



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

## **01. India extends ban on pulses export**

The Indian government on 30.03.2010 extended the ban on pulses exports by one more year till next March 31, a decision aimed at augmenting domestic availability and checking prices. The empowered group of ministers on food, headed by India's finance minister Pranab Mukherjee, had earlier this month cleared the food ministry's proposal to extend the ban on pulses export. It had also approved extension of duty free imports of pulses by one more year. The Indian government had earlier banned pulses export and allowed duty-free import till this March to fight food inflation, which at present is ruling at well over 16 per cent. The country imports about 4mt pulses every year to meet growing demand which this year stands at 18-19mt. The country is expected to produce 15mt in 2009-10 season.

The Financial Express: 01.04.2010

## **02. Canadian company buys Shahriyar Fabric**

Canadian T-shirt giant Gildan Activewear Inc on 31.03.2010 wrapped up the acquisition of Shahriyar Fabric Industries Ltd, choosing Bangladesh as a base for manufacturing in Asia. Gildan, based in Montreal, has bought the Bangladeshi company for \$15 million. Gildan plans to increase the facility's annual production capacity to 3.5 million dozen T-shirts to support the company's international business growth strategy. Gildan planned to build a low-cost high-quality manufacturing base in Asia, but excluded China as a potential location.

The Daily Star: 01.04.2010

## **03. First quarter overseas job growth slowest in 4 years Drastic fall in recruitments by S Arabia, Malaysia**

Overseas employment in the first quarter grew to its slowest pace in four years, as new work opportunities almost dried up in Saudi Arabia and Malaysia. The government said 99,140 Bangladeshis found jobs in the January-March first quarter, declining by 27.9 per cent than the same period last year, 56 per cent than 2008 and 22 per cent than 2007. Massive fall found in recruitment by the Persian Gulf countries, notably Saudi Arabia, and South East Asia.

The Financial Express: 02.04.2010

## **04. BB imposes fee for processing non-MICR cheque**

Bangladesh Bank has imposed a fee for processing non-MICR cheques at its Dhaka clearinghouse. In a circular on 01.04.2010 the central bank said all banks should pay Tk 100 in processing fees for every non-MICR cheque at the clearinghouse of its headquarters. The deadline for clearing such cheques at Dhaka clearinghouse has widened to April 30, 2010.

The Daily Star: 04.04.2010

## **05. Bangladesh top exporter in European market**

EU-Bangladesh trade update released

Bangladesh was the top export performer in the European Union market in 2009 with 6 percent growth, when all other countries, except for Qatar, suffered an export fall in the common market due to a global financial contraction. Qatar exported products worth three billion euros to the EU in 2009, predominantly hydrocarbon. Bangladesh shipped products worth 5.8 billion euros to the EU in 2009, increasing from 5.7 billion euros in 2008, witnessing a 6.3 percent rise. During the time, Bangladesh outperformed its global competitors: China, India and Vietnam. In 2009, China posted a 13.4 percent export fall in the EU market compared to 2008, while India sustained 13.9 percent and Vietnam 9.5 percent. At the same time, EU's import from the global market shrank 23.4 percent. EU's exports to Bangladesh slipped 5.5 percent to one billion euros in 2009, compared to a year ago. The average year-on-year export growth of the country was 9 percent in the last five years. In 2005, some 66 percent of export products used the GSP facility, while it increased to over 80 percent in 2009

The Daily Star: 06.04.2010

## **06. US, India launch new economic alliance**

The United States and India launched an economic partnership to unlock 'huge' investment opportunities. US treasury secretary Timothy Geithner and Indian finance minister Pranab Mukherjee kicked off a new economic alliance intended to achieve a step-change in commercial ties that are often eclipsed by US trade with China. The US-India economic and financial partnership is part of a US drive to widen its alliance with India.

New Age: 07.04. 2010

## **07. China defends yuan policy after US Treasury delays report**

China on 06.04.2010 reiterated that its exchange rate policy was not to blame for a ballooning trade imbalance with the United States, and warned Washington against labelling it a currency manipulator. The comments came after the US Treasury on 03.04.2010 announced the delay of a report expected in mid-April that could have slapped China with the 'manipulator' tag and paved the way for sanctions against Beijing. US lawmakers across the spectrum accuse China of deliberately undervaluing its currency, leading to a flood of inexpensive goods and contributing to a trade deficit which soared to nearly \$227 billion in 2009. The United States and China's other trading partners claim that the current exchange rate of about 6.8 yuan to the dollar gives the Asian giant an unfair trade advantage by making Chinese exports cheaper

New Age: 07.04. 2010

## **08. Govt. assures RMG sector of 5pc more cash incentive**

Finance minister Abul Maal Abdul Muhith on 07.04.2010 assured the garment exporters that the government would consider favorably their demand for additional five per cent cash incentive by relaxing a previous condition. The finance ministry had attached the condition for providing additional cash incentive under a stimulus package worth around Tk 4,500 crore that was announced last November to protect the local export-oriented industries from the delayed impact of the global recession. According to the condition a readymade garment industry would be qualified to receive additional cash incentive only when it exported products worth more than \$3.5 million per year. Following the assurance, the garment exporters are likely to get 10 per cent cash incentive instead of 5 per cent they are getting at present. New Age: 08.04. 2010

## 09. Govt's interest payment rises



The government spending on payment of interest rises by the year because of its dependence on internal borrowing to meet a budget deficit. A preliminary estimate shows such spending is likely to reach Tk 17,000 crore in the next budget from Tk 14,690 crore in the revised budget of the current fiscal year. The rate of interest is on average about 1 percent in the case of foreign loans. On the other hand, the rate of interest on loans from local banks is 7.75 percent, while the savings instrument interest is 11.75 percent. Up to fiscal 2008-09, the government's total loan stood at Tk 276,930 crore, which is about 45 percent of GDP (foreign loan is 24.3 percent of GDP). At present, \$8.5 billion foreign aid is in the pipeline, about half the amount is not being released, as the government cannot utilise it. In the last two fiscal years, the donors pledged \$2.44 billion, but the disbursement was \$1.84 billion. In fiscal 2007-08, \$2.84 billion was pledged, but the government could get \$2.06 billion.

