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Star BUSINESS

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Capital deficit widens at state banks

Finance minister sits with them today to set the future course of action

REJAUL KARIM BYRON

State banks' capital shortfall surged by 357 percent in the last six months due to a sharp rise in their classified loans resulted mainly from various scams.

Finance Minister AMA Muhith will sit with top executives of these banks today to devise a way to make up for the deficits and decide their future course of action.

The banks had a capital shortfall of Tk 9,062 crore on June 30, a big jump from Tk 1,981 crore on December 31 last year, according to central bank statistics.

The rising capital shortfall in the banks had also prompted the International Monetary Fund to impose a condition -- the government will have to recapitalize the banks to help them meet the deficits by the end of the current fiscal year.

And around Tk 15,000 crore has already been allocated in the current fiscal year's budget to recapitalize the banks, a finance ministry official said.

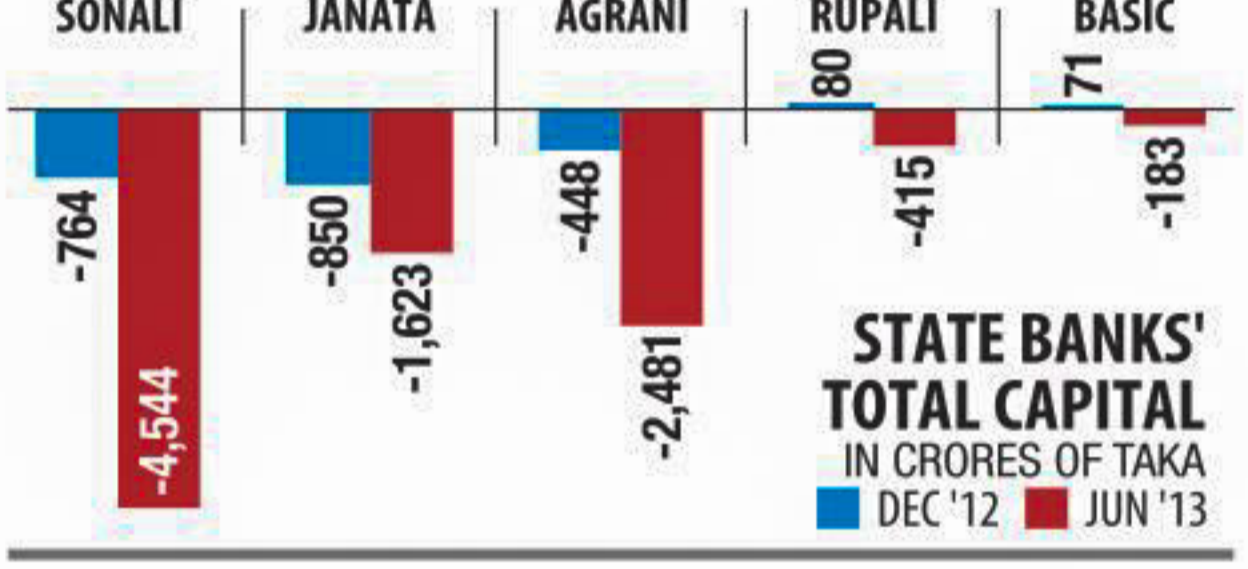
However, before the recapitalisation plans take off, the existing memoranda of understanding (MoU) between the banks and the central bank will have to be tightened further, according to the IMF conditions. In the MoU, Bangladesh Bank imposes various conditions on the banks to improve their overall performance.

The IMF in a report in June said the government would have to provide an alloca-

tion for recapitalising the banks as a step to cover their capital shortfalls, with the actual injection of recapitalisation funds conditional on the strengthening of the MoUs following diagnostic examinations.

The central bank completed a diagnostic examination of the banks last month and found their conditions slipped to the worst level in the CAMELS (capital, asset, management, earnings, liquidity, and sensitivity) ratings.

The diagnostic examination focused on the banks' asset quality, liquidity manage-



ment, and internal audit and control.

