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JPY	0.72	0.77

SOURCE: STANDARD CHARTERED BANK

Commodities	
Oil	▼ \$83.52 (per barrel) (Midday Trade)

SOURCE: AFP

Contact Us

If you have views on Star Business or news about business in Bangladesh, please email us at business@thedailystar.net

BGMEA to set up world class lab for apparel chemical tests

REFAYET ULLAH MIRDHA

Bangladesh is going to launch a world class testing firm for the first time in the country to conduct chemicals and dyes tests of exportable apparel items, said Abdus Salam Murshedy, president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

At present, the apparel exporters test the samples of exportable goods from different foreign testing firms for certification.

BGMEA will sign a memorandum of understanding (MoU) with Spanish giant clothing retailer brand Inditex at Luck AÑO in Spain on April 29.

"Inditex will provide all technical and other supports to build the testing firm at BGMEA office," Murshedy said.

Inditex Group, one of the world's largest fashion retailers, has 4,607 stores in 74 countries.

The group comprises more than 100 companies operating in textile design, manufacturing and distribution.

The BGMEA leader also said exporters will have to pay \$30 for every test from the proposed testing firm. The charges payable to some recognised testing firms like Bureau Veritas, SGS and ITS range from \$200 to \$300 per test.

"The country will immensely be benefited by the proposed testing laboratory, as time and cost for such tests will come down significantly," Murshedy said.

Professor Dr AAMS Arefin Siddique, vice-chancellor of Dhaka University, Abdus Salam Murshedy, all four vice presidents of BGMEA, Nasir Uddin Chowdhury, Md. Shafiul Islam Mohiuddin, Faruque Hassan and Md. Siddiqui Rahman are scheduled to attend the MoU signing ceremony in Spain.

Teachers, students and experts from the Department of Chemistry at Dhaka University will cooperate in setting up the testing firm.

Banks to face stress test

STAR BUSINESS REPORT

The central bank has ordered all banks and other financial institutions to undergo stress tests to check whether they are strong enough to hold up in the face of more difficulties and risks.

A Bangladesh Bank (BB) circular issued yesterday has asked the banks to send their respective stress test reports twice a year. The BB must get the reports within 45 days after June 30 and December 31.

Earlier, the BB used to carry out the stress tests and has shifted the responsibility to the banks. It is the central bank's new measure for risk analysis of the banks, which was introduced last year.

The central bank has also sent a guideline to the banks in this regard.

The BB has taken the initiative as many countries adopted it in the wake of the recession that rattled the global economy, particularly the financial sector.

The idea behind a bank's stress test is to check out its financial strength and see how or whether it will stay afloat in difficult times. Stress test is to measure what will happen with a bank if the economy worsens and bank difficulties increase.

According to the guidelines, the BB puts stress on simple sensitivity and scenario analysis, which pro-



Bank tellers give services to customers. The central bank has asked banks and other financial institutions to undergo stress tests to check whether they are strong enough to weather out more difficulties and risks.

vides ways to assess risks in credit, interest rate, exchange rate, share market and liquidity.

The circular said: "You are aware that measuring, monitoring and controlling various types of risk is vital for ensuring the health of the financial institutions as well as of the whole financial system."

Financial institutions across the world are increasingly employing

sophisticated techniques for managing risks, said the circular.

"Stress testing is one of the such techniques that have been used to determine the reaction of different financial institutions as a set of exceptional but plausible assumption through a series of tests."

The circular said stress-test technique, at institutional level,

provides a way to qualify the impact of changes in a number of risk factor on the asset and liabilities portfolio of the institution.

A high official of the central bank said the banks are making huge investment in the capital market. If the banks undergo stress tests properly, they can measure their ability to bear the risks that may stem from a disaster in the market.

NCC Bank to channel remittance from Japan

STAR BUSINESS REPORT

A local private commercial bank has scoped out for the first time to remit money from the expatriate Bangladeshis in Japan.

To this end, an agreement was signed between NCC Bank and Itaú Unibanco SA, a Brazilian bank in Japan, on April 16.

"We expect millions of US dollar will be remitted every year through the banking channel," Nurul Amin, managing director of NCC Bank, told The Daily Star yesterday.

Per transaction will cost 2,500 Japanese yen (\$25), an amount less than half of the cost charged by money transfer companies, he said.

According to the banker, nearly 20,000 Bangladeshis are working in Japan and they earn more than their countrymen working in Europe, Middle East and Malaysia etc.

The minimum wage in Japan is \$5,000 a month.

It is surprising why banks in Bangladesh failed to set up link with the banks in Japan to facilitate remittances through formal channel, Amin said, pointing to the fact that expatriate Bangladeshis in Japan are used to send money through informal channel, known as 'hundi'.

"We've got huge response there. The initiative is already clicked with opening of 300 remittance accounts in a few days," said seemingly enthusiastic Nurul Amin.

A remitter can use 26,000 postal ATMs (automated teller machines) in Japan and the money will destine to Bangladesh within the same day. Beneficiaries in Bangladesh can receive the money in a day.

NCC Bank has already tied up with TMSS, a local NGO that has nationwide network to deliver the remittance money to the beneficiaries within the shortest possible time.

The NCC managing director hoped Bangladesh's remittance would swell further from nearly \$10 billion in fiscal 2008-09. Remittances hit \$8 billion in the first nine months of the current fiscal year, marking a rise of 17.36 percent over the same period a year ago.

Itaú Unibanco is a publicly quoted bank with headquarters in São Paulo, Brazil. The bank is the result of the merger of Banco Itaú and Unibanco, which occurred on November 4, 2008 to form Itaú Unibanco Holding SA, the largest financial conglomerate in the Southern Hemisphere and is the 10th largest bank in the world by market value.

ADB to double assistance

STAR BUSINESS REPORT

Asian Development Bank (ADB) will double its assistance to \$1.1 billion a year for 2011-2013 to help Bangladesh tackle the power, gas and water crises.

In a statement, ADB said yesterday it had provided around \$600 million in assistance to Bangladesh a year during 2006-2008, and is currently supporting a wide range of development programmes with 59 projects of the government worth about \$4.5 billion.

New assistance will focus on infrastructure and education, power and energy, transport, integrated urban infrastructure, regional cooperation, and climate change.

"ADB is pleased to double its assistance," said Dr Sultan Hafeez Rahman, director general (DG) of ADB's South Asia Department.

"The country needs increased investment to improve human resource quality as well as to make growth more inclusive," said Rahman, who yesterday completed a five-day visit to Dhaka to discuss ADB's three-year assistance programme with senior government officials and other stakeholders.

The ADB official indicated that the lending agency will increase assistance to the Padma Bridge and urged the government to accelerate implementation of transport projects and other development programmes.

"The infrastructure deficit is too large for the government to meet alone. An enabling environment must be created for domestic and foreign investments to take place in this crucial sector," Rahman said.

Govt asked to discourage savings certificates

RASHIDUL HASAN

A parliamentary body yesterday recommended that the government discourage savings certificates by cutting their interest rates for what the committee said 'the betterment of the total economy'.

"If the interest rates on savings certificates are cut, lending rates will also come down, which will encourage people to invest in different sectors," AHM Mustafa Kamal, chief of the standing committee on finance ministry, told reporters after a meeting at Jatiya Sangsad Bhaban.

The committee also asked the government to reduce corporate tax rates for individuals and organisations.

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