The Daily Star: 09.04.2010

## 10. Govt. to offset next yr budget deficit from treasury bond

The government has decided to offset any possible budget deficits expected next fiscal year from the domestic resources, 80 per cent of which would be raised from loans against treasury bonds and the rest against treasury bills. The decision was taken at a meeting of the cash and debt management committee held on 01.04.2010 at the finance ministry. The budget deficit of the current fiscal year has been made up with foreign assistance as well as with funds from the national savings directorate while the rest came against treasury bonds and bills. The treasury bonds will be six months instead of existing three months to make it convenient for adjusting official loans at the end of the fiscal year. The next fiscal year's budget deficit is apprehended to be more than 5 per cent of the total GDP. Bangladesh's bond market is the 'smallest' in South Asia, accounting for only 12 per cent of gross domestic product. At US\$ 7.35 billion, the size of the country's bond market is far smaller than its banking assets, which was estimated at nearly US\$ 32 billion in 2006. Compared to other countries in South Asia, Bangladesh's debt market remains largely underdeveloped as the size of the local bond market hovers at only 11.9 per cent of GDP as of June 2007. New Age: 09.04. 2010

## 11. Cash incentive doubles for potato export

The government on 08.04.2010 doubled cash incentive for potato export to 20 percent to encourage shipment of the tuber and narrow down the farmers' losses caused by low price amid a bumper output. The increased incentive will be effective for the April-June period 2010, according to a letter sent 08.04.2010 to the Bangladesh Bank from the finance ministry. The government raised the cash incentive, as the country's 300 cold storages with a total preservation capacity of more than 20 lakh tonnes are already crammed. Stakeholders said the farmers usually keep around 40 lakh tonnes of potato at home for selling in the first half of the year and preserve more than 20 lakh tonnes in cold storages

The Daily Star: 09.04.2010

## 12. Euro falls on renewed Greece fears

The euro fell in Asian trade on 08.04.2010 as fears over eurozone debt continued to cast a shadow, pushing risk-averse investors towards safe-haven currencies such as the yen. The euro fetched \$1.3332 in Tokyo afternoon trade, down from \$1.3342 in New York trade on 07.04.2010. It also fell against the yen, at 124.29 in Tokyo from 124.43. The dollar stood at 93.23 yen, down from 93.37 yen in New York on 07.04.2010.

New Age: 09.04. 2010

## 13. Greece in deeper trouble as loan costs hit new record

Greece was hit with mounting financial pressure on all sides on 08.04.2010 as its borrowing costs reached record heights and its shares plummeted on rising doubt that the EU would provide urgent debt help. The yield on Greece's key 10-year bonds soared to a record high while the Athens stock market registered its heaviest loss in weeks, leading analysts to wonder how long the country could hold on without outside assistance. The yield on Greece's 10-year sovereign bond jumped to 7.423 percent on 08.04.2010, the highest since the country adopted the euro in 2001, amid mounting fears it might be unable to repay huge debts falling due soon. The Greek financial turmoil also heightened pressure on the euro, which fell to \$1.3299 from \$1.3339 on 07.04.2010. The single European currency at one point plunged to \$1.3283. And the Athens stock exchange (ASE) index had lost 5.06 per cent of its value in mid day trading, falling to 1.886.99 points. Main Greek banks were heavy losers a day after the Bank of Greece governor said major lenders wanted to draw funds from a dormant state support scheme. National Bank, Eurobank, Alpha Bank and Piraeus Bank asked for guarantees worth 15 billion euros (\$20 billion) under a 28-billion-euro support scheme put in place by the previous conservative administration in late 2008, semi-state agency ANA said. It needs to borrow some 11.5 billion euros by May to cover its payment obligations. The country is mired in a deepening recession and is trying to reduce a mountain of debt of nearly 300 billion euros.

New Age: 09.04. 2010

## 14. Bangladesh Post Office introduces mobile money transfer April 19

Bangladesh Post Office launches mobile money transfer in the country on April 19, 2010 in a move aimed at revolutionizing the country's money transfer system and thus providing the much-needed booster to the moribund postal department. Initially on April 19, around 600 post offices in Dhaka and Chittagong divisions including those at the district and upazila levels will come under the network. Primarily, a domestic sender will be allowed to send up to Tk 10,000 while a non-resident Bangladeshi can send maximum Tk 100,000. Under the system, the post offices will charge Tk 20 for the first Tk 1,000 and Tk 10 for each of the next Tk 1,000. Besides, Tk 7.0 will be charged as electronic cost. **The Financial Express: 11.04.2010**

## 15. Standard Chartered launches financial kiosk

Standard Chartered Bank on 13.04.2010 launched its first financial kiosk at Khilgaon in Dhaka. The kiosk, also the first in the country, is equipped with an automated teller machine (ATM), a 'billspay' machine, a contact centre hotline and an internet banking kiosk, with service staff to support customer queries and requests. **The Daily Star: 14.04.2010**