An IMF team visited Bangladesh last month, and on the basis of the assessment of the diagnostic review they gave a draft MoU to the central bank to revise the existing one, the ministry official said. The revised MoU will have to be signed next month, the official added.

Of the state banks, scam-ridden Sonali has the highest amount of capital shortfall. Its Managing Director Pradip Kumar Dutta said their capital shortfall increased as they brought down their provision deficit.

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Analysts take part in a discussion on the national building code of Bangladesh, at The Daily Star Centre in Dhaka yesterday. Story on page 1

Bangladesh close to 'open skies' deal with US

DIPLOMATIC CORRESPONDENT

Bangladesh and the US have signed an initial agreement to pave the way for an "open skies" deal between the two countries.

The agreement "creates opportunities for strengthening the economic partnership between the United States and Bangladesh through closer links in transport and trade," according to a statement from the US State Department.

The initial agreement was signed on Thursday in Washington by the aviation officials of the two countries, following hectic negotiations for a couple of years.

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Improve investment climate to get more NRB funds

Non-resident Bangladeshis speak at discussion

STAR BUSINESS REPORT

The government must provide a more conducive environment for non-resident Bangladeshis (NRBs) to invest in the country, expatriate speakers said yesterday.

"Though the NRBs contribute greatly to the economy, they do not get the required support when they want to set up business here," said MS Shekil Chowdhury, chairperson of Centre for Non-Resident Bangladeshis.

His comment came at a discussion titled "Recognition of NRBs and Supportive Organisations in Bangladesh", organised by the Centre for Non-Resident Bangladeshis yesterday at the capital's Sonargaon Hotel.

Difficulty in buying properties, lack of cooperation from the Board of Investment and the precarious political situation were cited as bottlenecks to investment in Bangladesh

NRBs, SUPPORTING ORGANISATIONS THAT GET RECOGNITION		
INDIVIDUALS <ul style="list-style-type: none"> Dr Reza Khan from Dubai, UAE Tarek bin Abdur Rob, a young NRB of Dubai Manik Mia, chairman of weekly Notun Din in UK Muhammed Sohul Hussain, a former election commissioner for contribution to giving NRBs voting rights M Sakhatul Hussain, a former election commissioner for contribution to giving NRBs voting rights 	Supportive Organisations <ul style="list-style-type: none"> Bangladesh Ltd Silver award for Sonali bank Bronze award for Agrani Bank 	FOREIGN ENVOYS/MISSIONS <ul style="list-style-type: none"> Dan W Mozena, US ambassador to Bangladesh William Hanna, head of EU delegation to Bangladesh
HIGHEST REMITTANCE RECEIVING BANKS <ul style="list-style-type: none"> Gold award for Islami Bank 	TRADE BODIES <ul style="list-style-type: none"> FBCCI DCCI 	POLICY & REGULATION <ul style="list-style-type: none"> Atiur Rahman, governor of Bangladesh Bank
		OTHER PARTNERS <ul style="list-style-type: none"> United Airways Green Delta Insurance

by the NRBs. "You [the NRBs] are the key to unlocking the enormous potential of Bangladesh. I firmly and deeply believe that you have a critical role to play in building Sonar Bangla and Asia's next economic power," Dan W Mozena, US ambassador to Bangladesh, said.

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WTO MEETING IN BALI

Bangladesh to seek duty waiver for garment exports to US

STAR BUSINESS REPORT

Bangladesh will press for duty privileges for garment exports to the US market, at a WTO meeting in Indonesia in December.

The US allowed duty free access to 97 percent of Bangladeshi products in line with the WTO decision taken at the fifth ministerial meeting held in Hong Kong in 2005, except garments, which is the biggest export item.

Bangladesh will now demand duty waiver for garments at the ninth WTO Ministerial Conference scheduled for December 3-6 in Bali.

In line with the 2005 decision, many developed and developing nations allowed the LDCs duty-free access for garment exports to their markets.

