

# Star BUSINESS

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## Govt to seek WB funds to fix crunch in state banks

**REJAUL KARIM BYRON**  
The government will seek financial assistance from the World Bank to help the state banks meet a huge capital shortfall that stemmed from years of bad governance. The WB finds four state banks have a capital deficit of Tk 17,600 crore (\$2.2 billion), while Bangladesh Bank sees the figure at Tk 10,340 crore as of June 30. With the huge capital deficits, the banks

deteriorated. The government will soon send a letter to the WB seeking the support, the ministry official said. Finance Minister AMA Muhith will go to Washington next month to attend the WB's annual meeting and will hold detailed talks on the matter with the high officials of the lender. The Banking Division told the WB team that the government has allocated Tk 5,000 crore (\$633 million) to recapitalize the banks but the amount is not enough to help them maintain capital at 10 percent of their risk weighted assets.

**WB FINDS TOTAL CAPITAL SHORTFALL AT TK 17,600CR (\$2.2B)**

**CONDITIONS**

- Govt will have to make a list of professionals to appoint directors at the banks
- Govt will have to divest part of their shares in the banks
- An expert committee will evaluate their performances
- The panel will decide how much capital a bank will need

"The mission was informed that the government appreciated the past involvement of the WB in the restructuring of the state banks through the Enterprise Growth and Bank Modernisation project, and would like the WB to remain engaged," according to the draft aide-memoire. The banks' financial health improved due to the WB project taken during the last BNP regime, it said. However, the lender said, to get the financial support reintroduced, the BB will have to prepare a list of 150-200 professionals and appoint directors of the state banks from them. The government will have to divest part of its shares in the state banks to bring down its control of the banks, according to another condition of the WB. The government will form an expert panel in consultation with the central bank to decide on the amount of capital the banks need. The government will also provide the capital in phases, not in a chunk, the WB said.

will face problems in international transactions and a dearth of confidence in the local market as well, the WB said. A finance ministry official said the lender has assured the government of giving the support to meet a portion of the shortfall, but the loans will have tough strings. A WB team held a series of meetings with the officials of the finance ministry and the central bank from August 3 to 8 and has recently sent a draft "aide-memoire" to the government. The team also discussed the overall situation in the banking sector in recent times, especially how the banks' financial health

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## ICB AMCL First Mutual Fund set for change

**STAR BUSINESS REPORT**  
ICB AMCL First Mutual Fund is set to be transformed into an open-end mutual fund from its closed-end nature this year upon consent from existing unit holders.

The fund's manager ICB Asset Management Company, a subsidiary of state-run Investment Corporation of Bangladesh, will now hold a meeting with the unit holders to get their consent for the conversion, which would be the first-of-its-kind in Bangladesh after the stockmarket regulator modified mutual fund rules. However, if the unit holders do not give consent to the transformation, the mutual fund will be redeemed, an act which ensures that unit holders upon maturity or cancellation by the issuer get back their net asset value per unit of the fund in cash. Earlier on August 25, the fund manager announced that the ICB AMCL First Mutual Fund will be redeemed this month as the closed-end fund will complete its 10-year tenure. The trading of the fund will be discontinued from September 28, whether it is transformed or not.

Each unit of ICB AMCL First listed on the stockmarket in 2003 yesterday traded between Tk 33.6 and Tk 31.1, before closing at Tk 31.3.



**Second from right, Michael Kuehner, chief executive officer of Robi, attends a press conference to announce the operator's upcoming 3G services, at Ruposhi Bangla hotel in Dhaka yesterday.**

## Robi plans to spend \$200m on network

*Operator aims to launch limited 3G services in Oct*

**STAR BUSINESS REPORT**  
Robi, the third largest mobile operator of the country, will invest \$200 million in network development in the next year, with \$60 million earmarked for the rollout of 3G technology. Robi will use the wireless technology known as 3.5G, which is faster than 3G technology, Michael Kuehner, chief executive officer of the operator, told reporters at Ruposhi Bangla Hotel. Robi purchased 5 megahertz of spectrum for \$105 million at an auction on Sunday, arranged by the

telecom regulator. Kuehner said 5 MHz is enough to offer quality data-service and Robi just needs to set up some additional base transceivers or antennas. Robi will launch limited 3.5G services in October. "This is new technology for all of us and our priority is a quality customer experience rather than just a speedy execution," Kuehner said. The speed will be up-to 2 megabits per second, he said. Robi expects to provide 3G incrementally to selected areas of Dhaka, Chittagong, Comilla and

Sylhet by the year-end. Around 35 percent of the population will be covered within the first quarter of 2014, he said. "Subscribers can get 3.5G services from their existing SIMs. They can also get a new 3.5G SIM in return for their old SIMs—free of cost," said AKM Morshed, chief technical officer. The operator yesterday paid Tk 525 crore or 60 percent of spectrum fees to the telecom regulator and is waiting for a 'no objection certificate' for equipment shipment, said Mahtab Uddin Ahmed, the operator's chief financial officer.