## 16. Apparel shipments to Japan on sharp increase

While Bangladesh's apparel shipments to its major markets, the USA and EU, are either static or declining, shipments to Japan have risen continuously this year. Country's apparel shipments to Japan in the Jan-Feb period of the current year amounted to 1,383 million yen or \$25 million. In terms of value, the shipments have grown by more than one hundred per cent over the same period of the previous year. The amount of export was around \$12 million in Jan-Feb last year. Bangladesh's apparel shipments, annually amounting to \$12 billion plus globally, were less than \$40 million to Japan in 2007. Annual shipments increased to \$52 million in 2008 but in 2009 increased sharply to about \$125 million

. New Age: 14.04. 2010

## **17. Eight Banks to lend Tk. 1.20 billion.**

The Bashundhara Industrial Complex Limited (BICL) has entered an agreement with Bank Asia as the lead arranger and seven of its consortium member banks for establishing a giant cement mill at a cost of Tk 1.20 billion. The cement mill with installed capacity of producing approximately a million metric tons a year is being set up at Madanganj on the bank of the river Shitalakha in Narayanganj under the latest enterprise development scheme. The complex is being set up on an area of 12.5 acres of land. The Bank Asia to lend Taka 200 million, Jamuna Bank Limited Taka 200 million, Standard Bank Limited Taka 100 million, International Finance and Investment Company Limited (IFIC) Taka 200 million, Social Islami Bank Limited (SIBL) Taka 250 million, Dutch-Bangla Bank Limited (DBBL) Taka 100 million, Bangladesh Commerce Bank Limited (BCBL) Taka 80 million and Saudi-Bangladesh Industrial and Agricultural Investment Company Limited (SABINCO) Taka 70 million as the consortium members.

The Financial Express: 14.04.2010

## **18. India inflation nears double-digits**

India's inflation rate crept closer to double digits, data showed on 15.04.2010 boosting chances of another interest rate hike to prevent the world's second fastest-growing economy from overheating. Annual wholesale price inflation, the main cost-of-living measure, edged up to 9.90 percent in March, holding at a 17-month high.

The Daily Star: 16.04.2010

## **19. Country's first mobile-based remittance service launched**

The Dhaka Bank Ltd and Eastern Bank Ltd with telecom partner Banglalink on 13.04.2010 introduced the country's first mobile-based remittance service, aiming to provide easy remittance service to all mobile subscribers at any part of the country. The service is working through a 'Bank-led' model whereby the banks will offer mobile wallet accounts to the mass through Banglalink and will ensure the business processes are in line with the financial regulations of the country. Banglalink with about 2222 outlets across the country would act as the information carrier and platform manager along with ensuring cash point roll out and connectivity.

The Financial Express: 16.04.2010

## **20. Dhaka gets record \$1.5b foreign aid in first nine months of fiscal**

Bangladesh has received a record US\$1.50 billion in foreign aid in the first three quarters of the current fiscal. The amount of assistance is \$64 million over what the country received during the same period last financial year 2009. The government is hopeful of receiving additional \$903 million in the last quarter (April-June) to achieve its \$2.40 billion foreign aid target in 2009-10 fiscal. The government has aid pledge for \$2.11 billion for July-March this fiscal. The aid commitment in the same period last year was \$2.26 billion. The government's foreign aid mobilizing agency-ERD, is hopeful of confirming \$3.50 billion foreign assistance deals with different donors and lending agencies. ADB bankrolled \$955 million and the World Bank \$277 million during the first three quarters, while Japan has disbursed only \$66 million.

The Financial Express: 17.04.2010

## **21. US house building at 16-month high**

The number of houses being built in the US rose faster in March 2010 than expected, taking the construction rate to its highest level in 16 months. But the figures from the US Commerce Department also showed that the building of single-family homes fell 0.9 per cent to 531,000 new builds a year. The data is a key indicator of economic activity, but single-family building is the most closely-watched segment. Overall, 626,000 new houses were built in the last 12 months. This was higher than the 610,000 forecast by some economists. The Commerce Department also said that applications for building permits, another barometer of activity, rose by a better-than-expected 7.5 per cent to 685,000.

The Financial Express: 18.04.2010

## **22. SEC slaps caps on private placement of mutual funds**

The securities regulator has slapped curbs on private sale of mutual funds to individuals and companies in a bold move to boost small investors' stake in the capital market and rein in 'placement gangs' who made millions out this skewed system. The Securities and Exchange Commission made the decision under which an individual can buy a maximum of one million taka worth of units in the private placement of a mutual fund. A listed company would be able to buy 10 million taka worth of units and a non-listed company five million taka worth of units - under the revised placement rules. Earlier, there have been no ceilings as to how much an individual or a company could buy into a mutual fund's private placement. Under the existing securities laws, a mutual fund could sell 40 per cent of its stakes through private placements

The Financial Express: 18.04.2010

## **23. Export remains positive in Feb**

Bangladesh's monthly exports earnings in last February went up by 8 percent, but that was not enough to bring back the overall eight-month exports of the current fiscal to a positive trend. The country's overall exports for July-February period was still 3.21 per cent negative compared to exports of the same period during the last fiscal year. The Export Promotion Bureau's monthly update showed that products worth \$1315.11 million were shipped out in February 2010, up from \$1217.37 million in February 2009. The overall export for July-February period of 2009-10 fiscal stood at \$10,020.35 million, down from \$10,353.08 million during the same period of the last fiscal. EPB officials attributed to lower than expected exports earnings to poor performance of the RMG sector, the country's number one export sector accounting for almost 80 per cent of last fiscal year's income of \$15.5 billion. Export of knitwear stood at \$4024.85 million until February or first eight months of the current fiscal, recording a 5.75 per cent negative growth. Export of woven garments declined by 5.34 per cent to \$3713.38 million during the same period.

