



**IFIC BANK LIMITED
TRAINING & RESEARCH DIVISION
HEAD OFFICE, DHAKA**

01. The game of business

According to The Economist magazine, “Managers have much to learn from game theory provided they use it to clarify their thinking, not as a substitute for business experience.” Modern game theory has been around for over 50 years and has demonstrated an ability to generate the ideal strategic choice in a variety of different situations, companies and industries. Game Theory is well-defined mathematical scenarios that encompass a set of players (individuals or firms), a set of strategies available to those players, and a pay-off specific to each strategy. Companies are using of game theory to help them make high risk/high reward strategic decisions in competitive markets and situations. Game theory is also a tool for predicting outcomes of a group of interacting firms, where an action of a single firm directly affects the payoff of other participating players. Given that each firm functions as part of a complex web of interactions, any business decision or action taken by a firm impacts multiple entities that interact with or within that firm, and vice versa. Said another way, each decision-maker is a player in the game of business. Therefore, when making a decision or choosing a strategy, firms must take into account the potential choices and payoffs of others, keeping in mind that while making their choices, other players are likely to think about and take into account your strategy as well. This understanding -- quantified through payoff calculations -- enables a company to formulate their optimal strategy. Game Theory is ideal for auctions (e.g., sealed project bids), bargaining activities (e.g., union vs. management, pricing buy-back and revenue-sharing negotiations), product decisions (e.g., entry or exit markets), principal-agent decisions (e.g., compensation negotiations, supplier incentives) and supply-chain design (e.g., capacity management, build vs. out-source decisions).

Daily Star: 01.08.2010

02. ICCB urges banks to use international tools

International Chamber of Commerce Bangladesh (ICCB) has called upon the commercial banks to adopt new international tools to be at par with the global practices at the inauguration of a daylong workshop on 'New URDG: The Uniform Rules for Demand Guarantees' organised by the chamber in Dhaka. The ICC's new URDG is considered an authoritative guide and reflects international practice in the use of demand guarantees, while preserving the goal of the original rules. This also balances the interests of the trading parties and curbs abuse in the development of international trade guarantees. The URDG provides a framework for harmonising international trading practices and establishes agreed-upon rules for independent guarantees and counter-guarantees among trading partners. The guarantees specify uniform practices for securing payment and performance in worldwide commercial contracts. The new URDG, formally known as URDG 758, was the result of a two-and-a-half-year revision process that produced five comprehensive drafts based on 600 comments from 52 countries. The World Bank and the United Nations Commission on International Trade Law have adopted the URDG into their standards for financing international trade.

Daily Star: 03.08.2010

03. Six firms get merchant banking license

SEC approves Bay Leasing's rights offer

The Securities and Exchange Commission 04.08.2010 allowed six more institutions to roll out full-fledged merchant banking operations in the capital market. SEC officials gave the nod to Jamuna Bank, Mutual Trust Bank, The City Bank, Alpha Capital Management, Cosmopolitan Traders and Green Delta Insurance Company. The responsibilities of a full-fledged merchant bank include underwriting, issue management, portfolio management and lending to stock investors. The new permits bring the number of merchant banks to 37. Of the 31 established merchant banks, 28 have full-fledged merchant banking licences, two are licensed for issue-management only and one for portfolio management.

Daily Star: 05.08.2010

04. Banks move to pay savers more

Hope to stem defectors to stocks

The markets are forcing the hands of bankers in a way that is good news for savers, but bad news for borrowers. Private commercial banks have recently increased the interest rate on deposits by 1 percentage point to 9.5 percent, in a bid to retain the money now flowing to the capital market, and to strengthen their capital bases for loans to new power projects. In August last year these banks slashed the rate paid to savers, and capped it at 8.5 percent, aiming to reduce borrowers "cost of funds". But the banks could not maintain the rate due to changing market trends.



Investors in stocks expect higher returns than they get from banks. Their numbers, measured as beneficiary owners (BO) accounts, crossed 25 lakhs in June this year, up from around 15 lakhs a year ago. Banks' clients have long been demanding a slash in the lending rates, as they believe borrowing costs in Bangladesh are among the highest in the world. Manufacturers have to pay 11 to 14 percent for bank loans, while consumer loans cost 15 to 18 percent. In April, 2009, private commercial banks set the deposit rate ceiling at 9.5 percent, up from 13 percent, following Bangladesh Bank's order to reduce a lending rate then at an average of 14.5 percent. In August, 2009 they capped deposit rates at 8.5 percent.

Daily Star: 10.08.2010

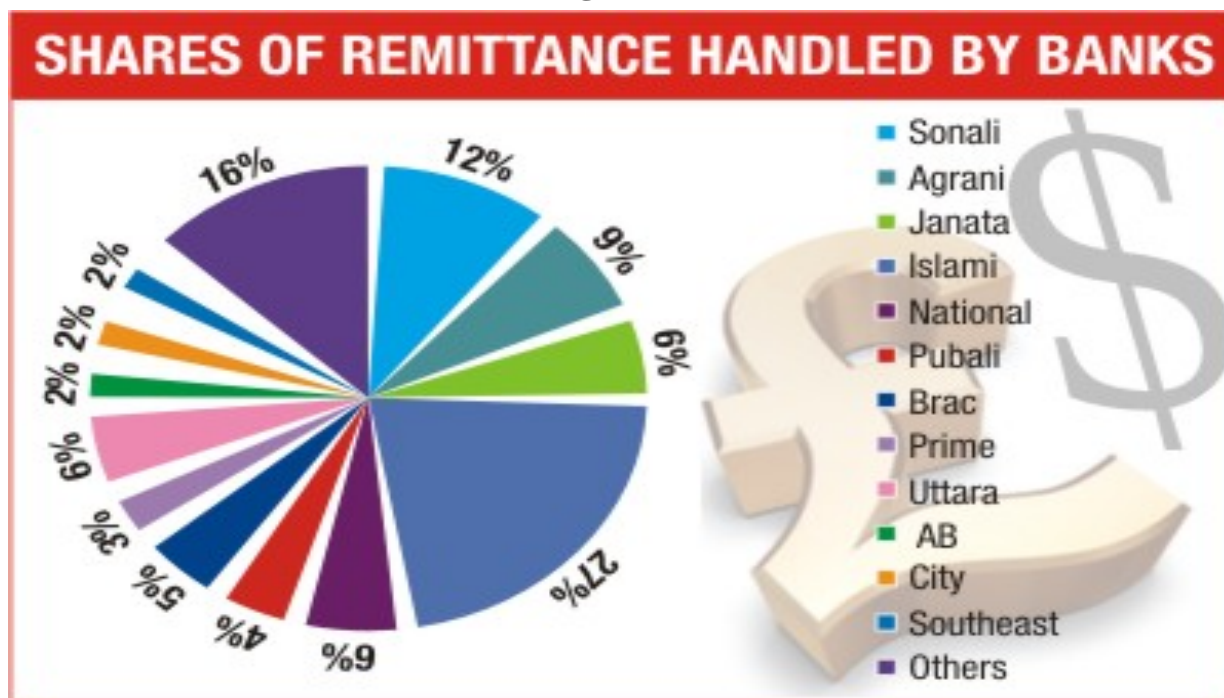
05. \$141m foreign loans for 3 local firms

The central bank has approved \$141 million foreign loans to three private sector companies. The approval came 10.08.2010 at the meeting of a selection committee, headed by governor Atiur Rahman. Of the credit, \$100

million will go to Axiata Bangladesh, a telecommunications company. China Development Company Ltd will provide this loan for Axiata. Sinha Spinning Mills Ltd will get \$8 million loan from HSBC Bank, Dhaka and \$3 million from AB Bank. United Airways Ltd will get \$18 million from Phoenix Aircraft Leasing Limited of Singapore for buying two planes. United will take another \$12 million loan from the same leasing company.

Daily Star: 11.08.2010

06. Private Banks better remittance manager



Private Banks, by handling more than 69 percent remittances to Bangladesh, have emerged as major remittance managers overtaking the state-owned banks in the last few years. Bangladesh Bank data shows aggressive marketing drives launched by the private banks at home and abroad have curtailed the dominance of the state-run banks to only 27 percent in the past few years. In fiscal 2005-06, the remittance inflow was \$4.8 billion. Of the amount, private banks (PCBs) managed 49 percent, while the state-owned banks (SCBs) 46 percent. According to central bank data, remittance through **PCBs increased by 17 percent** to \$7.62 billion in fiscal 2009-10 compared to a year ago. The volume of remittance handled by SCBs increased by 5 percent in fiscal 2009-10 to \$3.04 billion. Bangladesh recorded \$10.98 billion in inward remittance in 2009-10. As per the central bank data, of all the private banks, Islami Bank was the highest remittance handler in fiscal 2009-10. The bank brought \$2.93 billion in remittances followed by state-owned Sonali Bank's \$1.3 billion and Agrani Bank's \$938 million. Sonali had been the highest remittance earner until FY2005-06 when the amount stood at \$1.22 billion. The private banks' initiatives to open exchange houses in foreign countries and establishing liaison with different foreign exchange houses also helped them become major remittance earners.