## Transcom launches Samsung e-store

**STAR BUSINESS DESK**  
Transcom Mobile Ltd has launched an e-store, an online marketplace through which consumers can now purchase Samsung smartphones. The devices will also be sold in instalments through the online store, the first ever initiative taken by Transcom, the distribution partner for Samsung mobiles, the company said in a statement yesterday.



**Seated right, Latifur Rahman, chairman of Transcom Group, launches an e-store, an online marketplace for Samsung smartphones, at an event at the Transcom office on Monday. Sanghwa Song, general manager of Samsung Electronics Bangladesh Branch Office, is also seen.**

Latifur Rahman, chairman of Transcom Group, inaugurated the e-store by purchasing a Samsung Galaxy Core handset from the e-store, at the Transcom Office on Monday. Sanghwa Song, general manager of Samsung Electronics Bangladesh Branch Office; Arshad Waliur Rahman, director of Transcom Group; and Arshad Huq, chief operating officer of Transcom Mobile, were also present. Anyone can purchase Samsung smartphones by local or international card such as Visa, Mastercard, DBBL Nexus card, DBBL Mobile Wallet, Q-cash and bKash Mobile Wallet through the e-store: transcommobile.com. The delivery for orders within Dhaka is free and takes three business days.

## Two insurers asked to pay claims of Rural Power Company

**GAZI TOWHID AHMED**  
The insurance regulator yesterday asked two companies to pay claims worth Tk 2.51 crore to their client Rural Power Company Ltd. Provati Insurance Company Ltd will have to pay out Tk 1.12 crore in insurance claim, plus an additional interest of Tk 84 lakh for five years, according to a notification of the Insurance Development and Regulatory Authority. The other firm -- Bangladesh Co-operative Insurance Company Ltd -- was asked to pay Tk 55.59 lakh, including five years' interest on the claim of Tk 32 lakh. Rural Power Company Ltd, a state-owned enterprise, had a fire insurance with 16 private companies arranged by state-run Sadharan Bima Corporation.

**Rural Power Company filed the insurance claim after a unit of its Mymensingh power station caught fire in January 2006**

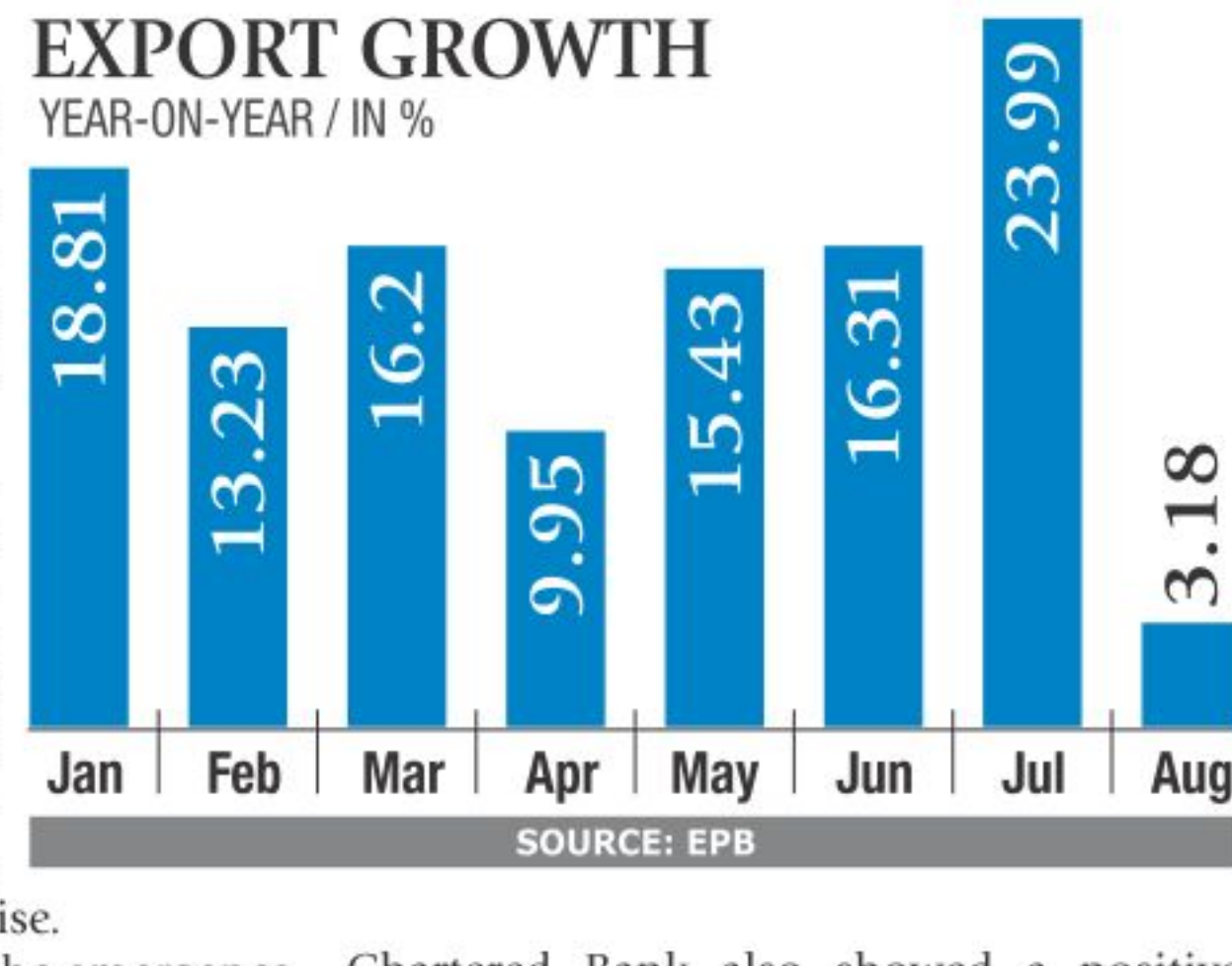
Rural Power Company filed the insurance claim after a unit of its Mymensingh power station caught fire in January 2006. "Of the insurers, 14 have already paid the claims," IDRA Chairman M