New Age: 19.04. 2010

## **24. BB bans tobacco lending**

The Bangladesh Bank on Sunday banned lending facilities for the tobacco sector in the interest of public health and environment. The central bank issued a circular directing all commercial banks for not allocating any fund and credit to the tobacco cultivators across the country as tobacco cultivation causes health hazards, environment degradation and financial crisis. The circular said the commercial banks will not reschedule the earlier loans of the tobacco cultivators, but the banks should encourage the tobacco farmers to grow alternative crops.

New Age: 19.04. 2010

## **25. Trade with China on a robust rise again**

Surge in import major cause: analysts

The country's trade with its largest trading partner China increased robustly in the first two months of the current year. Bangladesh-China trade increased by 58 per cent to \$820 million in January-February of the current year. Imports from China increased by 59 per cent to \$790 million in the period while exports amounted \$20 million with 35 per cent year-on-year growth. Bangladesh's major imports from China include fabrics, non-cotton yarn and accessories for garment industries, machineries, chemicals, intermediary raw-materials for industries and fertilizers. Hundreds of consumer goods including electrical and electronic appliances, furniture, footwear, glassware, plastic products, toys, and food items including spices and fruits also make significant amounts in import bills. In 2009, the two-way trade between Bangladesh and China valued at \$4.58 billion registering a 2.2 per cent negative growth against the bilateral trade worth \$4.8 billion the previous year. In the past year, Bangladesh's imports from China amounted to \$4,442 million and 2.5 per cent decline on previous year's imports worth \$4,556 million. Exports in 2009 had registered 7 per cent increase year-on-year to \$141 million.

New Age: 20.04. 2010

## **26. Private banks allowed to open 350 Branches**

The central bank has given permission to 27 private commercial banks (PCBs) for opening around 350 branches throughout the country. Of the total, 110 will be dedicated for small and medium enterprises and agricultural loans by this calendar year. The central bank of Bangladesh has provided licences, for the first time, to the PCBs for opening SME/Agriculture branches to gear up financing to the SMEs and farmers. A total of 30 PCBs are now running their businesses in the country. On March 25 last, the central bank announced, for the first time, an SME credit policy and programmes for a disbursement target of around Tk 240 billion during the ongoing calendar year. The total number of bank branches may cross 7,500 by the end of this calendar year. Currently, all 47 scheduled banks are operating their business through around 7,187 branches across the country. The number of bank branches increased from 6,886 in 2008 to 7,187 in 2009 owing mainly to opening of new branches by the PCBs during the period. The banks are now providing services through over 200 SME service centres across the country

The Financial Express: 20.04.2010

## **27. Bank MDs, CEOs to get Tk 10 lakh in festival allowances**

The Bangladesh Bank on 20.04.2010 raised festival allowance entitlement of commercial bank chief executive officers and managing directors to Tk 10 lakh a year. The managing directors and chief executive officers of the banks have been requesting the central bank for the raise for long. The Banking Rules and Policy Department of BB in a circular asked the commercial banks to raise the festival allowance to their managing directors and chief executive officers to a maximum of Tk 10 lakh a year

New Age: 21.04. 2010

## **28. BGMEA arranges warehouses in Europe**

Bangladesh Garment Manufacturers and Exporters Association has struck a deal with a Spanish company for providing its members warehousing facilities in Spain and other parts of Europe. If shipment of any BGMEA member exporter is cancelled or rejected by the importer while on the way or after reaching any European port, the Spanish warehouse operator would arrange release of such consignments from the ports and arrange their warehousing until the consignment can be sold to a fresh buyer. Every year many on-the-way shipments of Bangladeshi exporters face cancellation by the importers, creating untold hassles for the exporters in clearing the consignments. Spanish logistic company Yu-Kom-Publicidad S.L. has entered into an agreement with BGMEA for providing such warehousing and stock sales services. In 2009, Bangladesh's clothing shipments to Europe amounted to more than 5.1 billion Euros which is around two-thirds of the country's entire apparel export proceeds

New Age: 21.04. 2010

## **29. Cotton import through Benapole suspended**

Textile sector faces trouble as India impose restriction on cotton export

The country's textile sector is set to face fresh trouble as cotton import from India through Benapole land port was suspended on 21.04.2010 morning because of the sudden restriction imposed by Delhi. Businessmen fear that the production cost of yarn, which has already increased in the local market because of the rise in cotton prices in the international market and power shortage, will increase further because of the Indian ban on cotton export. Benapole port's customs cargo superintendent, Ashraf Hossain, said that the Indian textile ministry, in a notice on April 19, restricted the export of cotton on the plea of controlling internal market prices, reported the United News of Bangladesh. The restriction will be in force till further notice, said the notice. New Age: 22.04. 2010

## **30. Govt. to provide Tk 150cr loan to BHBFC**

The government has decided to give a loan of Tk 150 crore to the Bangladesh House Building Finance Corporation to increase its capability to give more credit to its prospective clients in the current fiscal year. Besides, the finance ministry has also directed the BHBFC to send its proposals for amending the seventh provision of BHBFC Orders 1973 for raising its authorized capital. According to BHBFC's proposal, it wants to increase the authorized capital base to Tk 1,000 crore from Tk 110 crore and raise the paid-up capital base to Tk 650 crore from Tk 97.29 crore.

