GDP growth, is expected to slacken slightly, due to that euro area economy stagnates and the US recovery remains frail. Ongoing decline in imports of capital equipment and slow import growth for raw materials indicate lower utilization of existing production capacity and a lull in investment.

A drop in import letters of credit opened for machinery and industrial raw materials signals weak economic activity in the coming months. With some strengthening of economic activity expected in the euro area and the US in 2014, GDP growth is projected to recover moderately to 6.0% in that year on the back of gradual rises in exports, consumer spending, and investment. Industry growth is expected to slow to 6.5% in FY2013, reflecting slack demand externally and domestically.

Favorable rainfall during planting and expanded acreage sown to the winter rice crop should help agricultural output in FY2013 recover to 4.2% growth. Greater access to credit resulting from central bank initiatives is expected to bolster output from livestock, aquaculture, and non-cereal international food and commodity prices are expected to dampen inflation.

Remittances grew by 17.3% to $9.9 billion in the first 8 months of FY2013. Remittance growth is expected to decelerate in the remainder of the year and stand at 12.0% in FY2013 and 10.0% in FY2014.

The current account is projected to show a larger surplus of 2.0% of GDP in FY2013 as the trade deficit narrows. Pressure on the balance of payments will remain low in FY2014, though the current account surplus is expected to shrink to 1.0% of GDP as economic recovery revives imports. The government is holding current spending on subsidies in check by setting fuel and electricity prices higher.

Source: ADB Website

Finance Minister rejects ADB's growth forecast

The ADB report titled 'Asian Development Outlook – 2013' published on Tuesday pegged the growth in the current fiscal at 5.7 percent whereas the government aims to achieve 7.2 percent. It said the growth will be slowed in the current fiscal mainly because of lower demands at the national and international markets. The report said that export report earnings will also experience a slow pace.

The overall balance of payments showed a surplus in the current fiscal thanks to the buoyant remittance flow. "Our growth will remain above 6 percent regardless of what is said," Finance Minister AMA Muhith told bdnews24.com on Tuesday.

When his attention was drawn to the ADB forecast, Muhith said: "ADB, IMF forecasts on our GDP are always one percent less. Our [GDP] growth will be above 6 percent." Apparently pleased at the current growth rate, the Finance Minister asked, "How many other countries have achieved such growth?"

He, however, agreed the growth would fall short of the targeted 7.2 percent. The World Bank, IMF and ADB have been saying since the beginning of the fiscal that the target would not be achieved. Muhith said the upcoming fiscal targets are over 7 percent growth. In the previous 2011-12 fiscal, Bangladesh's GDP grew by 6.3 percent.

Source: http://bdnews24.com

Bangladesh Development Update – World Banks

The Bangladesh Development Update April 2013 predicts that GDP growth in fiscal year 2013 is likely to fall to around 6 percent compared with 6.3 percent in fiscal year 2012. Cushioned by strong remittances and robust service sector performance, the country can still sustain this slower, yet healthy growth rate. Coupled with remarkable progress on achieving the Millennium Development Goals (MDGs), Bangladesh has the potential to capture at least 15 million jobs and reach the target of 8 percent growth in the medium-term. The outlook is heavily dependent on whether Bangladesh can successfully seize opportunities and manage risks.

Recent Economic Developments

GDP growth in FY 2013 to fall to around 6 percent from 6.3 percent in FY 2012: Weak exports and investments due to the euro-area crisis, domestic supply constraints and intensified unrest in the country are likely to have contributed to this slower growth. Inflation has declined to 8 percent in March 2013 from a peak of nearly 11 percent in February 2012 reflecting declines in both food and non-food inflation.

Development Progress

Progress on the Millennium Development Goals (MDGs) has been remarkable. Of the 28 MDG targets, 3 have already been achieved. Bangladesh is on track to achieving 11 MDG goals and needs to provide more attention to the remaining 14.

Outlook and Risks

The global growth is projected to increase in 2013. The outlook for Bangladesh depends on whether it can successfully seize opportunities and manage risks. Bangladesh has to diversify export products and markets to accelerate economic growth.

"If the risks materialize, policy adjustments primarily through fiscal channels and exchange rate will be needed," says Zahid Hussain, Lead Economist. Finally, restoration of political stability will become the precondition for development to move forward.

BUSINESS & ECONOMY

Wal-Mart takes top spot in Fortune500

Rank	Company Name	Revenues ($b)	Profits ($mm)
1	Wal-Mart Stores	469.2	16.999
2	Exxon Mobil	449.9	44.880
3	Chevron	233.9	26.179
4	Phillips 66	169.6	4.124
5	Berkshire Hathaway	162.5	14.824
6	Apple	156.5	41.733
7	General Motors	152.3	6.188
8	General Electric	146.9	13.641
9	Valero Energy	138.3	2.083
10	Ford Motor	134.3	5.665

Wal-Mart Stores Inc. is once again leading Fortune's list of the 500 biggest US companies by revenue, as the world's biggest retailer succeeded in posting strong growth despite a challenging economy for its shoppers. The company posted revenue of $US469.2 billion for 2012.Exxon Mobil drops back to No. 2, but energy companies continue to dominate the list with Chevron, Valero Energy and ConocoPhillips' spin-off Phillips 66 all making the Top 10.General Motors and Ford Motor both slipped in the annual ranking but remain near the top, in the company of General Electric and Warren Buffett's industrial conglomerate Berkshire Hathaway.Apple has jumped 11 spots to crack the Top 10 for the first time, landing at No. 6, while Facebook debuted at No. 482.