Shefaq Ahmed said. The power company filed two separate complaints with the regulator demanding payment from the two firms. Bangladesh Co-operative got the reinsurance fund from Sadharan Bima Corporation five years ago to pay Rural Power's claim, Ahmed said. The insurers were supposed to pay the claims before receiving funds from Sadharan Bima, he said. The power company did not demand any interest on the insurance claims but "considering the losses of the state-owned company, I asked the insurers to pay the interest," Ahmed added. However, he said, according to rules, a state-owned firm cannot take insurance coverage from private companies.

## Garment exports go from strength to strength

*Total exports rise 3pc year-on-year in Aug*

**REFAYET ULLAH MIRDHA**  
Garment exports from Bangladesh continued to increase despite bad publicity garnered over the recent tragedies of Tazreen fire and Rana Plaza collapse. Between July and August, knitwear exports raked in \$2.1 billion, up 17.19 percent from a year ago, according to data from Export Promotion Bureau (EPB). At the same time, woven garments fetched \$2.05 billion, a 16.98 percent year-on-year rise.



The reason for the rise is the emergence of solid export destinations like Japan, Russia and South Africa, all the while cushioned by steady exports to the European Union, said Shubhashish Bose, vice-chairman of EPB. EU, where 52 percent of the country's garment products go, continued to be the main market during the period. Exports to the Saarc and Asean regions are also on the rise due to the country's competitive pricing, he added. "The trend for garment export is positive—if things continue like this, we will be able to achieve this fiscal year's export target of \$30.5 billion." Atiqul Islam, president of Bangladesh Garment Manufacturers and Exporters Association, echoed Bose's views. "The impact of Rana Plaza collapse has not yet been felt as the orders were received before the incident," he added. Meanwhile, a recent study of Standard

Chartered Bank also showed a positive trend of the country's garment exports due to diversion of orders from China. The study said the country's capacity to tap a fraction of the apparel orders from China will help in offsetting any "cannibalisation impact" rising out of the weak Indian currency. China's "iron grip" on the apparel industry (\$154 billion exports in 2012) has "firmly been loosened" owing to the significant rise in production and transportation costs, which compelled many leading apparel brands to look for new supply sources, the study said. While garment exports shone, exports of other products went the opposite way. Total exports dropped 33.42 percent to \$2.01 billion last month from July. Export earnings in August were 20.85 percent below the target of \$2.54 billion. In comparison to a year ago, the figure is 3.18 percent higher, though.

**ইবিএল হোমলোন**  
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- > সর্বোচ্চ মেয়াদ ২০ বছর
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