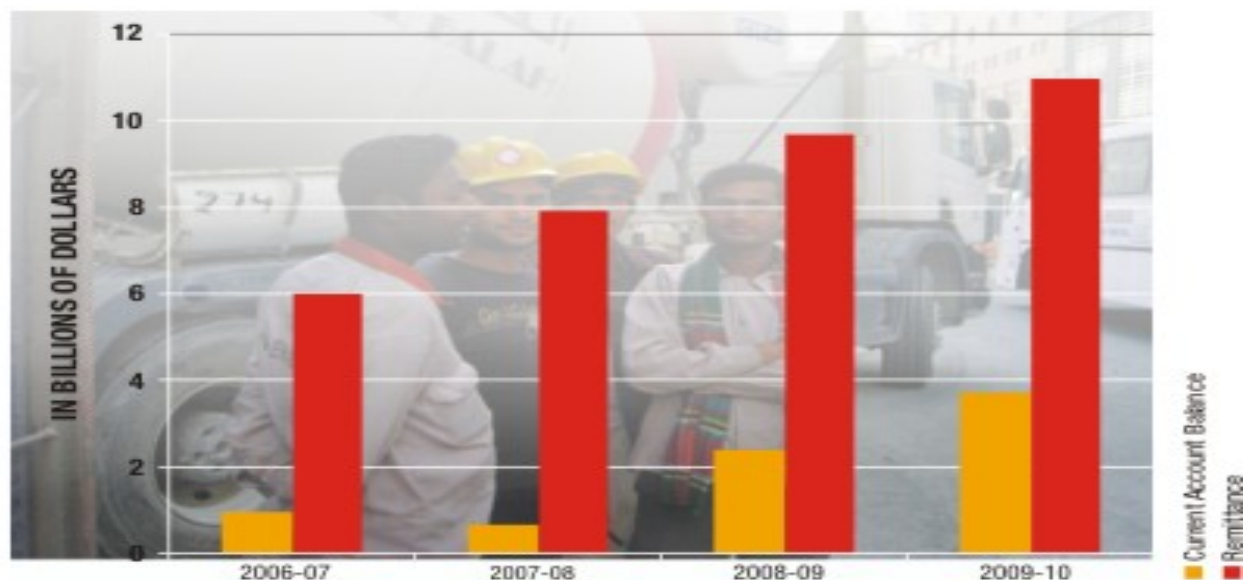
Daily Star: 15.08.2010

07. Surplus despite global slump: BB

But official numbers too rosy

The country's current account balance posted a massive surplus, thanks to surging remittance numbers and modest growth in imports, according to the central bank. The latest statistics of Bangladesh Bank for fiscal

2009-10 show a surplus of \$3.73 billion at the end of June, rising 54 percent from during the previous fiscal year of 2008-09. In spite of the global recession, Bangladesh's balance of payments was boosted by higher remittances sent by migrant workers. The figures show the flow of remittance increased 13 percent to \$10.97 billion. The country's total imports grew about 5 percent to \$23.74 billion, whereas it grew 16 percent in 2008-09. A lesser demand for machines in the garments industry likely resulted from the global economic crisis. According to the latest figures of Export Promotion Bureau, Bangladesh's export of knitwear and woven garments barely increased -- 0.84 percent and 1.6 percent, respectively -- during the 2009-10 fiscal year.



Daily Star: 18.08.2010

08. S Korean pension fund set to buy French shopping mall

South Korea's state pension fund -- the world's fourth largest -- on 17.08.2010, would soon sign a deal to buy a controlling stake in a French shopping mall. The National Pension Service (NPS) said negotiations were under way on its proposal to take a 51-percent stake in O'Parinor, a giant shopping mall north of Paris, for about 350 billion won (297.2 million dollars). The two-storey shopping mall accommodates more than 220 stores including Zara, Mango, Tommy Hilfiger and Puma, according to Hammerson's web site. The fund is also considering purchasing additional shares in the shopping mall, Yonhap news agency said. If the contract with Hammerson is sealed, the fund will own overseas properties worth 3.5 trillion won, it said.

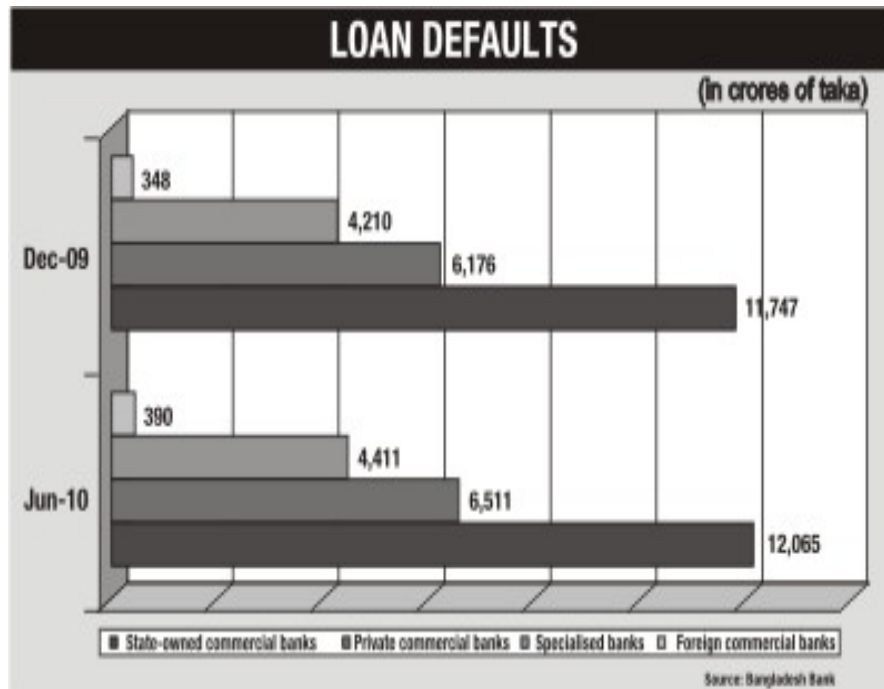
Daily Star: 18.08.2010

09. BB fires again at inflation

Bangladesh Bank (BB) moved to contain inflation 19.08.2010, increasing by one percentage point repurchase agreements (repo) and reverse-repo rates. The repo rate is the interest rate on commercial banks' borrowing from the central bank; the reverse repo is the rate paid to the commercial banks that deposit money with the BB. The central bank increased the repo and reverse repo to 5.5 percent and 3.5 percent, respectively. The move means the banks will pay more when borrowing from the central bank, and so may do so less. The banks may soon deposit more money with the BB, given the higher interest earned. It should decrease the amount of money, including credit, now circulating. In the last fiscal year, private sector credit increased by more than 24 percent, which is a jump of nearly 15 percent from the previous fiscal year. The BB high official said high credit growth is creating inflationary pressure. BB found that if the private sector increases loans by 10 percent, inflation goes up by 2.4 percent.

Daily Star: 20.08.2010

10. Banks record 4pc rise in bad debt



Default loans have marked a 4 percent rise in the first six months of this year, for which bankers blame labour unrest, energy crisis, and also seasonal factors. Such bad debt rose by around Tk 897 crore. The amount reached Tk 23,379 crore on June 30, 2010, up from Tk 22,482 crore on December 31, 2009. Though the amount has increased, it decreased in terms of percentage. At the end of June, the total default loan against total outstanding loan was 8.67 percent, which was 9.21 percent at the end of last year. Normally, the months following December, a time Bangladesh Bank brings banks under its tight monitoring, witnessed a rise in bad debts. Data shows default loan increased but in June it decreased by about Tk 300 crore against that in March 31. All banks -- be it state-run, private local and foreign or specialised -- have experienced an increase in the classified loans that range from 2 to 12 percentage point. In state-run commercial banks, such bad loan increased by Tk 318 crore to Tk 12,065 crore in June. In private commercial banks, default loan increased by Tk 335 crore to Tk 6,511 crore. In specialised banks, it increased by Tk 201 crore to Tk 4,411 crore. In foreign banks, it increased by Tk 42 crore to Tk 390 crore.

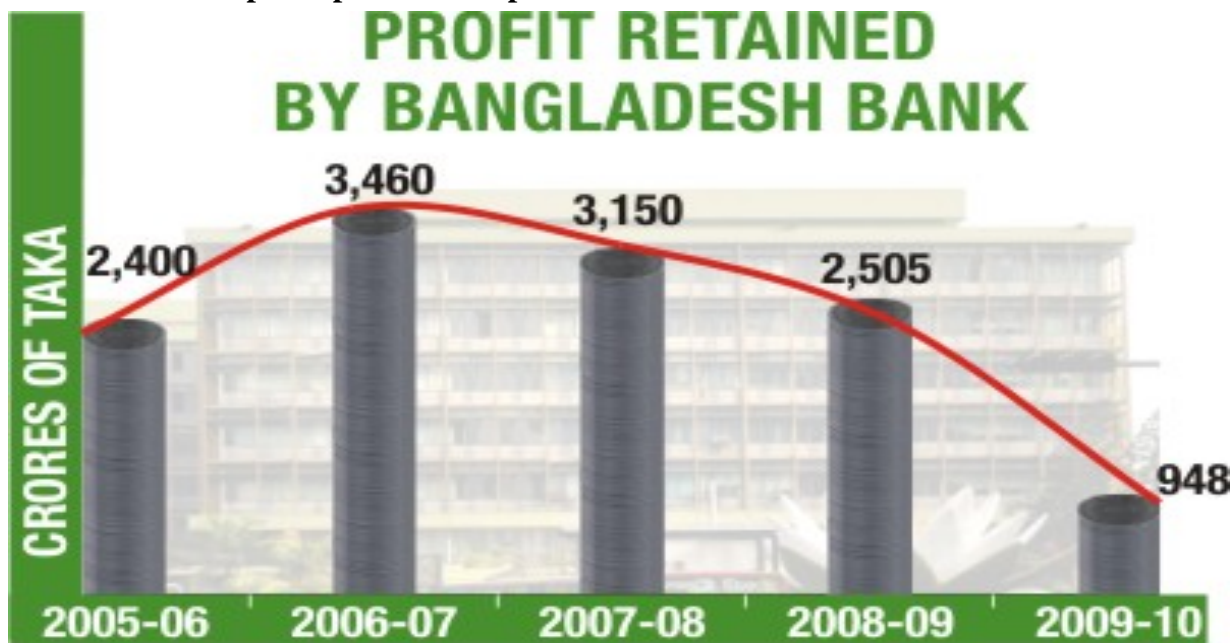
Daily Star: 20.08.2010

11. HSBC sharpens focus on Islamic banking

The Hong Kong and Shanghai Banking Corporation (HSBC) in Bangladesh is now pursuing personal banking, with focus on Islamic products, after making a mark in commercial banking. The bank is the country's largest commercial bank that handled 9 percent of annual external business worth over \$35 billion in fiscal 2009-10. Amanah is the bank's Islamic banking window. The bank presently has Amanah products for current account and import finance but it has decided to introduce many other products for the Muslim-dominated country. HSBC has identified Bangladesh as one of the growing 10 (G 10) countries, along with Thailand, the Philippines and Vietnam. These countries are known as emerging markets for the bank. Currently, HSBC does internet banking for its corporate customers and Islamic banking on a limited scale. The bank will now go for real time internet and Islamic banking for all of its customers.