Source: Bigpond, May 7, 2013

Banks drag down Australian stocks

The Australian share market is weaker at noon, dragged down by banking stocks that might look less attractive if the central bank keeps the interest rate on hold.All 13 economists surveyed by AAP last week said they expected the Reserve Bank of Australia (RBA) to keep the cash rate at three per cent at its monthly board meeting on Tuesday.The major banks' stocks have been booming recently amid announcements of large half-year cash profits.That's made them more expensive and riskier than investing in bonds, which could deliver relatively better returns if the interest rate remains unchanged.IG market strategist Evan Lucas said that five per cent yields from the market's higher dividend payers aren't large when compared to safer bonds.He said: "A lot of people are starting to position themselves for a bit of shine coming off that yield play".

Commonwealth Bank had shed 68 cents, or 0.95 per cent, to $70.00; Westpac had lost 44 cents, or 1.33 per cent, to $32.73; National Australia Bank had slid 43 cents, or 1.28 per cent, to $33.07; and ANZ had given up 27 cents, or 0.86 per cent, to $31.24.Meanwhile, Wesfarmers was also down, losing 50 cents to $42; while Woolworths' were 70 cents, or two per cent, off at $34.8.Telstra said, it would spend $1.3 billion to boost its mobile and data capabilities.Its shares retreated 2.5 cents to $5.035.But beverage company Coca-Cola Amatil was the worst performer with its shares plunging 10 per cent, or $1.44, to $13.01, after it said its earnings for the first half would fall eight to nine per cent due partly to heavy discounting on soft drinks.

However, mining stocks did better, after the release of trade figures showed a $300 million-plus surplus in Australia in March led by the materials sector.BHP Billiton added 54.5 cents, or 1.66 per cent, to $33.415; Rio Tinto put on $1.02, or 1.81 per cent, to $57.22, while goldminer Newcrest Mining rose 77 cents, or 4.8 per cent, to $16.80.

Source: Bigpondnews.com, May 07, 2013

Europe Caps Bank Bonuses

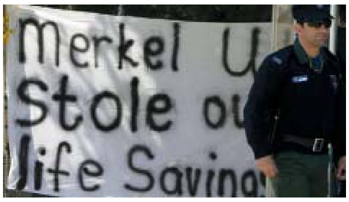
European policy makers are imposing new restrictions on bonuses paid to bankers in an attempt to reduce incentives that encourage them to take imprudent risks. The rule is unlikely to make bank executives and financial traders more accountable or the financial system sounder. Bonuses in the financial industry are generally paid annually for performance in the prior year. As a result, they have encouraged executives and traders to invest in assets that appear to generate big profits right away but sometimes result in devastating losses after a few years. This is precisely what happened recently with derivatives and mortgage securities.

The policy, approved by the European Union Parliament last week, would forbid banks from giving a bonus that is larger than the annual salary. Banks could raise bonuses to as much as two times base pay with shareholder approval, but they would have to defer a quarter of those payouts for at least five years. Lawmakers are also considering similar limits for investment funds.

Source: The New York Times, March 24, 2013

CYPRUS HEADLINES

Residents rush to pull money from Cyprus banks as EU takes aim at Russian deposits



Cypriots rushed to pull their money out of banks and ATMs before the tiny Mediterranean nation's government could finalize a plan to seize depositors' funds to satisfy euro zone leaders, sparking a run that prompted banks to be closed. The island nation's leaders were huddling to come up with a way to soften the blow on average depositors, with one proposal targeting accounts with deposits above $130,000. The plan elicited an angry response from Russian President Vladimir Putin, whose nation's oligarchs may have as much as $19 billion secretly deposited in Cyprus banks."Putin said that this decision, in case of its adoption, will be unfair, unprofessional and dangerous," Russian news agencies quoted Kremlin spokesman Dmitry Peskov as saying.

The Brussels-based euro zone agreed on Saturday to give Cyprus a $13 billion bailout, but demanded levies that would take between 6.75 and 9.9 percent of bank deposits. Analysts believe the measure is designed to ensure that the bailout doesn't go toward propping up Russia's billionaires – including Putin himself. The $19 billion figure comes from Moody's, and would account for as much as half of all Cypriot deposits. Cyprus' bank deposits dwarf by 8-to-1 the gross domestic product of the nation of 1 million, indicating a dangerously oversized banking system stuffed with foreign cash. And Cypriot banks are invested heavily in Greek government bonds, which were restructured last year at the EU's demand, incurring big losses on bondholders.

Some analysts say the move could send billions in Russian deposits to safer havens, such as Luxembourg, leaving Cyprus no way to pay down its bailout."The unhappiest of the Russians will simply look for other places to put their money," Paragone Advisory Group analyst Alexander Zakharov told the Global Post.White House spokesman Jay Carney declined to comment on the events, but said "a stable and strong Europe" is in the U.S.'s interest and that the President Obama is focused on domestic economic growth, which can help insulate the U.S. from foreign tumult.

Source: FoxNews, March 18, 2013

Cyprus banks to reopen with emergency restrictions on cash withdrawals

Cyprus banks to reopen with emergency restrictions on cash withdrawals. People leaving island can reportedly take only €3,000 in banknotes and spend up to €5,000 a month on credit cards.Cyprus has made eurozone history by imposing swingeing measures to stop money flooding out of the country when its banks reopen after a 12-day hiatus. After repeatedly delaying the reopening of the banking system, officials said banks would finally open at noon local time, raising concerns that customers will scramble to remove savings on which they could otherwise be facing losses of at least 40%.Cash withdrawals from banks will be limited to €300 (£253) a day – although banks in recent days have been restricting withdrawals to €100 per customer to prevent them running out of cash while the country has negotiated its €10bn bailout.

Since the euro was launched in 1999, no member of the single currency has faced such emergency measures to keep cash within its borders. "The rationale is that these measures will be reviewed on a daily basis, so if there is the possibility of relaxing them we will," Demetriou said.Bob Lyddon, the general secretary of IBOS, an international banking association, described the controls as "more reminiscent of Latin America or Africa". "These are permanent controls until the economy recovers," said Lyddon, casting doubt on any suggestion the capital controls could be temporary.