New Age: 23.04. 2010

### **31. Bangladesh exempts 18 Bhutanese products of duty**

Dhaka on 23.04.2010 handed over an official notification to Thimphu, exempting 18 major exportable goods from Bhutan of import duty in order to boost bilateral trade with the neighboring country. The products include some industrial raw materials, fresh fruits and spices. The duty-free items include all kinds of vegetables (fresh or chilled), fresh fruits (oranges, pears, quinces), cardamom, ginger, jam, fruit jellies, marmalade, fruits or nut purees and pastes, fruit juice (tinned or bottled, except pineapple), grape and tomato juice, mineral waters, boulders, dolomite, gypsum, limestone, calcium carbonate, particle board, ferro-silicon, billets and semi-finished products of iron or non-alloy steel. Many of Bangladesh's products, including garments, ceramics, pharmaceuticals, processed food and toiletries, are enjoying duty-free access to Bhutan. Bangladesh imports products worth \$14 million annually from Bhutan while it exports products worth only \$1.3 million. **New Age: 24.04. 2010**

### **32. Bangladesh Bank raises interest rates on Govt. bonds to rein in inflation**

The central bank has increased interest rates on government securities, particularly bonds, to curb inflation through attracting commercial banks and financial institutions to invest more in the securities. Excess liquidity of the country's scheduled banks stood at Tk 335.03 billion in December 2009 against Tk 347.62 billion in June 2009, according to the central bank statistics. The central bank has stepped up its efforts along with resuming the auction of 30-Day Bangladesh Bank Bills recently to mop up the excess liquidity from the market. On March 8 last, the central bank resumed the auction of 30-day Bangladesh Bank Bills after nearly two months of suspension. The country's consumers' price index (CPI) inflation raised to 9.06 per cent in February 2010, up from 8.99 per cent of the previous month. The weighted average yield, generally known as interest rate on 5-year Bangladesh Government Treasury Bills (BGTB) rose to 7.8537 per cent in April from 7.8455 per cent of the previous month while 10-year BGTB increased to 8.7700 per cent from 8.7632 per cent. On the other hand, the weighted average yield on 15-year BGTB stood at 8.7692 per cent this month (April) from 8.7488 per cent last month (March) while 20-year BGTB increased to 9.1500 per cent from 9.1100 per cent. Currently, three treasury bills and four bonds are being transacted through auctions to adjust the government borrowing from the banking system. The T-bills have 91-day, 182-day and 364-day maturity periods. On the other hand, four government bonds (5-year, 10-year, 15-year and 20-year) are being traded on the market. Market operators expect that the call money rate, which is hovering between 3.00 per cent and 4.00 per cent, may move slightly upward following the measures taken by the central bank

**The Financial Express: 25.04.2010**

### **33. Unclaimed bank deposits of Tk 3.88cr sent to treasury**

Every year a huge amount of unclaimed deposits goes to the government treasury, as many accounts holders do not operate their accounts for a certain period. Banks and other financial institutions have sent Tk 3.88 crore, accumulated from February 16, 2009 to February 15, 2010, to Bangladesh Bank for depositing the unclaimed money with the treasury. The Banking Companies Act says if any account holder does not transact for at least 10 years, the treasury absorbs the money deposited with any bank or financial institution. However, there is a provision of publishing a list of such account holders in daily newspapers

**The Daily Star: 26.04.2010**

### **34. SEC amends OTC market rules to woo unlisted companies.**

Securities regulator has amended 'over the counter (OTC)' rules, allowing unlisted companies with minimum paid up capital of Tk 50 million and also electronic shares to trade. OTC market is a separate trading floor provided by a stock exchange to facilitate trading of unlisted and de-listed companies. Unlisted security means scrips issued by a public limited company but not listed with any exchange under the listing regulations. Listing of the United Commercial Bank with OTC, a dematerialized share, has prompted the commission to allow electronic shares to trade in the new trading floor introduced by the Dhaka Stock Exchange six months back. Under the amended rules, the paid up capital criteria has been increased from Tk 10 million to Tk 50 million for an unlisted public limited company willing to be listed with OTC market. Back in March, the SEC had asked the bourses to make a guideline on transferring junk shares from the electronic board to OTC market, as there were no necessary guidelines to run it. Presently, shares of 51 companies de-listed from DSE are being traded in the OTC market.

Since introduction in October last year, a total of 142 selling orders were placed. Of which 43 orders were executed. In 2001, the SEC endorsed rules for introducing OTC market at the bourses for the de-listed companies. Under the rules the Chittagong Stock Exchange introduced the OTC market in 2004. But since introduction, not a single share was traded in CSE.

The Financial Express: 27.04.2010

### 35. Banks asked to close exchange equalization account

The Bangladesh Bank on 26.04.2010 asked the commercial banks to close their accounts maintained for depositing profits from foreign exchange transactions. After the introduction of the floating exchange rate regime in the country in May 2003, maintaining exchange equalization account is no longer necessary, said a central bank circular. The commercial banks had been maintaining the exchange equalization accounts based of a BB circular issued in March 1979. The circular said that the current balance of the equalization accounts would not be included in the operating profit of the banks. It should be incorporated in the extra-ordinary gain account.