The commerce ministry last week sat with business leaders, garment makers and exporters and private sector representatives at a preparatory meeting for the upcoming ministerial conference.

At the WTO (World Trade Organisation), Bangladesh will also propose for ensuring simple and transparent rules of origin for duty-free market access, the commerce ministry said in a statement.



SKS Foundation and Grameen Telecom Trust jointly signed a memorandum of understanding to start the operations of SKS Social Business Project on sheep rearing by poor women, at the seventh Yunus Centre Social Business Design Lab, presided over by Nobel laureate Muhammad Yunus, at Yunus Centre in Dhaka yesterday.

Social business projects for rural population

STAR BUSINESS REPORT

JMI Pharmaceuticals Ltd yesterday inaugurated "E Medicare Tele Medicine Social Business Project" for providing low-cost medical services to people living in remote areas of Bangladesh as a social business.

SKS Foundation and Grameen Telecom Trust also signed a memorandum of understanding to set up SKS Social Business Project for expanding sheep rearing business by poor women in Gaibandha.

The launch of the projects came during the daylong seventh Social Business Design Lab at Yunus Centre in Dhaka, Yunus Centre said in a statement.

The Social Business Design Lab, which was chaired by Nobel laureate

Prof Muhammad Yunus, was divided in three major parts: social business project presentation, update of past social business projects and launch and signing of two social business projects.

Six new social business plans presented at the lab were: Coco-Pith Plastic Compound Industry of Bagerhat, Potential Advancement Network and Hub, Saiyada Krishi Farm, Social Business for Vulnerable Women in Rakibnagar Slums in Tangail, and Adarsha Livestock Farm.

Three of the projects were presented by young entrepreneurs coming from the families of Grameen Bank borrowers.

These business plans were then intensively discussed in six different groups. Each group came up with necessary recommendations.

Prof Yunus thanked the participants for coming up with innovative social business plans and encouraged the designers to implement the projects and for other participants to support them.

Tapan Chowdhury, a former adviser to a caretaker government; Abdullah Al Mahmud, chairman of Mahin Group; Mahmood Hasan, chief executive of Gono Shahajjo Shangstha; Mosharraf Hossain, country director of Action on Disability and Development, and Hasan M Mazumdar, country representative of the Asia Foundation, attended the event.

The Design Lab was live streamed through the internet. The next event will take place on September 14, 2013.

Bangladeshi brands to join Dubai summit

STAR BUSINESS REPORT

Seven well-known Bangladeshi brands have been nominated to run for Asia's most promising brand competition in a Dubai summit later this month.

Beximco Pharmaceuticals, Biman Bangladesh Airlines, Dhaka Bank, City Bank, Banglalion, Shinepukur Ceramics, and Walton will be showcased at the Asian Brand and Leadership Summit 2013 on August 26 and 27.

Asia's Most Promising Brands & Leaders 2013, the first ever project on brands and entrepreneurs involving the most promising nations of Asia for business, will be launched during the summit at the hotel Madinat Jumeirah.

Asia's Most Promising (AMP), launched by iBrands 360, a World Consulting and Research Corporation enterprise, is a platform that will bring together the biggest and most promising brands from across 50 industry categories.

Countries to participate in the event include



Bangladesh, India, Indonesia, Kuwait, Qatar, Saudi Arabia, Bahrain, Malaysia, Oman, Pakistan, Thailand, the Philippines, Singapore, Sri Lanka and the UAE. Organisers said AMP is keen to have on board some of Bangladesh's distinguished brands and their leaders that promise to be the market leaders of tomorrow in Asia and around the globe.

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Labour rep to recommend Tk 8,100 as minimum wage

STAR BUSINESS REPORT

The workers' representative to the wage board for garment workers will recommend a minimum salary of Tk 8,100 a month, which is an 167 percent rise from Tk 3,000 now.

"The rising cost of living has been considered in fixing the monthly minimum wage," Sirajul Islam Rony, the workers' representative, told The Daily Star yesterday.

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