Under the terms of the bailout with the EU, the ECB and the International Monetary Fund – known as the troika – the island's second biggest bank, Laiki, is to be closed down and savers with less than €100,000 transferred to Bank of Cyprus, the largest bank in the country.Depositors with more than €100,000 in their accounts – the level at which savings are guaranteed across Europe – face a levy to raise billions of euros towards the bailout. According to some estimates, this could be between 40% and 80%.

But the meltdown of the Cypriot financial system came as no surprise to well-connected, wealthy Russians, who bundled some of their money to the US. "Many of our clients had a heads-up on this issue," said Mermelstein. "Cyprus had started having the conversations about what it was intending, and that's been going on for half a year."Michalis Sarris, the Cypriot finance minister, has admitted that Cypriot banks were suffering "substantial outflows" for weeks before the meltdown, indicating that Russians were already anticipating the crisis.According to investment bankers, lawyers and wealth advisers in the US, Russians have been seeking property developments in the US over the past year. Lawyers and advisers have been making construction loans and sinking money into the concrete foundations of the big real-estate developments in Manhattan.Six months ago, Mermelstein said, a Russian client took several million dollars from a Cyprus account and made a loan to a commercial project in New York.

After Cyprus announced an overnight bank raid into the deposits of rich customers, Mermelstein said his client "was happy the loan came out of Cyprus and doesn't have to go back any time soon". Such investments, ranging in size from $5m to $25m, have "gone up substantially", the real estate lawyer said.With ink on the Cypriot bailout barely dry, the focus was turning to which countries might face the same fate, following Greece, Ireland, Portugal and Spain.James Howat, European economist at Capital Economics, said: "Cyprus has shown that even the smallest members of the eurozone can rock the single currency area."Slovenia is probably the next country most likely to be forced into a bailout programme, but Malta and Luxembourg are also vulnerable given the size of their banking sectors relative to their economies.

Source: The Guardian, March 28, 2013

Calculating the Impact of Cyprus's Bailout

What are the implications of the huge losses — 60 percent — that the Cypriot bailout is imposing on the biggest depositors of that country's two largest banks?The magnitude of the losses, disclosed late Friday and confirmed Saturday by Cypriot officials, has provoked concern that depositors in second-tier euro zone banks in Slovenia and Italy might withdraw their savings from those institutions.It has also raised fears that countries like Malta and Luxembourg, which like Cyprus have banking sectors many times bigger than their economies, might soon find it harder to gain access to international bond markets.

One relevant lesson might lie not elsewhere in the euro zone but in the carcass of a Los Angeles-based savings and loan institution, IndyMac Bancorp, that failed five years ago and required a bailout. IndyMac was about the size of the Bank of Cyprus, and its depositors ended up taking nearly as big a loss — 50 percent on deposits above the levels insured by the Federal Deposit Insurance Corporation. Rather than causing a panic and a bank run elsewhere, IndyMac's debacle proved to be a largely contained disaster with little fallout.

IndyMac needed rescuing because, like the Cypriot bank, it placed a large bet just before one of the biggest recent credit disasters. For IndyMac, the calamity was the collapse of the subprime mortgage market in the United States. For the Bank of Cyprus, it was the collapse of Greek government bonds, in which it and other Cypriot banks had invested heavily, seeking an adequate return on the billions of euros of deposits that had inflated their balance sheets. He pointed out that compared with other countries with huge banking systems relative to their economies — notably Malta, at about eight times gross domestic product, and Luxembourg at more than 22 times G.D.P. — Cypriot banks had much lower levels of equity to cushion against failing assets. What is more, it is the subsidiaries of foreign banks, which have little or no exposure to the local economies, that make up the bulk of the Maltese and Luxembourg banking systems.

IndyMac, when it was rescued by American regulators in July 2008, had become the ninth-largest originator of mortgage loans in the United States, relying largely on large, uninsured deposits to finance a lending spree in some of the riskiest areas of the housing market.And while the American government backed savers with deposits of less than $100,000, those with more deposited at IndyMac were required to accept a loss of 50 percent when it declared bankruptcy. As the Cypriot government begins investigating the misadventures of the Bank of Cyprus and the second-largest, Laiki, bankers and lawyers in Nicosia have begun to argue that the disastrous venture by the Bank of Cyprus into Greek bonds could well have been avoided.

Local bankers say the bank had more or less sold out of its Greek bond position by early 2010 as Greece's problems became evident.But then, in late spring of 2010, as an international bailout of Greece looked increasingly likely, the Bank of Cyprus plunged back into the market, buying 2.1 billion euros, $2.7 billion, worth of the troubled bonds, lured by the increasingly high yields that went with the risk. At the time, the bonds were trading around 70 cents on the euro, and bankers say that, in essence, when the Bank of Cyprus bought the securities, it was betting that the loss, when it occurred, would be less than the market had expected.

If, as a result of Cyprus, bond investors and depositors become more discerning about where they put their money, European officials will see that as more positive than negative for the future of the euro zone.

Source: The New York Times, March 31, 2013

THE WORLD BANK

Global Economic Prospects

Commodity prices ended 2012 close to where they began, but major global events created significant upward and downward price movements through the course of the year. The first half of 2012 brought declines in most commodity prices especially energy and metals as European sovereign debt troubles intensified and emerging economies, especially China, slowed. Price pressures were distinctly upward in the second half of the year, however. Maize and wheat prices spiked as parts of the United States, Eastern Europe, and Central Asia were gripped by a summer heat wave.

Easing prices in 2013: Most commodity prices are expected to ease marginally in 2013. The forecast presented in this report indicates that crude oil will average US$102/bbl in 2013, just 3 percent lower than in 2012. Agricultural commodity prices are also forecast to decline: food by 3.2 percent, beverages by 4.7 percent, and raw materials by 2.2 percent. Metal prices are expected to rise slightly but still average 14 percent lower than in 2011. Fertilizer prices are set to decline 2.9 percent, while precious metal prices will increase almost 2 percent.