New Age: 27.04. 2010

### 36. Tk 50cr income legalized: NBR

LEGALISED UNDISCLOSED MONEY	
53 people disclose	Tk 47.18 crore
Tax and penalty paid	Tk 3.54 crore
Capital market investment	Tk 17.8 crore
New industries	Tk 13.5 crore
Old industries	Tk 11 crore
Flat procurement	Tk 5.60 crore

The National Board of Revenue (NBR) has recorded investment of Tk 50 crore undisclosed income in the first nine months of fiscal 2009-10. As many as 53 persons have so far paid Tk 3.54 crore as tax, or penalty to legalize this informal amount of money. The tax administration officials also pointed out that these persons invested the amount in capital market, manufacturing industries and real estate sectors under the government budgetary scheme that allowed such whitening of money. NBR statistics show 16 persons have invested about Tk 17.8 crore in capital market paying about Tk 1.7 crore taxes. A Tk 13.5 crore investment was made for setting up new industrial units by six persons, while Tk 11 crore was invested by two in old industries. Besides, 29 people bought flat or apartments after a disclosure of Tk 5.60 crore income. Meanwhile, the NBR earned about Tk 41,648 crore revenue during July-March, with an overall 18.31 percent growth over the previous fiscal year. The growth in value added tax is 25.66 percent and 20.10 percent in income tax. The revenue earning from VAT is Tk 15,201 crore during the period against the target of Tk 14,929 crore, while the earning from income tax is Tk 9,820 crore against the Tk 9,609 crore target. The highest revenue of Tk 16,342 crore came from import duty. However the NBR missed the target of Tk 16,585 crore duties on imports. The volume of trade and commerce has been increased, which has also helped the VAT revenue growth.

The Daily Star: 28.04.2010

### **37. Banks asked not to give loans for land business**

The Bangladesh Bank in a circular on 27.04.2010 asked all the commercial banks not to provide their clients with loans for the purchase of land or for investment in land development business. The bank has made decision aimed at reducing the use of undisclosed money.

The amount of commercial bank loans for land-related purposes has increased and this kind of the credit has already put a negative impact on the economy, the circular said. A senior central bank official said the real state businessmen had taken the opportunities to take loans from the commercial banks, which has pushed up land prices. *New Age: 28.04. 2010*

### **38. Farm loan on upward curve**

The agri-loan disbursement went up by 18.13 percent to Tk 8,159 crore in the July-March period of the current fiscal year, while the amount rose by 9.38 percent to Tk 6,907 crore in the same period last year. The target of total loan disbursement is Tk 11,512 crore this year -- 71 percent has already been disbursed in the first nine months. The default loan in the sector was 23 percent or Tk 4,841 crore of outstanding loans at the end of March, down from 26 percent of the outstanding loans in March last year. According to Bangladesh Bank statistics, loan disbursement by public sector banks increased by 16.82 percent in the July-March period and they distributed Tk 6,158 crore, which was Tk 5,271 crore in the same period last year. The private and foreign banks' loan disbursement rose by 22.37 percent to Tk 2,002 crore in the period, while the amount was Tk 1, 636 crore in the same period last fiscal year. The banks realised Tk 7,424 crore in the first nine months of the current fiscal year, up from Tk 6,551 crore in the same period last year. From FY2002 to FY2007, loan disbursement ranged from Tk 2,000 crore to Tk 5,000 crore per year, and it made a big jump in 2007-08 to hit Tk 8,500 crore. Of the loan disbursed, Krishi Bank distributed the highest amount -- Tk 3,284 crore.

*The Daily Star: 29.04.2010*

### **39. Only 3.2pc Bangladeshi exports find market in SAARC region**

Only 3.2 per cent of Bangladesh's exports find market in the SAARC countries, a recent report of the Export Promotion Bureau revealed. The latest country-wise export performance report, made on shipments in July-December of the current fiscal year, said that Bangladeshi exporters shipped \$234 million worth of products to SAARC countries. According to the report, the country's overall exports amounted worth \$7274 million. The EPB report showed that Bangladesh's exports to India in the period amounted \$181 million, Pakistan \$32 million, Sri Lanka \$13 million, Nepal \$4 million, Maldives 0.3 million, Bhutan 0.8 million and Afghanistan \$1.2 million. The Export Promotion Bureau report also showed that only 0.14 per cent of Bangladesh's apparel shipments go to the SAARC countries. In July-December period, Bangladesh shipped \$5,595 million worth of readymade garments across the global markets. But apparel shipments to SAARC countries amounted worth \$8.3 million.

*New Age: 30.04. 2010*

### **40. BB imposes credit limit on luxury car purchase**

The Bangladesh Bank has restricted credit facilities for purchasing luxury cars in a desperate bid to stop money flow to unproductive sectors and contain rising inflation. The central bank sources said they have asked the commercial banks not to sanction loans more than Tk 50,00,000 for purchasing luxury car by any individual company and above Tk 35,00,000 to directors and high officials of a company. BB, however, did not impose any restriction on credit facility for the purchase of low priced cars as many commercial banks in the country are offering credit amounting to less than Tk 10,00,000 as personal loans to buy reconditioned vehicles. The central bank was forced to put restrictions on credit facilities for purchasing costly cars to contain the run away inflation which stood at 9.06 per cent in February 2010. According to Bangladesh Bureau of Statistics, the food price induced inflation last February recorded 10.34 per cent rise in rural and 12.34 per cent increase in urban areas. Bangladesh Road Transport Authority officials said sales of cars, microbuses, station wagons and jeeps jumped by 30 per cent alone in Dhaka in one year as 24,457 vehicles were registered in 2009 against 18,826 in 2008.