Daily Star: 23.08.2010

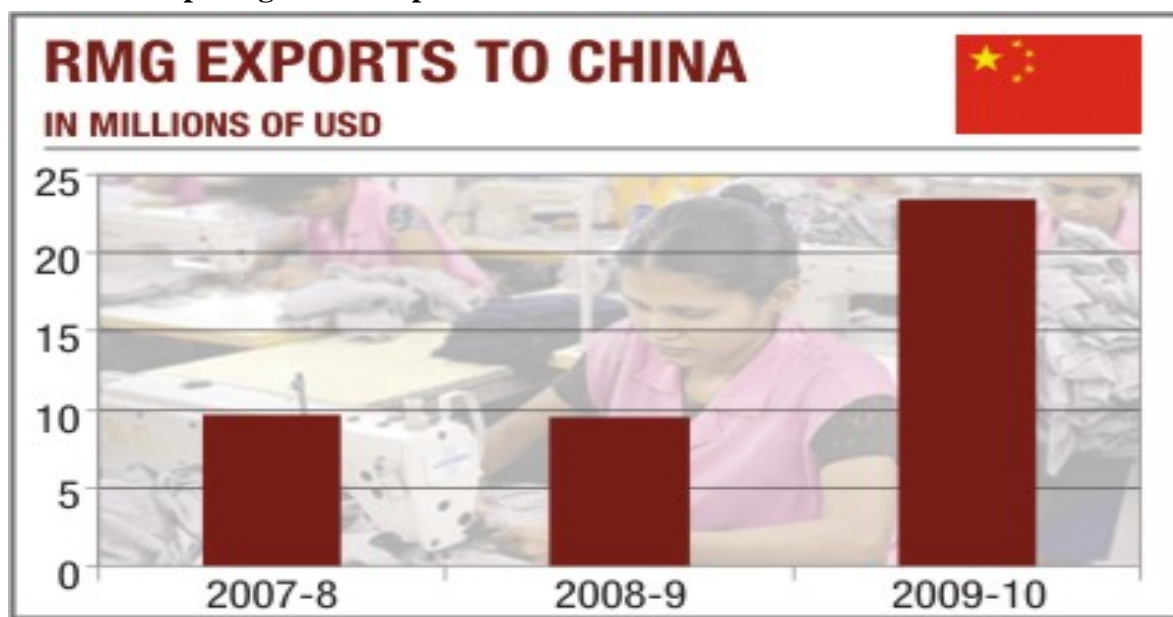
12. Central bank profit plummets 62pc



Bangladesh Bank (BB) profits fell by about 62 percent in the last fiscal year, mainly because the government did not borrow money from the banking system. The central bank made Tk 948 crore in profits in fiscal 2009-10, down from Tk 2,505 crore a year ago. The central bank's income from both domestic and foreign sources decreased. BB bagged Tk 1,213 crore in earnings from domestic sources, a 52 percent decline from the last fiscal year. According to BB statistics, the government did not borrow from the banking system in the last fiscal year. Rather, it repaid Tk 3,793 crore in arrears. Although foreign exchange reserves were over \$10 billion, the central bank did not invest it in the profitable but risky sectors because of global recession. It invested part of the reserves with the central banks in other countries.

Daily Star: 24.08.2010

13. Great leap for garment exports to China



Primary data from the state-run Export Promotion Bureau (EPB) showed that Bangladesh exported knitwear products to China were worth \$23.5 million in fiscal 2009-10 -- a whopping 148 percent jump -- in the 12 months ending June 30, 2010. China now provides zero-tariff treatment to 4,762 Bangladeshi product categories. China will also phase-in the zero-tariff for 95 percent of the remaining product types exported to China. But Bangladesh will have competitors in trying to clothe the world's most populous country. China will also be open duty-free to Afghanistan, Nepal, Ethiopia, Kenya, Liberia, Mali, Madagascar, and the Democratic Republic of Congo, Burundi, Malawi, Mozambique, Benin, Togo, Uganda, Zambia and four other nations. Bangladesh exported apparel, accessories, knit, crochet and non-knit worth \$19 million and other textile items, sets, worn clothing of \$3.6 million in 2009-10, according to the EPB data. But exports of woven garments declined to \$4.1 million in 2008-09 from \$6.6 million a year ago

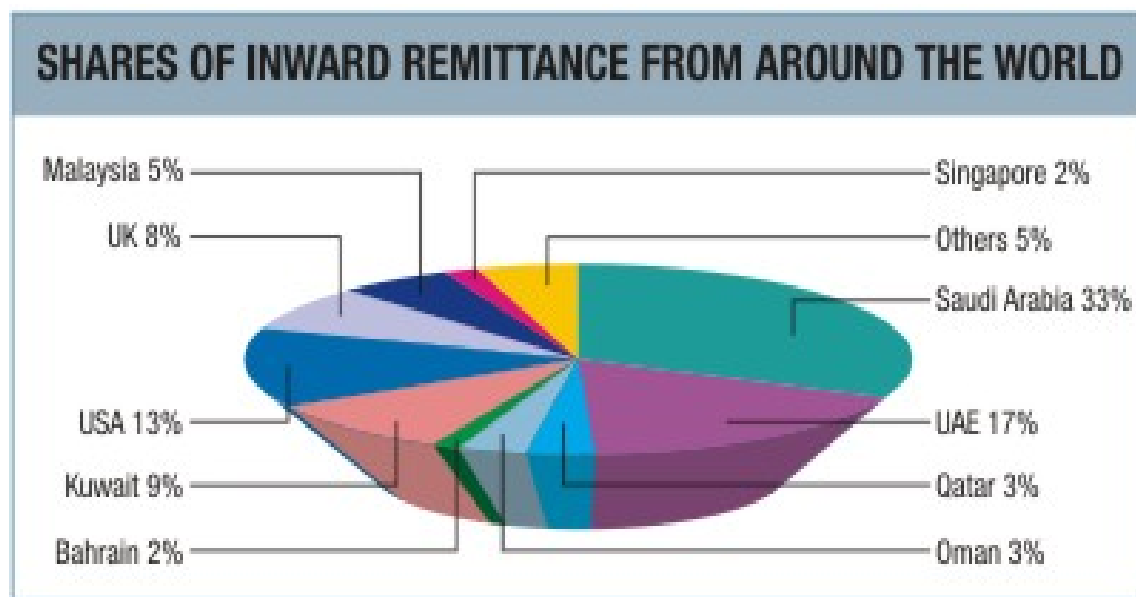
Daily Star: 25.08.2010

14. BB tightens withdrawal rules

No interest or profit will be given if anybody withdraws money from a special notice deposit (SND) account without giving notice, Bangladesh Bank (BB) said. The central bank on 26.08.2010 issued a circular to all banks, making a minimum of seven days of notice mandatory for withdrawing money from an SND account. It also said notice has to be given for every withdrawal and no backdated notice will be accepted. SND account is a special type of a deposit that includes a short-term deposit (STD). It is similar to a current account, but the difference is that an SND account gives interest, while a current account does not. The rate of interest on such an account is always lower than a savings account though. The circular was issued to make it clear that no money can be withdrawn from an SND, without giving notice at least seven days in advance.

Daily Star: 27.08.2010

15. Other nations' expat transfers cover US drop



Remittance inflows from all countries except from the USA increased despite a fall in manpower exports in the last fiscal year, according to Bangladesh Bank (BB) figures. Though the manpower exports to Malaysia remained suspended, remittance inflow from the country went up 108 percent to \$587 million. Last year, total remittances were nearly \$11 billion. Of this amount, two-thirds came from the Middle East, with Saudi Arabia

was the second-highest contributor, increasing by 8 percent to \$1,890 million. Kuwait's share went up by five percent to \$1,019 million. UK remittances rose by five percent to \$827 million despite the economic downturn. Yet US remittances -- the No. 3 contributor -- fell by 8 percent to \$1,451 million.

Daily Star: 29.08.2010

16. One-third of online banks yet to set up disaster backup system

One-third of the country's commercial banks, having real time online banking system, are yet to set up adequate backup support to keep the record of millions of accounts' information during natural disasters. Bangladesh Bank's (BB) guideline on Information and Communication Technology (ICT) has made mandatory for all banks, having real time online system, establishment of disaster recovery centre (DR), some 10-km far of the production site or data centres (DC), for keeping the record of all documents from being damaged during natural disasters like earthquake, flood etc. Out of 47 banks, 30 have made significant progress in introducing real time online banking system during the last one year. However, nine of them are yet to set up the DR, and some of them, which have DR, are still operating with problems. The BB has already instructed the banks, now providing real time online banking, to ensure proper operation of the DRs to fully comply with the guideline

Fin. Exp: 01.08.2010

17. Investment in EPZs rose by 50pc last yr

Actual investment in the country's eight export processing zones (EPZs) increased by 50 per cent in the last fiscal year thanks to robust growth in the sectors of shoes, garments and textiles. The eight EPZs attracted a total of US\$ 222 million in 2009-10 fiscal year against \$ 148 million in 2008-09. The cumulative investment in the eight EPZs stood at \$ 18 billion since 1983-84. According to official statistics, the actual investment in the Dhaka EPZ stood at \$ 64.38 million, a 112 per cent rise in the investment against previous fiscal year. The country's oldest EPZ at Chittagong attracted a total of \$ 47.52 million against \$ 47.22 million in 2008-09. Comilla EPZ attracted \$ 20.44 million last year against \$ 8.20 million in 2008-09. The cumulative investment in the zone stood at \$ 100.35 million. Ishwardi EPZ earned a total of \$ 12.21 million in the past fiscal against \$ 14.04 million in 2008-09, according to official statistics. Adamjee EPZ attracted \$ 26.17 million during 2009-10 against \$ 21.07 million in the previous year. Karnaphuli EPZ in Chittagong earned \$ 39.58 million in the last fiscal. Investors invested worth 27.90 million in 2008-09 fiscal year while Mongla EPZ received US\$ 0.01 million against a negative growth in investment in 2008-09. But investment growth was comparatively less in Uttara EPZ which had attracted only \$ 1.69 million last year against \$ 4.75 million in 2008-09