Weathering risks ahead: The 2013 commodity market outlook is subject to a number of risks. In regards to crude oil, global supply risks remain from ongoing political unrest in the Middle East. A major supply cutoff could limit supplies and result in prices spiking above US$150/bbl. For metals, prices depend importantly on economic conditions in China, which accounts for almost half of global metal consumption.

An Overview of the Commodity Market:

Under our (World Bank) baseline scenario, which assumes further easing of financial tensions in Europe, most commodity prices are expected to ease in 2013. Oil is expected to average US$102/bbl for the year, just 3 percent lower than the 2012 average (table 1). Agricultural prices are set to decline more than 3 percent (food, beverages, and raw materials down by 3.2, 4.7, and 2.2 percent, respectively). Metal prices are expected to gain marginally but still average 14 percent lower than 2011. Fertilizer prices are expected to decline 2.9 percent, while precious metal prices will increase a little less than 2 percent.

Price risks on metals depend importantly on China; metal prices could decline significantly if China's economic conditions deteriorate substantially, as the country accounts for almost half of global metal consumption. In terms of agricultural commodities (most importantly, food), a key upside risk is weather. Any adverse weather event is likely to induce sharp increases in maize prices, in view of historically low stocks. The wheat market, which currently is better supplied than maize, may come under pressure as well. In contrast, there are limited upside price risks for rice and oilseeds given that those markets are well supplied. Trade policy risks appear to be low as well.

Finally, growth in the production of biofuels has slowed as policy makers increasingly realize that the environmental and energy security benefits from biofuels are not as large as initially believed.

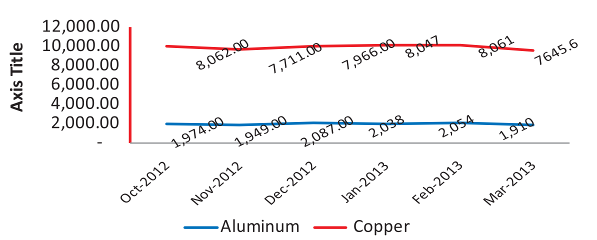
Recent developments in metal markets:

Aluminum prices fell below US$2,000 per ton in the 2012Q3, near their pre-2005 levels, due to a persistent global surplus and high stocks. Aluminum consumption continues to benefit from substitution, mainly substitution away from copper in the wiring and cable sectors. Substitution is expected to continue for as long as the aluminum to copper price ratio remains above 2:1.

Copper prices fell sharply in 2012Q2 due to weakening import demand by China. The large difference between copper and aluminum prices has led not only to increased use of aluminum in place of copper. However, high copper prices have induced a wave of new mines that are expected to come on-stream shortly—in several African countries, China, Peru, and the United States, for example.

Metal Commodity Price Trend

Units: $/MT



Outlook for metals:

Overall, metal prices are forecast to increase marginally in 2013. Aluminum prices are expected to increase almost 3 percent and remain at that level through 2015 due to rising power costs and the fact that current prices have pushed some producers at or below production costs. Nickel prices are also expected to increase almost 3 percent in 2013, and to follow a slightly upward trend thereafter.

On the contrary, copper prices are expected to decline 2 percent in 2013 and as much as 10 percent in 2014, mostly due to substitution pressures and slowing demand.

Recent developments in agricultural markets:

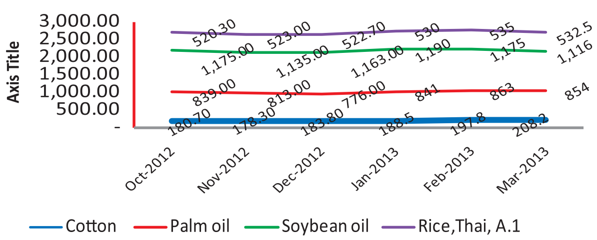
Grain prices were remarkably stable between the end of 2011 and the summer of 2012, when initial assessments for the 2012/13 season indicated a good crop (figure 14). As a consequence, prices of key grains fluctuated within a tight band during this period.

Rice prices have averaged US$520/ton over the past three years (they have exceeded US$600/ton on only a few occasions), in large part due to the fact that, contrary to the situation for wheat and maize, the rice market remains well-supplied.

Edible oil prices dropped almost 12 percent from August to December 2012, as measured by the World Bank edible oil price.

Agro Commodity Price Trend

Units: Cent/ kg for Cotton & $/MT for the rest



Cotton prices declined sharply in the first half of 2012, to US$2/kg in May, following a quadrupling of prices in the year leading up to March 2011, when they exceeded US$5/kg. The improved supply outlook for the 2012/13 crop year induced further declines in prices, which ended the year 18 percent lower than in January 2012. The cotton market is well supplied by historical standards; global production is expected reach 25.5 million tons in 2013, while consumption is not expected to exceed 23.5 million tons. An estimated 2 million tons will be added to stocks, pushing the stock-to-use ratio to 70 percent, the highest since the end of World War II. Approximately 9 million tons of cotton have gone to the state reserve of China during the past two seasons, explaining why prices did not collapse (ICAC 2012). Nevertheless, from a long-term perspective, cotton prices increased the less than other agricultural commodities during the recent price boom, primarily because of the increase in yields by China and India following the introduction of biotech crops (Baffes 2011).

Source: Published by The World Bank's Development Prospects Group, January 2013

ECONOMIC FORECAST - GLOBAL

World Economic Outlook: April 2013

Hopes, Realities, Risks

Global economic prospects have improved again but the road to recovery in the advanced economies will remain bumpy. World output growth is forecast to reach 3¼ percent in 2013 and 4 percent in 2014. In advanced economies, activity is expected to gradually accelerate, starting in the second half of 2013. Private demand appears increasingly robust in the United States but still very sluggish in the euro area. In emerging market and developing economies, activity has already picked up steam.