*New Age: 30.04. 2010*

**41. Bangladesh Bank Important Circulars during April, 2010**

<b>Circular Number</b>	<b>Date</b>	<b>Subject</b>
DCMPS Circular No. 04	01/04/2010	Non Acceptance of non-MICR Instruments at Dhaka Clearing House
FE Circular No. 04	11/04/2010	Export subsidy against export of finished leather
FE Circular No. 05	11/04/2010	Export subsidy against export of crust leather
FE Circular No. 06	11/04/2010	Export subsidy against export of ship
FE Circular No. 07	15/04/2010	Calculation of Daily Exchange Position
FEPD Circular No. 08	18/04/2010	Enhancement of export subsidy/cash incentive to 20% from 10% against export of potato under second stimulus package declared by the Government
DFIM Circular Letter No. 10	20/04/2010	Avoidance of High Expense for Luxurious Vehicles and Decoration
ACD Circular No. 10	20/04/2010	Prohibition of bank credit/financing in tobacco cultivation including direct financing to the farmers and under contract farming system
BRPD Circular Letter No. 06	20/04/2010	Rules and Regulations regarding the appointment of Chief Executive of a bank
BRPD Circular No. 13	21/04/2010	Guidelines on Supervisory Review Evaluation Process
BRPD Circular No. 14	22/04/2010	Circulation of Information regarding Bank Directors
BRPD Circular No. 15	26/04/2010	Maintaining Exchange Equalization Account
BRPD Circular No. 16	27/04/2010	Restriction on bank loan for purchasing land
DCMPS Circular No. 05	28/04/2010	Time extension of accepting Non-MICR Instruments at Dhaka clearing house

Bangladesh Bank Website: April, 2010

**42. Information on Economy**

	<b>Amount</b>	<b>Previous month's Position</b>
1. Foreign Trade:	<b>Million US\$</b>	<b>Million US\$</b>
<b>a. Exports (2008-09)</b>	<b>15565.2</b>	<b>15565.2</b>
b. Exports (January -2009)	1426.2	1172.9
<b>c. Imports (2008-09)</b>	<b>22507.1</b>	<b>22507.1</b>
d. Imports (January -2009)	1861.1	2180.5
2. Workers' Remittance (January-2009)	952.39	873.86
3. Inflation: point to point (January-2009)	8.99	8.51

Export= f O B Value, Import = CFR Value

**Economic Trends: March: 2010**

### 43. Banking Sector and Economic Information

	Amount (TK in Cr.)	Amount (TK in Cr.)
	January-2010	December - 2009
<b>1. Bank Deposit</b> (excluding inter bank)	304223.1	304274.9
<b>2. Bank Credit</b> (excluding inter bank)	310148.9	308593.8
<b>3. Money Supply</b>		
a) Currency Outside Banks	41694.4	41415.9
b) Demand Deposit	33505.6	33777.0
c) Deposit with BB other than DMBs	135.8	167.2
<b>d) Narrow Money (a+b+c)</b>	<b>75335.8</b>	<b>75360.1</b>
e) Time Deposit	252719.7	252832.2
<b>f) Broad money (d+e)</b>	<b>328055.5</b>	<b>328192.3</b>
<b>4. Excess Reserve (Liquidity)</b>	<b>9592.5</b>	<b>10451.6</b>
5. Weighted average rate of Deposits of Schedule Banks(Quarterly)	6.35	6.57
6. Weighted average rate of Advances of Schedule Banks(Quarterly)	11.49	11.59
<b>7. Ratio of DMBs Credit to Deposits (%)</b>	101.95	101.42
<b>8. DMBs Total Assets/Liabilities</b>	760819.9	754543.4
<b>9. F.E. Reserve (million \$US )</b>	10097.8	10344.7
<b>10. Cash Base of the Economy</b>	70810.0	70804.2

- **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
- Monthly Economic Trends: March: 2010

#### **44. Academic Activities in April: 2010**

- (I) **Basic Course for Cash/Computer officers:** IFIC Bank conducted a 2 days long basic course for Cash/Computer officers from April 10-11, 2010 at its Academy. Ms Zaitun Sayef, SEVP & Head of Training & Research Division inaugurated the course and delivered her inaugural speech. A total number of 39 cash/computer officers from branches attended the course. It was the 13<sup>th</sup> programme in the year 2010.
- (II) **Workshop on Deduction of VAT & TAX:** IFIC Bank Ltd. Conducted a Half day long Workshop on “Deduction of VAT & TAX” on April 13, 2010 at its Academy. Mr. S M Abdul Hamid, Senior Executive Vice President and Head of Finance & Accounts Division, Head office of the bank was present on the workshop and delivered his inaugural speech before the participants. A total number of 38 participants from different Branches of the bank attended the workshop. It was the 14<sup>th</sup> programme in the year 2010.
- (III) **Workshop on Asset Liability Management:** IFIC Bank Ltd. Conducted a Half day long Workshop on “Asset Liability Management” on April 13, 2010 at its Academy. Mr. S M Abdul Hamid, Senior Executive Vice President and Head of Finance & Accounts Division, Head office of the bank was present on the workshop and delivered his inaugural speech before the participants. A total number of 38 participants from different Branches of the bank attended the workshop. It was the 15<sup>th</sup> programme in the year 2010.
- (IV) **Workshop on “NPL-Recovery and Implication on Related Laws”:** Two day long workshop on “NPL-Recovery and Implication on Related Laws” was inaugurated on April 21, 2010 at IFIC Bank Academy. Mr. Md. Ruhul Amin, EVP & Head of Remedial Asset Management Division, Head Office of the bank was present on the occasion and delivered his inaugural speech before the participants. A total number of 24 officials from Branches & Head Office of the bank attended the workshop. It was the 16<sup>th</sup> programme in the year 2010.
- (V) **Course on International Trade Payment & Finance:** IFIC Bank conducted a Four day long course on International Trade Payment & Finance from April 26– 29, 2010 at its Academy. Mr. Md. Abdur Rahim, GM, Foreign Exchange Investment Department, Head Office, Bangladesh Bank inaugurated the course. A total number of 20 officers from branches and Head Office attended the course. It was the 17<sup>th</sup> programme of IFIC Bank Academy in the year 2010.