Fin. Exp: 01.08.2010

18. 25 but one top borrowers repay loans regularly: BB

Only one of the 25 top bank borrowers in the country has defaulted in loan repayment, according to the latest statistics of Bangladesh Bank (BB). The top bosses of banks keep on trying to attract the borrowers concerned with lower rate of interest and better services. Most of the top borrowers, however, do their banking with 10 to 15 banks. A few of them have transaction with 30 to 35 banks, it is learnt. According to the statistics, BRAC (Bangladesh Rural Advancement Committee) topped the list of top and good borrowers with Tk 19.01 billion as loans and advances from banking sector followed by Mohammad Elias Brothers (Pvt) Ltd, Khatunganj, Chittagong (Tk 10.65 billion), Grameen Shakti (Tk 7.46 billion) , Nitol Motors Ltd (Tk 7.32 billion), Abdul Monem Ltd (6.93 billion), Jaber & Zubair Fabrics Ltd (Tk 5.30 billion), Orascom Telecom Bangladesh Ltd (Tk 5.38 billion), Marine Vegetable Oils Ltd, Asadganj, Chittagong, (Tk5.31 billion), Bextex Ltd (Tk 5.13 billion), BSRM Steels Ltd, Sitakunda, Chittagong (Tk 5.09 billion), S. Alam Super Edible Oil, Asadganj, Chittagong,

(Tk 5.04 billion), Ifad Autos Ltd (Tk 4.74 billion), S. Alam Steels Ltd, Asadgong, Chittagong (Tk 4.50 billion), Mother Textile Mills Ltd, Sreepur, Gazipur (Tk 4.32 billion), City Sugar Industries Ltd (Tk 4.19 billion), S. Alam Cold Rolled Steels Ltd, Asadgong, Chittagong (Tk 4.16 billion), S.A. Oil Refinery Ltd, Kotwali, Chittagong (Tk 4.11 billion), Saleh Carpet Mills, Agrabad, Chittagong (Tk 3.95 billion), Abul Khair Steel Ltd, Khatungong, Chittagong, (Tk 3.93 billion), Kabir Steel Re Rolling Mills Ltd, Agrabad, Chittagong (Tk 3.89 billion), S. Alam Vegetable Ltd, Agrabad, Chittagong (Tk 3.71 billion), Beximco Pharmaceuticals Ltd (Tk 3.68 billion), Appolo Ispat Complex Ltd (Tk 3.64 billion), Yashin Spinning Mills Ltd (Tk 3.62 billion), and Bextex Ltd (Tk 3.55 billion). Of them, Saleh Carpet Mills Ltd is the lone bank defaulter as all the borrowed amount of Saleh Carpet is classified, the BB data shows. The top 25 borrowers account for about 6 per cent of total loans by entire banking sector as of 2009. The amount borrowed by companies concerned was Tk 140 billion against a total of Tk 2.34 trillion, shows BB statistics. The corporate culture, corporate social responsibility and ability to refund the borrowed loans are some of the criteria that bankers find attractive for lending.

Fin. Exp: 08.08.2010

19. Dhaka, Delhi ink \$1.0b loan deal

Dhaka and New Delhi 07.08.2010 signed a \$1.0 billion credit line agreement for implementation of projects identified and approved by the Bangladesh government. The loan to be made available by the Exim Bank, a public sector bank of India carries an interest rate is 1.75 per cent per annum with a commitment fee of 0.5 per cent on unutilised credit after 12 months from the date of contract approval. The repayment period is 20 years with grace period of five years. The government of Bangladesh has already approved 14 projects where \$602 million will be spent. The line of credit will be used in projects including those of building railway infrastructure, supply of broad gauge locomotives and passenger coaches, rehabilitation of Saidpur workshop, procurement of buses including articulate buses and dredging projects. The projects approved by the government for implementation using \$602 million out of the Indian 1.0 billion loan include procurement of six dredgers at a cost of \$71.69 million for water resources and shipping ministry, establishment of Ashuganj inland river terminal at a cost of \$36.23 million, procurement of 10 broad-gauge locomotives for Bangladesh Railway (BR) at the cost of \$ 31.55 million, procurement of 125 broad-gauge passengers' coaches involving \$ 53.63 million for BR, procurement of 60 fuel-oil carrying tank wagons and two brake vans for BR at a cost of \$ 8.85 million, procurement of 50 metre-gauge flat wagons and five brake vans for transportation of BR's containers at a cost of \$ 4.55 million, building of 2nd Bhairab bridge and 2nd Titas bridge at a cost of \$ 120 million, procurement of 300 double-decker AC/non AC buses for BRTC at a cost of \$ 29.65 million, procurement of 50 articulated buses for BTRC at a cost of \$ 6.12 million, up-gradation of Sarail-Brahmnbaria-Sultanpur-Chinyar-Akhaura-Sonarbadi land-port road involving \$ 33.82 million, construction of an overpass at Jurain rail-crossing and a flyover at Malibag rail-crossing at a cost of \$ 31.44 million, Ramgar-Sabrum land-port road development project involving \$ 150.86 million and 400 KV Grid inter connection Between Bangladesh (Bheramara) and India (Baharamapur). The other project, having four separate schemes to be implemented at a total cost of \$ 8.92 million under the Bangladesh Standard Testing Institute (BSTI), includes Establishment of an Accredited Food Testing Laboratories, establishment of an Accredited Cement and Brick Testing Laboratory for CM Marking as per IS Standard, establishment of an Accredited Gold Testing Laboratory for Hall Marking and Assistant in Tractability and Accreditation to BSTI.

Fin. Exp: 08.08.2010

20. BB acts for meeting banks' capital need under Basel-II

The Bangladesh Bank (BB) has revised guidelines allowing the capital market investments as supplementary capital of the banks to meet overall capital requirement under Basel-II framework. Under the revised guidelines, 10 per cent of revaluation reserves for equity instruments is eligible for tier-2 capital, generally known as supplementary capital. The revaluation reserves for equity instruments will be calculated on the basis of

'marking to market' system to know the actual market prices of the listed companies' shares, which will be held under banking book account. 'Marking to market or mark to market' system is a process of calculation to determine the market value of an asset. "The banks will be empowered to show their capital market investments, particularly in banking book account, as a supplementary capital," a senior official of the Bangladesh Bank (BB) told the FE. The central bank has already issued a circular in this connection and asked chief executives of all scheduled banks to follow the revised guidelines on risk-based capital adequacy properly. The central bank earlier amended guidelines on risk-based capital adequacy for banks under Basel-II framework considering the overall financial position in the country's banking sector. Under the amended guidelines, the banks will have to comply with the minimum capital required (MCR) at 8.0 per cent from January 1, 2010 to June 30, 2010 while a rate of 9.0 per cent will be maintained from July 1, 2010 to June 30, 2011. The banks, however, must comply with the MCR at 10 per cent from July 1 next year and onwards. The MCR had been set at 9.0 per cent with the risk-weighted assets of the banks or Tk 4.0 billion of total capital, whichever is higher, that would be treated as MCR of the banks under the Basel-II accord. The Basel-II accord came into force in Bangladesh from January 1 this year to consolidate capital base of the banks in line with the international standard. The new Basel accord has been prepared on the basis of three pillars: minimum capital requirement, supervisory review process and market discipline. Three types of risks -- credit risk, market risk and operational risk -- have to be considered under the minimum capital requirement.

Fin. Exp: 09.08.2010

21. Tk 10b cash incentives released for exporters

The government has released cash incentives worth Tk 10 billion for disbursement among major exporters as first installment for the current fiscal year. The finance ministry issued a letter at the end of last month asking the central bank for releasing the cash incentives to the exporters. Jute exporters will receive Tk 1.50 billion from the budget allocation of Tk 3.0 billion. The rest Tk 8.50 billion will be disbursed to other sectors including home-made textile, frozen foods, leather goods, agro-products and processed agro products, handicrafts, potato, bone dust, halal meat, hatching egg etc. The government has introduced the cash incentives for the leading export earners to help them stay competitive in the international market. The government announced cash subsidy on home-made textile, frozen foods, bone dust, cent per cent jute goods, bicycle, light-engineering products, potato and 'halal' meat at 5.0 per cent, 12.50 per cent, 15 per cent, 17.5 per cent, 15 per cent, 10 per cent, 20 per cent and 20 per cent respectively for the second stimulus package in the last fiscal. The products, which are made of 'hogla', 'khor' and 'akher chhobra', were offered cash incentives at rates between 15 per cent and 20 per cent, and 20 per cent for liquid glucose. The government included two products - plastic pet bottle flakes and finished leather - in the list for the first time, which enjoyed cash subsidies at 10 per cent and 5.0 per cent respectively in the previous fiscal.

Fin. Exp: 09.08.2010

22. Investment in capital market

BB detects inconsistency in latest statements of banks

The central bank has taken a fresh move to know the actual investment in the capital market of the commercial banks through scrutinising their latest statements. The central bank had asked the banks concerned to submit their revised monthly statement regarding holding of shares and exposure limit for June 2010 along with July's statement by August 10. The BB set capital market exposure limit for the commercial banks in June last after identifying an 'abnormal growth' of investment in the capital market by the banks during April-May period of the current calendar year. Under the new provisions, banks will be allowed to invest not more than 10 per cent of their total liabilities in the capital market. The banks must have to comply with the capital market exposure limit and submit reports on their monthly-based share-holding position in a prescribed form to the Department of Off-site Supervision of BB within 10th of each month.