Better, but Bumpy and Divergent, Prospects for Advanced Economies

Over the past six months, advanced economy policymakers have successfully defused two of the biggest short-term threats to the global recovery, the threat of a euro area breakup and a sharp fiscal contraction in the United States caused by a plunge off the "fiscal cliff." In response, financial markets have rallied on a broad front. Moreover, financial stability has improved, as underscored in the April 2013 Global Financial Stability Report (GFSR). The financial market rally has been helping economic recovery by improving funding conditions and supporting confidence, but growth prospects appear broadly unchanged. While U.S. private demand has been showing strength as credit and housing markets are healing, larger-than-expected fiscal adjustment is projected to keep real GDP growth at about 2 percent in 2013. In the euro area, better conditions for periphery sovereigns are not yet passing through to companies and households, because banks are still hobbled by poor profitability and low capital, constraining the supply of credit. Also, in many economies activity will be held back by continued fiscal adjustment, competitiveness problems, and balance sheet weaknesses. Furthermore, new political and financial risks that could put a damper on the recovery have come to the fore. Accordingly, real GDP is projected to contract relative to 2012, by about ¼ percent of GDP. Japan, by contrast, will see a fiscal- and monetary-stimulus-driven rebound, with real GDP growth reaching 1½ percent. Overall, the annual growth forecast for advanced economies in 2013—a modest 1¼ percent—is no better than the outcome for 2012. That said, assuming that policymakers avoid setbacks and deliver on their commitments, the projections in this World Economic Outlook (WEO) build on continued easing of the brakes on real activity.

Reaccelerating Activity in Emerging Market and Developing Economies

There was a noticeable slowdown in the emerging market and developing economies during 2012, a reflection of the sharp deceleration in demand from key advanced economies, domestic policy tightening and the end of investment booms in some of the major emerging market economies. But with consumer demand resilient, macroeconomic policy on hold, and exports reviving, most economies in Asia and sub-Saharan Africa and many economies in Latin America and the Commonwealth of Independent States are now seeing higher growth. The recovery should again gain speed in emerging Europe as demand from advanced Europe slowly picks up. However, economies in the Middle East and North Africa continue to struggle with difficult internal transitions. And a couple of economies in South America are facing high inflation and increasing exchange market pressure. There is good news emanating from developing economies. Even as estimates of potential growth have been marked down in recent years for some of the larger emerging markets, it has been steadily improving elsewhere. In fact, Chapter 4 underscores that the prospects of many of today's dynamic low-income countries appear stronger than those of their peers during the 1960s and 1970s.

More Symmetric Risks

Notwithstanding old dangers and new turbulence, the near-term risk picture has improved as recent policy actions in Europe and the United States have addressed some of the gravest short-term risks. In the euro area, the main short-term dangers now revolve around adjustment fatigue, weak balance sheets, broken credit channels in the periphery, and insufficient progress toward stronger economic and monetary union at the euro area level. In the United States and Japan, risks relate mainly to medium-term fiscal policy. Over the short term, a failure by the U.S. Congress to replace the automatic spending cuts (budget sequester) with back-loaded measures at the end of the current fiscal year would entail somewhat lower-than-projected growth in late 2013 and beyond. Of much greater concern would be a failure to raise the debt ceiling—the risk of such self-destructive inaction, however, appears low. Over the medium term, downside risks revolve around the absence of strong fiscal consolidation plans in the United States and Japan; high private sector debt, limited policy space, and insufficient institutional progress in the euro area, which could lead to a protracted period of low growth; distortions from easy and unconventional monetary policy in many advanced economies; and overinvestment and high asset prices in many emerging market and developing economies. Unless policies address these risks, global activity is likely to suffer periodic setbacks. By the same token, a stronger-than projected policy response could also foster a stronger recovery in activity.

Policymakers Cannot Afford to Relax Their Efforts

In advanced economies, policy should use all prudent measures to support sluggish demand. However, the risks related to high sovereign debt limit the fiscal policy room to maneuver. There is no silver bullet to address all the concerns about demand and debt. Rather, fiscal adjustment needs to progress gradually, building on measures that limit damage to demand in the short term; monetary policy needs to stay supportive of activity; financial policies need to help improve the pass-through of monetary policy; and structural and other policies need to spur potential output and global demand rebalancing. Regarding monetary policy, one key finding of Chapter 3 is that inflation expectations have become much better anchored, affording central banks greater leeway to support activity—although they must be mindful of financial stability risks emanating from their policies, as discussed in detail in the April 2013 GFSR. The critical fiscal policy requirements are persistent but gradual consolidation and, for the United States and Japan, the design and implementation of comprehensive medium-term deficit-reduction plans. These requirements are urgent for Japan, given the significant risks related to the renewal of stimulus in an environment of very high public debt levels. In the United States, it is worrisome that after three years of deliberations, policymakers have not agreed on a credible plan for entitlement and tax reform and that improvement in near-term prospects seems to have come with a decreased sense of urgency for progress. The specific requirements and country details are discussed in the April 2013 Fiscal Monitor. The April 2013 GFSR underscores the need for further financial repair and reform, including restructuring weak banks and, in some cases, offering households and weak corporate debtors avenues other than traditional bankruptcy for dealing with debt overhang. Previous WEO reports also stressed the critical role of structural reforms in rebuilding competitiveness and boosting medium-term growth prospects in many euro area economies. In emerging market and developing economies, some tightening of policies appears appropriate over the medium term. The tightening should begin with monetary policy and be supported with prudential measures as needed to rein in budding excesses in financial sectors. Eventually, policymakers should also return fiscal balances to levels that afford ample room for policy maneuvering. Some will need to take significant action now; others will need only limited improvements over the medium term.