#### **Team Members**

**Ms. Zaitun Sayef, SEVP**  
**Mr. A. K. Mojibur Rahman, FAVP**  
**Mr. Md. Syfujjaman Milon, OG-I**  
**Mr. Benjir Rahman, OG - I**

# **REVISITING BASICS**

## **IMPORT DOCUMENT SCRUTINY**

### **Scrutiny of Documents under Import L/C.**

Scrutiny of document means checking of documents presented under an import L/C whether they are 'Complying presentation'. As per article-2 of UCPDC-600, Complying presentation means a presentation that is in accordance with the terms and conditions of the credit, the applicable provisions of these rules (UCPDC-600) and International Standard Banking Practice (ISBP- ICC Publication No. 645- updated version).

### **Standard for Examination of Documents**

The basic points of standard for examination of documents described under article 14 of UCPDC-600. As per the article the parties who have to examine the documents under an L/C are: A Nominated Bank acting on its nomination, a Confirming Bank (if any) and the Issuing bank. The main features of the article are as follows:

- 1) To determine on the basis of the documents alone, whether or not the documents appear on their face to constitute a complying presentation.
- 2) Each party has a maximum five banking days following the date of presentation to determine if a presentation is complying.
- 3) The original transport documents must be made by or on behalf of the beneficiary not later than 21 calendar days after the date of shipment as described in these rules, but any event not later than the expiry date of the credit.
- 4) Data in a document, but must not conflict with, data in that document, any other stipulated document or the credit.
- 5) In documents other than the commercial invoice, the description of the goods, services or performance, if stated, may be in general terms not conflicting with their description in the credit.
- 6) If a credit requires presentation of a document other than a transport document, insurance document or commercial invoice, without stipulating by whom the document is to be issued or its data content, banks will accept the document as presented if its content appears to fulfill the function of the required document and otherwise complies with sub-article 14 (d).
- 7) A document presented but not required by the credit will be disregarded and may be returned to the presenter.
- 8) If a credit contains a condition without stipulating the document to indicate compliance with the condition, banks will deem such condition as not stated and will disregard it.

- 9) A document may be dated prior to the issuance date of the credit, but must not be dated later than its date of presentation.
- 10) The addresses of the beneficiary and the applicant need not be the same as those stated in the credit or in any other stipulated document, but must be within the same country as the respective addresses mentioned in the credit. Contact details (telefax, telephone, email and the like) stated as part of the beneficiary's and the applicant's address will be disregarded. However, when the address and contact details of the applicant appear as part of the consignee or notify party details on a transport document they must be as stated in the credit.
- 11) The shipper or consignor of the goods indicated on any document need not be the beneficiary of the credit.
- 12) A transport document may be issued by any party other than a carrier, owner, master or charterer provided that the transport document meets the requirements of articles 19, 20, 21, 22, 23 or 24 of UCPDC-600.

### **Complying Presentation**

As per Article 15 when an issuing bank determines that a presentation is complying, it must have to honor.

### **Discrepant Documents, Waiver and Notice**

As per Article 16 when an issuing bank determines that a presentation does not comply, it may in its sole judgment approach the applicant for a waiver of the discrepancies. This does not, however, extend the period mentioned in sub-article 14 (b).

### **The notice must state:**

- i. that the bank is refusing to honor or negotiate; and
- ii. each discrepancy in respect of which the bank refuses to honor or negotiate; and
- iii. a) that the bank is holding the documents pending further instructions from the presenter; or  
b) that the issuing bank is holding the documents until it receives a waiver from the applicant and agrees to accept it, or receives further instructions from the presenter prior to agreeing to accept a waiver; or  
c) that the bank is returning the documents; or  
d) that the bank is acting in accordance with instructions previously received from the presenter.

The notice required in sub-article 16 (c) must be given by telecommunication or, if that is not possible, by other expeditious means no later than the close of the fifth banking day following the day of presentation.

The issuing bank may, after providing notice of refusal may return the documents to the presenter at any time.

If an issuing bank fails to serve refusal notice with five days, it shall be precluded from claiming that the documents do not constitute a complying presentation.

When an issuing bank refuses to honor, it shall then be entitled to claim a refund, with interest, of any reimbursement made.

**Checking points:**

First of all we have to check whether all the documents and no. of each document has been presented as per import L/C. While checking of the documents we have to check the following points.

<b>Type of Documents</b>	<b>Basic points to be checked</b>
Bill of Exchange	Amount(figure & words), Currency, Date, Tenor, Drawer, Drawee, Payee, Endorsement, Signature, Any correction, Whether drawn under L/C,
Commercial Invoice	Should be on exporter's own printed invoice form, must be addressed to importer, No of copies, Marks and Number, Description of goods, Quantity, Unit price, Amount (both in figure and words), Currency, Trade terms, brief of transport docs, L/C No., date, whether consistent with other docs, any statement etc., Signature(if req)
BL/AWB/TR	Whether Full set?, Goods to be as per Invoice, Date, On board notation, Freight notation, Consignee, Notify party, Port of Loading and Port of discharge, Weight, Shipping Mark etc., Vessel Name, Signature and Signing authority
Insurance Document	Date, Exporter's Name and address, Coverage(C&F), Name of Vessel, Risk Cover, Invoiced goods, Claim payable place, N Should be joint name- Bank & Importer.
Packing List	Related to Invoiced goods, other information as requested in the L/C, C
Certificate of Origin	Related to Invoiced Goods, Issuer, Origin etc.
PSI	Related to Invoiced Goods, Inspection period, Issuer etc.
Other Documents	As per requirement of the L/C

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**Readers please: What is the Latest rate of CRR?**

Match our answer with yours: Knowledge Update: 132

Answer: Latest 2 Agriculture Loan Products of IFIC Bank:

1| dmj x FY

2| †mP mi Ävg FY

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