Fin. Exp: 13.08.2010

23. Excess liquidity with banks hits Tk 345b until June

Excess liquidity in banks grew more than 10 per cent in June, boosted by the government's new injection of funds into the system as part of speeding up the budget implementation, central bank officials said. Data by Bangladesh Bank said additional cash amounted to Tk 344.98 billion was piled up in the country's banking sector in June, from Tk 307.65 billion in May 2010. The excess liquidity of the state-owned banks stood at Tk 152.68 billion as on June 30, 2010, while that of the private commercial banks was at Tk 141.06 billion. The excess liquidity of the foreign banks was Tk 45.16 billion at the same time. Total liquid assets of commercial banks stood at Tk 871.96 billion in June this year against Tk 826.65 billion of May of 2010, the BB data showed. "Scheduled banks holding of liquid assets as of June, 2010 in the form of cash and balances with Sonali Bank, balances with Bangladesh Bank and unencumbered approved securities are 5.79 per cent, 31.93 per cent and 62.28 per cent respectively of total liquid assets," the central bank said in a report on liquidity position

Fin. Exp: 16.08.2010

24. BB buys US\$2.0m more from a bank

The central bank purchased US\$2.0 million more from a commercial bank on 18.08.2010 aiming to keep the inter-bank foreign exchange market stable, officials said. On 17.08.2010, the central bank also similarly purchased \$3.50 million from the same commercial bank on the same ground, the BB officials said. The US dollar was quoted at Tk 69.54 in the inter-bank foreign exchange market on the day against Tk 69.50 of the previous working day, according to the central bank statistics. A total of \$145.50 million has been bought from the commercial banks, so far, in the current fiscal year as part of the central bank's intervention in the market, the BB officials confirmed. In fiscal 2009-10, the central bank bought a total of \$2.16 billion directly from the commercial banks against \$1.48 billion of the previous fiscal, the BB's data showed.

Fin. Exp: 19.08.2010

25. DBBL invests Tk 2.0b for banking automation

With a view to providing customer services of Dhaka Cantonment area, Dutch Bangla Bank Limited (DBBL) has set up an ATM booth at Saudi Colony Gate, Bangladesh Air Force in the city recently, according to a press release. The ATM booth will help BAF personnel to deposit money to their account and at the same time withdrawal money through ATMs. Air Vice-Marshal Muhammad Enamul Bari, assistant chief of Air Staff (Admin) inaugurated the ATM booth of DBBL as the chief guest. DBBL Deputy Managing Director Mr Abul Kashem said that DBBL has invested more than Tk 2.0 billion for adopting modern and latest IT technology for rendering modern banking services to the doorsteps of the customers at an affordable cost

Fin. Exp: 23.08.2010

26. Jute marks bumper production in 2009-10 fiscal year

The golden fibre, jute, exceeded targets both in production and export in the fiscal 2009-10, jute ministry said on 31.07.10. Jute secretary said the country had witnessed a total production of nearly seven million bales of jute in the current fiscal, against a target of 6.62 million bales. The production in 2008-09 financial year was 5.2 million bales. The country had bagged an export earning of nearly Tk 4,000 crore in the fiscal year that just ended, Tk 1,000 crore more than the earnings of the corresponding period in 2008-09. Bangladesh Jute Mills Corporation, Bangladesh Jute Mills Association and Bangladesh Jute Spinners Association together exported 1.6 million bales of raw jute and jute products in 2009-10 fiscal. Even though the amount of export was a little lower than the previous year, the high price of jute in the international market helped fetch an extra earning of over Tk 1,000 crore for Bangladesh.

New Age: 01.08.10

27. BUSINESS ENVIRONMENT

Faridpur, Dinajpur, Kushtia top list

Faridpur, Dinajpur and Kushtia are the top ranking districts that performed well in terms of business environment, according to a survey. The survey, Bangladesh Economic Governance Index - 2010, was circulated at a function at Sonargaon Hotel on 01.08.10. The 2010 EGI is a partnership between the Asia Foundation and the Bangladesh Investment Climate Fund. The EGI survey has been completed in all the old 19 districts of the country. It showed that Faridpur, Dinajpur and Kushtia represents 'high' tier comprising scores from 75.7 to 73.3 followed by 'medium-high' tier, comprising 4 districts - Sylhet, Cox's Bazar, Mymensingh, Comilla - with scores from 69.2 to 66.1. The 'medium-low' tier comprises eight districts - Rangpur, Patuakhali, Dhaka, Jessore, Khulna, Bogra, Pabna and Noakhali - with scores ranging from 60.34 to 57.13. The 'low' tier consists of four districts - Tangail, Chittagong, Barisal and Rajshahi - with scores from 55.71 to 53.02. Like other economic governance indices conducted in Vietnam, Indonesia, Cambodia or Sri Lanka, the Bangladesh EGI composed of 10 sub-indices. These are entry costs, access to land and security of tenure, transparency, time cost of regulatory compliance, informal charges, participation, law and order, tax administration, dispute resolution and local infrastructure. The survey was conducted with a stratified random district-level sample of 3,800 firms (200 per district headquarters). The strata were based on sectors (manufacturing, trade and services) and size (number of employees). Only firms with at least 3 employees were included in the survey since the EGI analysis is focused on growth-oriented firms, rather than subsistence firms. The survey also showed that less than 1 per cent firms have 20 or more employees, which clearly highlights the disproportionate presence of small enterprises in the country, nearly 70 per cent of the firms covered by the listing are concentrated in wholesale and retail trade activities and less than one half of one per cent of firms covered by the listings are owned by women.

New Age: 02.08.10

28. IFIC Bank holds managers' conference

IFIC Bank held its half-yearly managers' conference 2010 at Radisson Water Garden Hotel in Dhaka on 29.07.10. Bank's director Mohammad Lutfar Rahman inaugurated the daylong conference. Members of the board of directors of the bank Syed Anisul Huq and Aminur Rahman, managing director Mosharraf Hossain, deputy managing director Mohammad Abdullah and senior executives from head office and branches and relationship managers of 82 branches and three SME/agri branches and two SME service centre of the bank attended the conference, among others. At the conference, performance of the branches as on June 2010 was reviewed and the strategies for achieving the business targets for the year 2010 were discussed.

New Age: 02.08.10

29. Local shipbuilders get \$478 million export orders

Leading local shipbuilders received export orders of world-class seagoing small, large and ice-class vessels worth \$478 million with a deadline to deliver those by 2013. Ananda Shipyard and Slipways Ltd received orders for export of 28 vessels valued at \$348 million from different countries including the Netherlands. On the other hands, Western Marine Shipyard Ltd got orders worth \$130 million to export 12 vessels to a German company styled Grona Shipping. The global financial recession dented many developed countries excepting developing ones including Bangladesh and that is why buyers of developed countries expressed their interest in giving shipbuilding orders to Bangladesh. To compete with many South Asian countries including India, the country should have at least 10 shipyards that involve cost of Tk 3,000 crore. Local shipbuilders could manage the amount if the government gives a sizeable cash incentive and allows refinancing scheme from Bangladesh Bank for shipbuilders. The size of global ship export market stood at \$400 billion and Bangladesh can easily obtain one per cent of the export orders equivalent to \$4 billion if the sector gets cash incentive. The local shipbuilders

are now receiving many orders from Germany, Denmark, Pakistan and Middle Eastern countries as Bangladesh is increasingly being recognised as an attractive destination for medium and small vessel building.

New Age: 03.08.10

30. SMEs outside Dhaka, Ctg cities to get Tk 665cr

Small and medium enterprises outside the Dhaka and Chittagong cities will get a special financing of around Tk 665 crore under an SME refinancing scheme. Out of it, the Asian Development Bank will provide Bangladesh Bank \$76 million (around Tk 532 crore) under the small and medium sized enterprises development project. The central bank will finance Tk 133 crore (around \$19 million) from its own sources. Under the project, an SME venture with fixed asset no more than Tk 20 crore (without the values of land and buildings) and a workforce of highest 150 will be eligible to get the loan. The existing SMEs with same asset and workforce can also apply for the loan for expansion and modernisation. The amount of the loan for a single unit of SME will be Tk 50,000 to Tk 70 lakh, depending on the demand of the borrower. The central bank will finance 75 per cent of a project when the participating bank will lend 15 per cent and the borrower will invest 10 per cent. The interest on the loan will be determined on the basis of bank-client relation, but should not be more than the present market rate. The tenure of the loan will be 3 years for medium term and 5 years for long terms. The borrower will get a six-month grace period for pay back the medium term loan and one year for long term loan. The medium term loan should be paid back in equal half-yearly installments and long term in eight installments.

New Age: 03.08.10

31. Good looks can kill women's job chances: study

Beauty has an ugly side when it comes to job applications: it prevents attractive women from even being considered for some positions, according to a study published on 06.08.10. Researchers found that good-looking women were unlikely to be hired when they applied for jobs considered masculine — like construction supervisor, prison guard, car salesperson or tow truck driver — the study published in the Journal of Social Psychology says. Good-looking women did, however, have an advantage over their less attractive female counterparts in jobs deemed feminine. Men, on the other hand, face no such beauty-barrier: good-looking men always have an advantage over less good-looking men seeking work, regardless of whether the job they are after is seen as masculine or feminine. The study researchers, led by a management professor at the University of Colorado's Denver Business School, asked participants to pair jobs ranging from lingerie salesperson to tow truck driver with photos of applicants they considered suitable for the job. They had a stack of 55 male and 55 female photos, and the list of jobs. In job categories like director of security, hardware salesperson, prison guard and tow truck driver, attractive women were completely overlooked, even though appearance was considered unimportant for the job. In a second study, participants were also given the resumes of the job applicants. But that changed nothing: the good-looking women were still ignored for the manly jobs

New Age: 08.08.10

32. US regulators shut down another bank

US regulators seized Ravenswood Bank of Chicago on 06.08.10., bringing the number of closures this year to 109 as the community bank sector continues to suffer under the weight of bad loans. Wintrust Financial Corp's Northbrook Bank and Trust Company of Northbrook, Illinois, will assume all of the deposits of the two branches of Ravenswood Bank, the Federal Deposit Insurance Corp said. Ravenswood Bank had about \$264.6 million in assets and \$269.5 million in deposits as of June 30. In a statement, FDIC said Northbrook Bank will pay the FDIC a premium of 0.90 per cent on the non-brokered deposits of Ravenswood Bank. In addition to assuming the non-brokered deposits of the failed bank, Northbrook Bank agreed to purchase essentially all of

the assets. Small banks are collapsing at a faster pace this year compared to last, but the failures are expected to peak during this quarter. The recovery of the community bank industry has lagged behind that of Wall Street and the larger economy. Although failures are still occurring at a rapid pace, it is mostly smaller institutions that have been collapsing recently. The biggest bank failure of the crisis was Washington Mutual, which had \$307 billion in assets when it was seized in September 2008. In the current crisis, the problems dogging the banking industry have migrated from home mortgages to commercial real estate, especially for community banks that tend to have higher concentrations of commercial real estate loans. The FDIC recently gave an update on the overall health of the bank industry, saying it sees improvements, but economic threats are still lurking. The agency, which insures individual accounts up to \$250,000, updated its estimates of the cost of bank failures and now expects a \$60 billion hit to its insurance fund from 2010 through 2014.