BANK, BANKERS & BANKING

Surprise, Surprise: The Banks Win

Last week, The New York Times reported that regulators were close to settling with 14 banks whose foreclosure practices had ridden roughshod over borrowers and the rule of law. Although the deal has not been made official and its terms are as yet unknown, the initial report said borrowers who had lost their homes because of improprieties would receive a total of $3.75 billion in cash. An additional $6.25 billion would be put toward principal reduction for homeowners in distress.

Under the enforcement action, the banks were required to review foreclosures conducted in 2009 and 2010. They hired consultants to analyze cases in which borrowers suspected that they had been injured by bank practices, such as levying excessive and improper fees or foreclosing when a borrower was undergoing a loan modification.

Recall that the foreclosure exams came about because regulators had found pervasive problems. A study by the Fed and the comptroller's office found "critical weaknesses in servicers' foreclosure governance processes, foreclosure document preparation processes, and oversight and monitoring of third-party vendors, including foreclosure attorneys." The United States Trustee, which oversees the nation's bankruptcy courts, also uncovered huge flaws in bank practices.So if you start to hear rumbling that the reviews didn't turn up many misdeeds, you can discount it as nonsense. One could easily argue that this reported settlement was pushed by the banks so they could limit the damage they would have incurred if an aggressive review had continued.

Let's not forget that this looming settlement will also conclude the foreclosure reviews that were supposed to provide regulators with chapter and verse on how banks abused their customers. Stopping the reviews before they are finished means that the banks will be allowed to claim that abuses were rare and that $10 billion is an adequate penalty.A spokesman at the Office of the Comptroller of the Currency declined to comment on whether a settlement was imminent or what it might look like. But with no clear details about its terms, many questions remain. First, of course, is how many borrowers will receive the $3.75 billion, and how will that money be shared? And who will ensure that the funds go to the right people? The fact is, most people will not be hiring a lawyer to pursue their cases further against servicers, so this money is all that they will receive.

Another problem is that the money will be doled out to wronged borrowers based on work done by consultants hired by the banks responsible for the improprieties. How can their findings be trusted? What's more, the reviews' conclusions about harm are based on the servicers' side of the story, not homeowners'. Because the consultants work for the banks, it is also possible that these institutions may use the information gleaned from the foreclosure reviews to profit once again on troubled borrowers. If foreclosed borrowers left a property while owing the difference between the amount of the loan and what the bank received in a sale of the home, the bank may not have known the borrowers' whereabouts until that information was reported in a request for review.

Finally, what if victims of an improper foreclosure didn't receive a review because they didn't know about the program? Letters about the program sent to 5.3 percent of targeted borrowers were returned as undeliverable, regulators said.And many of those who did receive the mailings may not have understood them. In a study last June, the Government Accountability Office concluded that the initial letter, the request-for-review form and foreclosure review Web site were "written above the average reading level of the U.S. population." What's more, the study said, the materials did not include specifics about what borrowers might receive as a remedy, possibly affecting their motivation to respond.

Source: The New York Times, January 5, 2013

The Debate on Bank Size Is Over

The debate is over; the decision to cap the size of the largest banks has been made. All that remains is to work out the details.Policy is rarely changed by ideas alone and even stunning events can sometimes have surprisingly little effect. What really moves the needle in terms of consensus among policy makers and the broader public opinion is when events combine with a new understanding of how the world works.Specifically, Mr. Dijsselbloem began by making a clear statement on Monday regarding how the Cyprus situation would serve as a template for future assistance within the euro zone. After a few hours of falling stock prices for banks in peripheral Europe, he did not so much walk this statement back as sprint it back at full speed, with this remarkable retraction.

But the bigger point from Cyprus is much simpler. Why would you want one or two banks to become so large in terms of their assets relative to gross domestic product that a single mistaken calculation can bring down the economy? In the American context, why would you allow any bank to outgrow the F.D.I.C.'s ability to resolve it in a relatively straightforward and low-cost manner?

But this single mistake resulted in combined losses worth at least one-quarter of Cyprus's G.D.P., not just because the bets were big relative to the balance sheets of those banks, but rather because the banks are so big relative to the economy. Banking assets in Cyprus reached seven times G.D.P., with the Bank of Cyprus having a balance sheet valued at roughly twice Cypriot G.D.P. and Laiki only slightly smaller. Furthermore, these banks structured their liabilities so that their only real creditors providing private-sector funding were depositors. Hence the options became either a complete bailout supported by the euro zone or losses for at least some depositors.The scale of losses in the latter route will disrupt the economy for many years and is likely to end the Cypriot offshore banking model.

The good news at the end of last week was that the Senate unanimously decided that the United States should go in another direction, by ending the funding advantages of megabanks.The decision was expressed in an amendment to the nonbinding Senate budget resolution, but this does not make it any less momentous. The vote was 99 to 0, as a result of a lot of hard work by Senators Brown and David Vitter, Republican of Louisiana, and their respective staffs. Senators Bob Corker, Republican of Tennessee, and Mark Pryor, Democrat of Arkansas, also joined this important initiative.Lobbyists were, naturally, apoplectic.But making last week even more decisive, Mr. Bernanke's language shifted significantly. In a recent interaction with Senator Warren, which I wrote about in this space, Mr. Bernanke had essentially denied that large financial institutions represent a threat.Now he has denied that denial, saying in the clearest possible terms during a news conference on March 20: "Too big to fail is not solved and gone," adding, "It's still here."And in case anyone did not fully grasp his message, Mr. Bernanke explained, "Too big to fail was a major source of the crisis, and we will not have successfully responded to the crisis if we do not address that successfully."

Legislation under development by Senators Brown and Vitter will definitely be worth supporting. Opinion on Capitol Hill has now moved in a way that will continue to reinforce itself, particularly as the European disaster unfolds.The Federal Reserve's Board of Governors is getting the message. Even William Dudley, president of the New York Fed, a traditional bastion of Wall Street, is signaling that he now knows which way the wind is blowing.The Orwellian doublespeak of Wall Street — nicely described by Dennis Kelleher of Better Markets — has taken a beating. Next up: cutting the subsidies of the biggest banks in a meaningful way.