New Age: 08.08.10

33. Samsung sets sight on Bangladesh IT, software potentials

Plans to set up software R&D centre in Bangladesh

Samsung, a top South Korean business and industrial chaebol (Korean term for a conglomerate of many companies), has set its sight on Bangladesh's IT potentials and now plans to set up a software research and development centre in the country. The Korean electronic, cell phone and IT giant has already embarked on the ground work to acquire licence for investment and other initial requirements for the project. A camp office for Samsung's proposed venture has been set up at Samsung Dhaka branch that now mainly deals marketing of Samsung mobile sets and electronic appliances. The Samsung software centre in Bangladesh will be a separate business entity apart from their existing businesses here. They are working for acquiring a licence from the Board of Investment for the project. Samsung planned to develop and outsource mobile application software, gaming software and other varieties of software to Bangladesh. Samsung IT hardware, especially computer monitors, hard disks and other accessories, have a leading position in Bangladesh market. Its electronic appliances like TV sets, refrigerators and air-conditioning sets also have a significant market shares here. Sales growth for Samsung mobile sets in the local market is expanding sharply in recent months and it has already grabbed 15 per cent of local market share of the high-end and mid-end markets where Nokia controls more than half of the market share. The proposed Samsung software centre in Dhaka would be its twelfth research and development (R&D) centre. This new facility is expected to start operation from early next year. Having assets worth \$250 billion, Samsung's manufacturing, research and marketing networks around the world employ nearly three hundred thousands people.

New Age: 09.08.10

34. BB digitises banks' returns submission system

Bangladesh Bank has digitised the system of submitting financial statements by making it online for all the scheduled banks. Under this system, all the banks must submit their weekly statement of position detailing their weekend Thursday financial position like deposit, credit, investment, liquidity position through the internet with effect from August 5th, 2010. a BB press release as per a circular from its off-site supervision department said. As a part of the ongoing automation in BB, the format has been redesigned by incorporating necessary changes so the banks can directly submit the information through a reporting portal in the BB web site. A training workshop on online submission of Weekly Statement of Position was organised recently where a practical demonstration on online submission was given.

New Age: 13.08.10

35. US regulators close Illinois bank

US regulators on 13.08.10 shut down a bank in Illinois, bringing to 110 the number of US banks failures this year amid mounting loan defaults. The Federal Deposit Insurance Corp took over Palos Bank and Trust Co, based in Palos Heights, Ill, with \$493.4 million in assets and \$467.8 million in deposits. First Midwest Bank,

based in Itasca, Ill, agreed to assume the assets and deposits of the failed bank. In addition, the FDIC and First Midwest Bank agreed to share losses on \$343.8 million of Palos Bank's loans and other assets. The failure of Palos Bank is expected to cost the deposit insurance fund \$72 million. It was the second straight week marked by the failure of an Illinois bank. Last week the FDIC seized Ravenswood Bank, a small bank in Chicago. The closure of Palos Bank brought to 14 the number of bank failures this year in Illinois. With 110 closures nationwide so far this year, the pace of bank failures far outstrips that of 2009, which was already a brisk year for shutdowns. By this time last year, regulators had closed 77 banks.

New Age: 15.08.10

36. China's AgBank sets record as world's largest IPO

Agricultural Bank of China has claimed the title of the world's largest initial public offering after fully exercising the over-allotment option of its Shanghai share offering, Dow Jones Newswires said. The lender raised an additional 9.11 billion Yuan (\$1.34b) from the Shanghai portion of the IPO by selling an extra 3.4 billion shares at 2.68 Yuan each. The IPO has now raised a record \$22.1 billion. The previous record was set by Industrial and Commercial Bank of China, which raised \$21.9 billion in its 2006 IPO. AgBank — the last of China's Big Four state banks to list — raised a total of \$19.23 billion from its shares before it started to trade in Shanghai and Hong Kong last month.

New Age: 15.08.10

37. Local co targets export of refurbished vehicles

3G Engineering Limited — the country's first export oriented auto refurbishing plant at Mongla Export Processing Zone in Khulna — would start operation from next November. Construction of the factory on a 1,200 square meter area at Mongla EPZ would be completed in October, general manager of the company told on 14.08.10. The company is expecting to start reconditioning and refurbishing imported old vehicles in the following months which would help the company to ship out the first consignment of the vehicles early next year. The exported consignment would have at least 100 redecorated cars including double-decker and single-decker buses, jeeps and other vehicles. 3G Engineering was established by a 35-year old Bangladeshi-born British citizen, last year when the company struck a deal with Mongla EPZ to invest US\$ 11 million to set up the factory with most modern equipments having capacity to roll out 400 old vehicles in new shape annually. They would import old vehicles like Volvo, Mercedes Benz, BMW and Land Rover mainly from Europe to refurbish those. Such vehicles have strong demand in countries like South Africa, Ghana and Nigeria as they cost one-thirds of the prices of new ones. The company would hire 10 automobile engineers from England and also create employment opportunity for 206 Bangladeshis in the initial years. The number of workers would go up with the progress of the plant. This is an interesting project that will help the country to produce skilled workforce.

New Age: 16.08.10

38.EPB plans \$18.7 billion exports in 2010-11

Despite failing to achieve expected export earnings in the last fiscal, the Export Promotion Bureau has proposed a \$18.7 billion target for exports in the current fiscal, which would be a nearly 15 per cent increase over last year's actual earnings. Export earnings for the 2009-10 fiscal were \$16.2 billion against a target of \$17.6 billion. That represented a 4 per cent increase over the 2008-09 fiscal, even though it fell around 8 per cent short of the target. Exports; especially the export of knitwear and woven garments could not reach the target in the last fiscal due to the effect of the global economic meltdown, labour unrest in the RMG sector, and the crippling energy and power crisis. A 10 per cent increase in earnings for the highest export earning RMG sector (combining knitwear and woven garments) has been proposed, even though it too could not achieve its target in fiscal 2009-10. The target for knitwear has been proposed at \$7.3 billion, which would be a 13 per cent increase on last

year's performance (\$6.4 billion) while the target for the woven garments sector has been proposed at \$6.7 billion, around \$700 million more than it earned last year. An export earnings target for home textiles has been proposed at \$593 million. The sector earned almost \$540 million in the last fiscal. The EPB wants jute and jute manufactured goods to bring in over \$1 billion for the first time this year, which would be a massive 38 per cent increase against last year's performance of \$736 million. The export target for raw jute has been proposed at \$255 million, jute yarn and twine at \$577 million, jute carpet around \$10 million, and jute and synthetic ropes \$20 million. The export earnings target for frozen food was proposed at \$482 million. That comprises a target of \$96 million for frozen fish and \$376 million for shrimps, with the rest made up by other frozen food products. The EPB wants the country to sell agriculture products worth \$266 million in the current fiscal, which would add a tenth to its sales last year, \$242 million. Among the manufactured commodities, the export earnings target for petroleum by-products has been proposed at \$450 million, chemical products \$111 million, and plastic products \$54 million. The export target for leather has been proposed at almost \$294 million, which would be a hefty 30 per cent improvement over the last fiscal year's performance, which earned the country \$226 million. Cotton and cotton fabrics will be expected to add nearly \$103 million while in the case of specialized textiles the target has been proposed at \$228 million, up more than 22.67 per cent over last year's earnings of \$186 million.

New Age 16.08.10

39. Bangladesh plans to buy gold to diversify reserve

Bangladesh would buy gold to diversify its reserve amid fluctuation of the US dollar against major international currencies which poses challenge to its foreign currency reserve hovering around \$10 billion plus over the last one year. Bangladesh Bank, the country's central bank, is now examining the amount of gold it would buy from the world market following an instruction by the ministry of finance early this month. The country's South Asian neighbors have already raised their holdings of gold while the BB bought gold last time in 1975. According to International Monetary Fund, the BB has gold reserve of 3.5 metric tonnes, the market price of which is roughly \$137.9 million as per ounce of gold is selling at \$1,226 in the world market on August 20, 2010. BB plans mean the start of a significant shift away from the US dollar holding which has already been done by many countries, including India and Sri Lanka in South Asia, because of the weakening dollar against other international currencies. In Bangladesh, the central bank applies tools to keep the rate of dollar unchanged against the local currency Taka in the last several years to help the exporters to retain their competitiveness. Since the global financial recession, the greenbacks lost its value against Yen, Euro and Pound. It has, however, shown some improvement with the fallout of the economic crisis, but the international currency managers are not so upbeat about the future of the US dollar. Sri Lanka purchased about 15 tonnes of gold in two installments. India purchased 200 tonnes of gold in last November for \$ 6.7 billion from the IMF which decided to sell out 403.3 tonnes of gold to raise funds for its member countries.