Source: The New York Times, March 28, 2013

Group of Emerging Nations Plans to Form Development Bank

A group of five emerging world economic powers met in Africa for the first time Tuesday, gathering in South Africa for a summit meeting at which they plan to announce the creation of a new development bank, a direct challenge to the dominance of the World Bank and the International Monetary Fund.The leaders of Brazil, Russia, India, China and South Africa, all members of the so-called BRICS Group of developing nations, have agreed to create the bank to focus on infrastructure and development in emerging markets. The countries are also planning to discuss pooling their foreign reserves as a bulwark against currency crises, part of a growing effort by emerging economic powers to build institutions and forums that are alternatives to Western-dominated ones.

For all the talk of solidarity among emerging giants, the group's concrete achievements have been few since its first full meeting, in Russia in 2009. This is partly because its members are deeply divided on some basic issues and are in many ways rivals, not allies, in the global economy.They have widely divergent economies, disparate foreign policy aims and different forms of government. India, Brazil and South Africa have strong democratic traditions, while Russia and China are autocratic.

The bloc even struggles to agree on overhauling international institutions. India, Brazil and South Africa want permanent seats on the United Nations Security Council, for example, but China, which already has one, has shown little interest in shaking up the status quo.The developing countries in the bloc hardly invest in one another, preferring their neighbors and the developed world's major economies, according to a report released Monday by the United Nations Conference on Trade and Development.Just 2.5 percent of foreign investment by BRICS countries goes to other countries in the group, the report said, while more than 40 percent of their foreign investment goes to the developed world's largest economies, the European Union, the United States and Japan.

China is in many ways a major competitor of its fellow BRICS member, South Africa. South African manufacturers, retail chains, cellphone service providers, mining operations and tourism companies have bet heavily on African economic growth and in some ways go head-to-head against Chinese companies on the continent.South Africa is playing host for the first time since becoming the newest member of what had been known previously as BRIC. Many analysts have questioned South Africa's inclusion in the group because its economy is tiny compared with the other members, ranking 28th in the world, and its growth rates in recent years have been anemic.

In an interview last year with a South African newspaper, Jim O'Neill, the Goldman Sachs executive who coined the term BRIC, said South Africa did not belong in the group."South Africa has too small an economy," Mr. O'Neill told the newspaper, The Mail & Guardian. "There are not many similarities with the other four countries in terms of the numbers. In fact, South Africa's inclusion has somewhat weakened the group's power."But South Africa's sluggish growth has become the rule, not the exception, among the onetime powerhouse nations. India's hopes of reaching double-digit growth have ebbed. Brazil's surging economy, credited with pulling millions out of poverty, has cooled drastically. Even China's growth has slowed.

LamidoSanusi, governor of Nigeria's central bank, wrote in an opinion article published in The Financial Times this month that China's approach to Africa is in many ways as exploitative as the West's has been."China is no longer a fellow underdeveloped economy — it is the world's second-biggest, capable of the same forms of exploitation as the West," he wrote. "It is a significant contributor to Africa's deindustrialization and underdevelopment."

Source: The New York Times, March 26, 2013

A Lot of India's Innovation is Invisible

If Indians are so smart, then why weren't we the first to come up with the iPod, Google or Viagra?Messrs Kumar and Puranam disagree with the question. After all doesn't innovation amount to different things in different businesses? Often, a product may be designed by a company in the Western world but manufactured in Asia. What happens to all the process innovation in manufacturing? And lastly, remember that Toyota and Samsung, two companies seen as innovation powerhouses today, started off as makers of cheap knock-offs.The duo spent four years meeting companies across India to understand what innovation in their areas of operation amounts to. At the end of this exercise, they argue that while the big bang innovation, i.e. a home-grown iPod, may be at least a decade away, Indian companies have been at the forefront of a number of innovative business ideas. "Unlike Intel, these ideas are not branded 'India Inside' like Intel does with the 'Intel Inside' logo," says Nirmalya Kumar, who is Number 26 on the Thinkers50 list. "A lot of this innovation is invisible, but innovation nevertheless." And it is this 'invisible' innovation that is helping India.

To start with, globally segmented innovation is now the norm. India is home to a dozen multinational R&D facilities where small armies of scientists work on global products. The way the work is divided, it becomes impossible to tell where the product was created. "Yet global consumers rarely recognize India as the country of innovation because most of the innovation takes place in the B2B context." Case in point: The number of patents filed by Indian subsidiaries of U.S. multinationals rose from 35 in 2001 to 800 in 2007.As Indians spend time working in these facilities, the country will inevitably begin to notice the benefits of a 'sinking skill ladder'. What does this mean? Initially, MNCs were comfortable outsourcing only the most basic of research. But after a few years, they reach a point where they either move higher end work to India or take it to their higher cost home country. Most inevitably move work to India helping Indians climb up the skill ladder. Kumar and Puranam accept that for now it is bottom end work that is coming to India, but are confident that in time this will change.

Other examples abound. Take the much touted global delivery model that IT companies pioneered in the wake of the Y2K scare. Companies like TCS, Wipro and Infosys used this opportunity to build their reputations and have since taken on more tasks that are integral to the business process of their clients. As India gets more important for global companies, there will inevitably be more Indians reaching the top of global corporations that would lead to more work being sent to India.Then there is outsourced work for global companies on a contract basis. Dr. Reddy's Laboratories is a clear winner here. It set up Aurigene Discovery Technologies with offices in Boston to take advantage of outsourced work from Western pharma companies.