New Age:22.08.2010

40. Country marks \$2.66 billion surplus balance of payments

Country marked a \$2.661 billion surplus balance of payment during eleven months of last fiscal year from July 2009 to May 2010 on a record jump in inflow of remittance and exports receipts, associated with rise in other head of current transfers. The BoP during same period of the previous fiscal, 2008-09, registered a surplus of \$1.393 billion, while the collection in the same head totaled at \$2.427 billion from July 2009 to April 2010, according to the figures of Bangladesh Bank. The receipts of funds from current transfer during the said period of last fiscal recorded an increase to \$10.667 billion against \$9.278 billion in the corresponding period of previous fiscal. Inflow of remittance was the major contributor to the current transfers as it shared \$ 10.095 billion during the same period last year against \$8.770 billion in the corresponding period of the previous fiscal. Although the trade balance during the said eleven months was in disfavor of the country, the export earnings recorded a substantial rise, managing to escape from a negative growth due to global recession. The

receipts from exports of commodities totaled to \$14.519 billion during the period in 2010 against \$ 14.162 billion in same period of previous fiscal. On the other hand, country made payments of \$19.404 billion in eleven months of last fiscal rising from \$18.888 billion from July 2008 to May 2009 in 2010, resulting to deficit of \$4.885 billion in the overall external trade.

New Age:22.08.2010

41. BB puts exposure limit for NBFIs on share market

Directs withdrawal of additional investment by Dec

Bangladesh Bank has set a deadline till December 2010 for the non-banking financial institutions (NBFIs) that have extra investment of their paid-up capital and 25 per cent of their reserve in share market to withdraw their additional investments. In a circular issued on 22.08.2010, the central bank directed the financial intermediaries other than commercial banks to comply with the existing financial institutions law of 1993 and not to cross their investment limits. The latest step by the BB came as many non-banking institutions were found to have invested higher than their limits in the share market which is on a bull run during the last one week. Crossing the limit of investment is posing a serious risk for the organizations; the trend was putting pressure on the call money market for short-term borrowings. The call money rate as of 22.08.2010 rose to 5 per cent, one percentage point higher than preceding week. The call money rate was below three per cent in the last three months. The latest directive also follows the directive given by the central bank a couple of months ago to the commercial banks on their exposure limits in the share market. The BB on July 15, 2010 set capital market exposure limit for the commercial banks under which banks would not be allowed to invest more than 10 per cent of their total liabilities in the capital market. Besides, the banks would not be allowed to conduct merchant banking or brokerage house business from October 1 this year without formation of subsidiary companies for the purpose. Currently, a small number of commercial banks are investing heavily in the country's capital market, resulting in massive surge in share prices as no limit is applicable.

New Age:23.08.2010

42. ADB to provide \$300m loan for power sector

The Asian Development Bank will provide a \$300 million loan to improve efficient energy uses in power plants and support renewable energy projects. The assurance came during a meeting of the top officials of ADB mission with the senior officials of the Power Development Board. The meeting was held 22.08.2010 at the PDB office. The mission led by ADB's senior energy specialist for South Asia, also showed interest to support the 5 megawatt Kaptai solar power project, which will be the first power project of this kind with grid connectivity in the country. According to the PDB source, the power plants at Ashuganj, Raozan, Shikalbaha, Ghorasal, Siddhirganj, Khulna and Barapukuria are the most inefficient plants which are producing huge heat and its efficiency level is between 21 per cent and 32 per cent. These power plants are producing 1,655MW of power although its installed capacity is 2005MW. The visiting ADB mission told the meeting they were in favour of replacing the old power plants that consume huge quantity of gas, but produce small quantity of power. 'Siddhirganj and Ashuganj power plants are on the top of the list. They want to convert the Siddhirganj into combined cycle and replace the old stem turbine in gas turbine. Through this investment, power sector could get 450MW from these plants burning the same quantity of gas.

New Age:24.08.2010

43. \$12m ADB loan for tourism sites

The Asian Development Bank will provide Bangladesh with \$12 million for the development of infrastructure at key tourism sites in the country. Bangladesh will take advantage of the tourism potential of its rich natural and

cultural attractions with the support. ADB board of directors approved the \$12 million loan under its South Asia Tourism Infrastructure Development Project. The support would help increase the capacity of the tourism sector by managing tourism sites in a sustainable way and increase greater involvement of local communities in economic activities. The project will target transport and other infrastructure upgrades and will improve water supply, sanitation and solid waste management services at key sites. Tourism plays an important role in the regional economy and this project will benefit a large number of people through increased income and employment. The project is due for completion by September 2014.

New Age:24.08.2010

44. BOI sees 127pc investment rise in a month

The country has witnessed 127 per cent increase in investment in July with Tk 5726.12 crore compared to Tk 2521.06 crore in June. According to the Board of Investment, local investments increased by 122 per cent while the joint and foreign investment by 176 per cent in July. In July, 153 industries including 143 local ventures, six joint ones and four foreign-owned industrial units were registered with the BOI with a proposed investment of Tk 5726.12 crore, which was Tk 3205.06 crore more than June. Of the total proposed investment in July, Tk 4980.54 crore will come from local investment while Tk 745.58 crore from joint and 100 per cent FDI

New Age:27.08.2010

45. Sainsbury's to make Bangladesh major sourcing destination

Industry upbeat over opening of Dhaka sourcing office by the UK's 3rd largest retailer

Sainsbury's, Britain's third largest retailer, is trying to make Bangladesh its next major sourcing destination after China. The \$31 billion retailer which deals in apparel worth \$1 billion, has opened its Dhaka sourcing office on August 1 with plans to double its procurement from Bangladesh over the next couple of years. Sainsbury's had been sourcing finely knitted T-Shirts from Bangladesh through its agents for the last four years, but after setting up its office in Dhaka it is going to develop its own direct sourcing business. Sainsbury's is known as a food retailer, but six years ago it initiated apparel sales with a target to double turnover in apparel retailing. However, the growth of sourcing from Bangladesh has been targeted much higher than Sainsbury's sourcing from across the globe. If competitive prices are there and quality is ensured in products and manufacturing process, Sainsbury's has huge potential for Bangladeshi suppliers. They work directly with 10 to 12 suppliers in Bangladesh and the number would increase as required. Other UK-based retailers, ASDA, Primark and Tesco have significant sourcing from Bangladesh in diversified apparel categories. After USA and Germany, UK is Bangladesh's third largest export destination with more than a \$ 1.5 billion turnover annually, apparels being more than 80 per cent of the total exports there

New Age:28.08.2010

46. 34,000 Aila-hit people get low-cost bank accounts to get aid

As many as 34,000 Aila-affected people in Satkhira and Khulna got bank accounts for Tk 10 thanks to the Bangladesh Bank's initiative to make their payments for farm and other financial assistance hassle-free. The people, devastated by the cyclone Aila in 2009, have long been suffering from unusual delay in receiving cash assistance from the government for reviving their agriculture and other means of living. Bringing an end to the unnecessary delay in disbursement, the central bank directed the state-owned banks in Satkhira and Khulna districts to allow the cyclone-hit people open bank accounts for Tk 10 so they can receive their cash assistance without any unusual delay. Offering affordable bank accounts to the disadvantaged people was a step forward in bringing positive changes for the ultimate benefit of the people. The central bank was also considering such account facilities for the people in the disaster-prone areas, who need cash assistance in case of natural calamity

New Age:29.08.2010

47. Jamdani fair sees Tk 4.2cr export order on 3rd day

A local company on 28.08.2010 fetched a Tk 4.2 crore on the spot export order of traditional Jamani and Tangail saris on the third day of a 16-day International Jamdani Taant Bastra fair began in Dhaka on 26.08.2010. The Bangladesh Weavers Product and Manufacturing Business Association organised the fair on the premises of Siddheshwari Girls School on Baily Road. The fair is aimed at regaining the lost glory of the traditional products at home and abroad. Sanjit Pramanik, a West-Bengal based company, will import 1,00,000 lakh pieces of Tangail saris and 10,000 pieces of Jamdani saris from Lucky Jamdani Weaving Factory, which is taking part in the fair. An agreement to this effect was signed between Lucky Jamdani Weaving Factory and Sanjit Pramanik at a city hotel. The main objective of the fair was to know about customers' choice and attitude so that the quality of the Jamdani clothing could be improved. A good number of traditional clothing including Jamdani sari, lungi (loin cloth), handloom products, three-piece and two-pieces are being displayed in 60 stalls of the fair
New Age: 30.08.2010

Bangladesh bank Circulars during July, 2010

Circular Number	Date	Subject
DFIM Circular Letter No. 16	29/08/2010	Financial Institutions to remain closed on the occasion of Janmashtami.
DFIM Circular No. 09	22/08/2010	Investment in shares by Financial Institutions
DFIM Circular Letter No. 15	05/08/2010	Office Time table during month of Ramadan
DFIM Circular No. 08	02/08/2010	Implementation of Basel Accord
FEPD Circular No. 14	23/08/2010	Cash subsidy against export of jute goods
BRPD Circular No. 27	31/08/2010	Calculation of Interest on Loans
BRPD Circular No. 25	25/08/2010	Rules for regulating the supply and sale of Revenue Stamp
BRPD Circular No. 26	25/08/2010	Special Notice Deposit (SND) Account
BRPD Circular Letter No. 07	22/08/2010	Re-fixing the time limit for repayment of the loans for the procurement of rice by mill owners and traders
BRPD Circular No. 24	03/08/2010	Revised Guidelines on Risk Based Capital Adequacy (RBCA) for Banks
DOS Circular Letter No. 09	26/08/2010	Banks to remain closed on the occasion of Janmashtami
DOS Circular No. 07	24/08/2010	Mainstreaming Corporate Social Responsibility (CSR) in banks in Bangladesh
DOS Circular Letter No. 08	04/08/2010	Office hours and Transactions period of Banks during the Holy Ramadan
DCMPS Circular No. 9	25/08/2010	Bangladesh Electronic Fund Transfer Network(BEFTN) Operating Rules
DCMPS Circular No. 08	19/08/2010	BACPS Live Day Simulation
MPD Circular No. 03	19/08/2010	Refixation of Repo and Reverse Repo Rate of Bangladesh Bank
SME Circular Letter No. 03	18/08/2010	Refinance in Small & Medium Enterprise

Source: BB Website.