And lastly, there is process innovation where companies like 24/7 Customer have blazed the trail. Its journey is particularly inspiring for call centers caught in the rut of a business with declining margins and increasing staff attrition. 24/7 Customer went from taking calls to reading minds. The company mined customer data to understand customer preferences.Soon it could tell that "a man visiting a Web site on a Wednesday afternoon between 3 and 5 p.m., through a cable connection in San Jose... is more likely to buy product X than a woman visiting on Thursday between 10 and 11 a.m. through a dial up connection in San Antonio" even though both spent five minutes browsing the jewelry section. That helps its agents make contact with the most promising clients. The authors term this 'the injection of intelligence'. When you have millions of intelligent and overqualified people working at call centers, innovations like this are bound to happen.

Source: Forbes, India

MTB Dhaka

Aganagar Branch
Babu Bazar Branch
Banani Branch
Baridhara Branch
Bashundhara Branch
Bashundhara City Branch
Chandra Branch
Chawk Moghaltuli Branch
Dhanmondi Branch
Dholaikhal Branch
Dilkusha Branch
Elephant Road Branch
Fulbaria Branch
Gazipur Branch
Gulshan Branch
Kakrail Branch
Kamrangir Char Branch
Kapasia Branch
Madaripur Branch
Meghna Branch, Sonargaon
Mohammadpur Branch
MTB Centre Corporate Branch
Mymensingh Branch
Narayangonj Branch
Narayanganj BSCIC Branch
Pallabi Branch
Panthapath Branch
Principal Branch
Progati Sarani Branch
Savar Branch
Shah Mokhdum Avenue Branch
Shanir Akhra Branch
Sonargaon Branch
Sreenagar Branch
Tejgaon Branch
Tongi Branch
Uttara Model Town Branch

MTB Securities Ltd.

Corporate Head Office
Extension Office-Motijheel
Extension Office-Fulbaria
Extension Office-Fakirapul
Extension Office-Dilkusha
Banani Office
Dhanmondi Office
Gulshan Office
Narayangonj Office
Pallabi Office
Progati Sarani Office
Uttara Office

SME/Agri Branch

Dhanbari
Gafor Gaon
Hasnabad
Kaliganj
Noria
Sharulia Bazar

MTB Booth

Hazrat Shahjalal International Airport
- Arrival Lounge
- Departure Lounge

MTB Rangpur

Dinajpur Branch
Gabindaganj Branch
Rangpur Branch
Thakurgaon Branch

MTB Securities Ltd.

Rangpur Office

MTB Barisal

Gournadi Branch

MTB Khulna

Jessore Branch
Kushtia

MTB Capital Ltd.

Corporate Head Office

MTB NETWORK

Corporate Head Office
MTB Centre, 26 Gulshan Avenue, Dhaka 1212
Tel : 880 (2) 882 6966, 882 2429, Fax : 880 (2) 882 4303

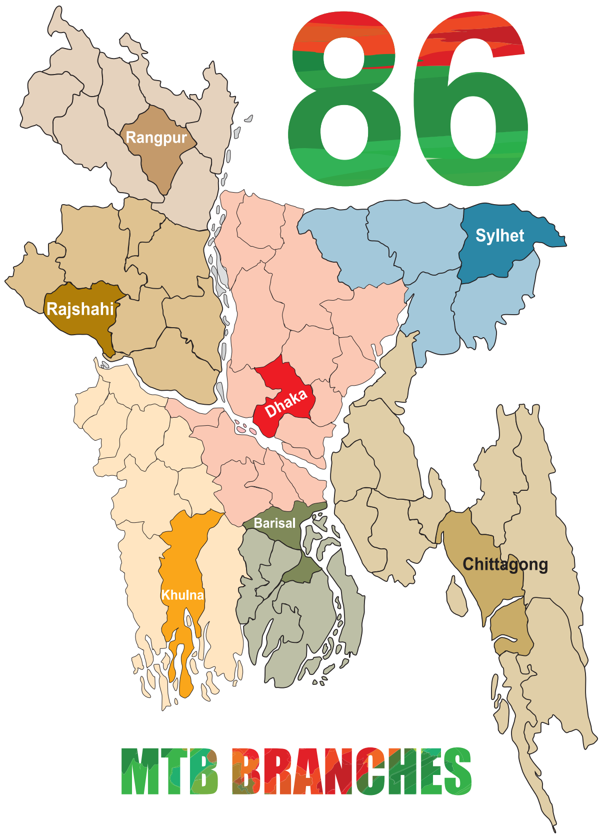
156
MTB ATM

MTB Contact Centre

24 HOURS a day | 7 DAYS a week | 365 DAYS a year

just dial 16219 or
096040 16219

86



MTB BRANCHES

Dhaka	Rangpur	Barisal	Khulna	Rajshahi	Sylhet	Chittagong
Division	Division	Division	Division	Division	Division	Division

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13th Anniversary

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Web: www.mtbexchangebd.com

MTB Rajshahi

Bogra Branch
Joypurhat Branch
Naogaon Branch
Pabna Branch
Rajshahi Branch

SME/Agri Branch

Belkuchi
Ishwardi

MTB Securities Ltd.

Rajshahi Office

MTB Sylhet

Habigonj Branch
Moulvi Bazar Branch
Shahparan Gate Branch
Sylhet Branch

SME/Agri Branch

Syedpur

MTB Securities Ltd.

Sylhet Office

MTB Chittagong

Agrabad Branch
Alankar Mor Branch
Aman Bazar Branch
Brahmanbaria Branch
CDA Avenue Branch
Chokoria Branch
Chittagong Medical College Branch
Comilla Branch
Cox's Bazar Branch
Dhorkora Bazar Branch
Feni Branch
Jubilee Road Branch
Karnaphuli EPZ Branch
Kerani Hat Branch
Khatungonj Branch
Khilpara Branch, Chatkhil
Nazirhat Branch
Oxygen Mor Branch
Raipur Branch

SME/Agri Branch

Dagon Bhuiyan
Haidergonj
Laksham
Nazumeah Hat
Ramchandrapur Bazar

MTB Securities Ltd.

Agrabad Office
Alankar Mor Office
CDA Avenue Office

MTB Booth

Shah Amanat International Airport