Information on Economy

	Amount	Previous month's Position
1. Foreign Trade:	Million US\$	Million US\$
a. Exports (2008-09)	15565.20	15565.20
b. Exports (April-2010)	1543.80	1400.10
c. Imports (2008-09)	22507.10	22507.10
d. Imports (April -2010)	2127.00	2220.20
2. Workers' Remittance (April -2010)	903.05	922.16
3. Inflation: point to point (March-2010)	8.54	8.78

Export= f O B Value, Import = CFR Value
Economic Trends: June, 2010

Banking Sector and Economic Information

	Amount (TK in Cr.)	Amount (TK in Cr.)
	May-2010	April-2010
1. Bank Deposit (excluding inter bank)	327103.30	320134.20
2. Bank Credit (excluding inter bank)	327550.80	320188.90
3. Money Supply		
01. Currency Outside Banks	44578.90	42330.10
02. Demand Deposit	38004.50	36789.90
03. Deposit with BB other than DMBs	165.20	158.30
04. Narrow Money (a+b+c)	82748.60	79368.30
05. Time Deposit	269477.20	263672.50
06. Broad money (d+e)	352225.80	343040.80
4. Excess Reserve (Liquidity)	8541.50	8339.20
5. Weighted average rate of Deposits of Schedule Banks(Quarterly)	6.12 ^(P)	6.12 ^(P)
6. Weighted average rate of Advances of Schedule Banks(Quarterly)	11.32 ^(P)	11.32 ^(P)
7. Ratio of DMBs Credit to Deposits (%)	100.14	100.02
8. DMBs Total Assets/Liabilities	832641.60	803941.40
9. F.E. Reserve (million \$US)	10146.20	10602.10
10. Cash Base of the Economy	75703.20	70896.10

- **Narrow Money (M1)** = Currency outside Banks+ Demand Deposits +Deposit with Bangladesh Bank
- **Broad Money (M2)** = M1 + Time Deposit
- **DMBs** = Deposit Money Banks
- **Cash Base of the Economy** = Currency in Circulation+ Balances with Bangladesh Bank
- P= Provisional

Monthly Economic Trends: July, 2010

Academic Activities in August: 2010:

- **Course on: Credit Risk management (CRM):** From August 01 – 05 IFIC Training Academy organized a training course on **CRM** in the academy premises. The course was inaugurated by Mr. Wakar Hasan, EVP & Head of CRM. 24 officers ranges from Officer Grade-I to AVP participated in the course from various branches around the country.

Readers please: How many Banks in Bangladesh have introduced Real Time Online Banking?

Match our answer with yours: Knowledge Update: 136

Answer: Gulshan, Dhaka. There are 32 Bank branches situated in this region.

We can be reached at: ifichrd@ailonline.net

Team Members

Ms. Zaitun Sayef, SEVP
Mr. A. K. Mojibur Rahman, FAVP
Mr. Benjir Rahman, OG - I
Mr. Jayanta Sutradhar, OG - I

Revisiting Basics

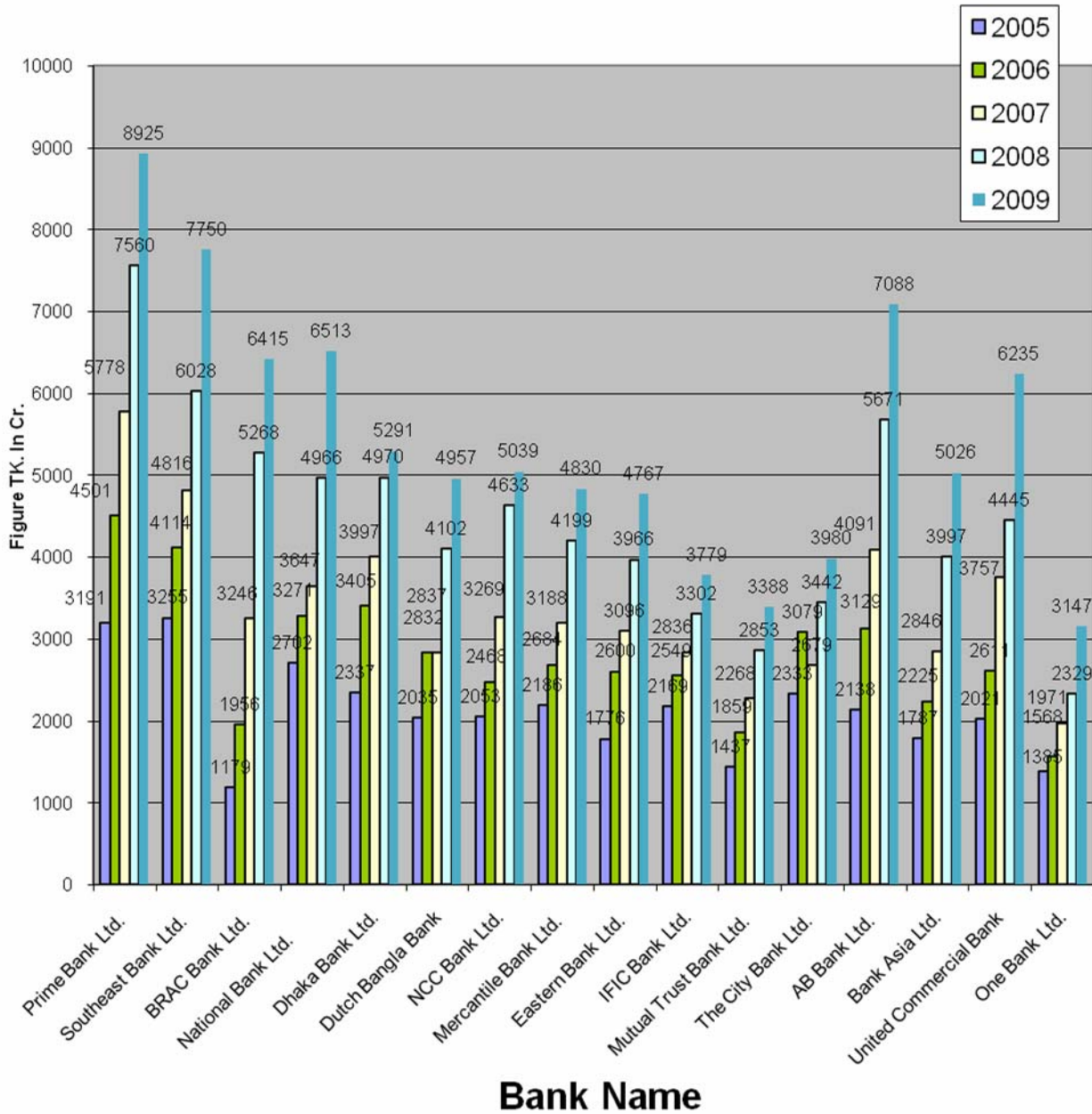
5 Years Loans & Advance Size of 16 PCBs

S/N	Banks name	Loans & Advance (Figure TK. in Cr.)				
		Year				
		2005	2006	2007	2008	2009
1	Prime Bank Ltd.	3191	4501	5778	7560	8925
2	Southeast Bank Ltd.	3255	4114	4816	6028	7750
3	BRAC Bank Ltd.	1179	1956	3246	5268	6415
4	National Bank Ltd.	2702	3271	3647	4966	6513
5	Dhaka Bank Ltd.	2337	3405	3997	4970	5291
6	Dutch Bangla Bank	2035	2832	2837	4102	4957
7	NCC Bank Ltd.	2053	2468	3269	4633	5039
8	Mercantile Bank Ltd.	2186	2684	3188	4199	4830
9	Eastern Bank Ltd.	1776	2600	3096	3966	4767
10	IFIC Bank Ltd.	2169	2549	2836	3302	3779
11	Mutual Trust Bank Ltd.	1437	1859	2268	2853	3388
12	The City Bank Ltd.	2333	3079	2679	3442	3980
13	AB Bank Ltd.	2138	3129	4091	5671	7088
14	Bank Asia Ltd.	1787	2225	2846	3997	6235
15	United Commercial Bank	2021	2611	3757	4445	3146
16	One Bank Ltd.	1385	1568	1971	2329	5027

**Source: Balance Sheet of Banks: 2006,2007,2008, Bank & Arthik Prothistanshomuher
Karjaboli:
2006-2007, 2007-2008, 2008-2009, 2009-2010**

N B: Where figure differed between 2 (two) sources we preferred Balance Sheet figure.

5 Years Loans & Advance size of 16 PCBs



Year to Year Loans & Advance Growth Rate of 16 PCBs from 2005-2009					
S/N	Banks name	Growth Rate			
		Period			
		2005-2006	2006-2007	2007-2008	2008-2009
1	Prime Bank Ltd.	41.05%	28.37%	30.84%	18.06%
2	Southeast Bank Ltd.	26.39%	17.06%	25.17%	28.57%
3	BRAC Bank Ltd.	65.90%	65.95%	62.29%	21.77%
4	National Bank Ltd.	21.06%	11.49%	36.17%	31.15%
5	Dhaka Bank Ltd.	45.70%	17.39%	24.34%	6.46%
6	Dutch Bangla Bank	39.16%	0.18%	44.59%	20.48%
7	NCC Bank Ltd.	20.21%	32.46%	41.73%	8.76%
8	Mercantile Bank Ltd.	22.78%	18.78%	31.71%	15.03%
9	Eastern Bank Ltd.	46.40%	19.08%	28.10%	20.20%
10	IFIC Bank Ltd.	17.52%	11.26%	16.43%	14.45%
11	Mutual Trust Bank Ltd.	29.37%	22%	25.79%	18.75%
12	The City Bank Ltd.	31.98%	-12.99%	28.48%	15.63%
13	AB Bank Ltd.	46.35%	30.74%	38.62%	24.99%
14	Bank Asia Ltd.	24.51%	27.91%	40.44%	25.74%
15	United Commercial Bank	29.19%	43.89%	18.31%	40.27%
16	One Bank Ltd.	13.21%	25.70%	18.16%	35.12%

Source: Previous Table information.

Year to Year Loans & Advance Growth Rate of 16 PCBs from 2005-2009

