STOCKS		COMMODITIES		ASIAN MARKETS			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.46%	▼ 0.74%	▲ $1,319.11 (per ounce)	▼ $106.00 (per barrel)	▲ 0.31%	▼ 0.65%	▲ 0.05%	▼ 2.05%
4,118.81	8,015.69			19,804.03	14,311.67	3,180.92	2,185.56

CURRENCIES — STANDARD CHARTERED BANK

	USD	EUR	GBP	JPY
BUY TK	77.25	100.90	120.84	0.74
SELL TK	78.25	104.96	124.87	0.82

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DHAKA WEDNESDAY SEPTEMBER 18, 2013, e-mail:business@thedailystar.net

Fresh pain for state banks

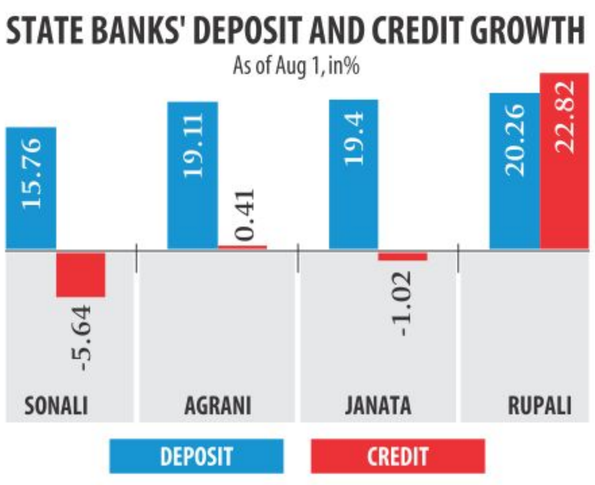
Wide disparity between deposit and credit growth raises fears of losses

REJAUL KARIM BYRON

State banks are now facing a new crisis: an increasing mismatch between their credit and deposit growth.

The banks' deposit growth increased 18.14 percent year-on-year on August 1 but their credit growth dropped 0.39 percent in that time, according to central bank statistics.

Declining credit growth is bad news for banks, as it means their main method of revenue, which is interest earnings on the capital they lend out, is shrinking.



Zaid Bakht, a director of Sonali Bank, said loan disbursement is on a declining trend due to the ongoing political situation. "The bank officials are also more cautious in disbursing loans following the recent financial scams."

If the increasing deposit cannot be invested, it may hamper the bank's profitability, he said.

The reason for the deposit growth is the high public confidence, despite the state-owned banks' deteriorating financial health, the World Bank said. The WB team estimated the banks' total capital shortfall to be in the order of Tk 17,200 crore.

"It seems that these banks continue to enjoy the confidence of the general public and of most of the financial institutions within and outside the country," it said in the draft aide memoire submitted to the government last month.

Bakht, also the research director of Bangladesh Institute of Development Studies, said although irregularities took place in the state banks in recent times, the general people still believe that depositing money in them is safe and their savings will remain protected.

"The general people prefer to deposit in the state-owned banks even if the rate of interest is lower than the private banks'."

Another reason for the state-owned banks' mounting deposits, says Zahid Hossain, lead economist of the WB's Dhaka office, is their wide reach, particularly in rural areas.

"The savings of rural people are on the rise due to the increase in remittance inflow—and they deposit them in the state-owned banks."

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FBCCI seeks duty-free benefits from Russia

STAR BUSINESS REPORT

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) yesterday urged the Russian government to grant duty-free market benefits to Bangladeshi products to narrow the bilateral trade gap.

The present trade volume between the two countries is around $543.59 million, with the balance of trade being in favour of Russia, Kazi Akram Uddin Ahmed, president of FBCCI, said.

In fiscal 2012-13, the country's import from Russia stood at $335.30 million against the export of $208.29 million.

The call for the trade benefits came at a meeting with Yuri Slyusar, Russia's deputy minister of industry and trade, at the FBCCI office in Dhaka.

Ahmed also invited foreign direct investment from Russian entrepreneurs.

"Investment may be made in the eight export processing zones, where necessary infrastructure facilities are readily available. Another seven special economic zones are being set up," the FBCCI chief said.

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FBCCI

***Second from left*, Yuri Slyusar, deputy minister of industry and trade of Russia, leads a delegation to a meeting with Kazi Akram Uddin Ahmed, president of FBCCI at the latter's office in Dhaka yesterday. Monowara Hakim Ali, first vice-president of FBCCI, and Alexander A Nikolaev, Russian ambassador to Bangladesh, were also present.**

Feud deepens over minimum wage for garment workers

REFAYET ULLAH MIRDHA

Owners' proposal to hike salaries only by 20 percent for garment workers was "illogical and inhuman", a labour leader said yesterday.

"I urged the owners to reconsider the proposal as it is too low from our demand," Sirajul Islam Rony, workers' representative to the minimum wage board for employees, told The Daily Star.

At a meeting of the panel, owners' representative Arshad Jamal Dipu proposed to increase the monthly basic salary by Tk 600 to Tk 3,600.

Earlier, Rony recommended a minimum wage of Tk 8,114 a month, a 170.5 percent rise from the current level, by taking into account the workers' daily calorie intake and expenses.

He said the members of the wage board will visit Vietnamese garment factories on September 29 to review the salary structure, as the Southeast nation is seen as a major competitor of Bangladeshi garment business.

Dipu said 2,200 out of nearly 4,000 active garment factories belong to the small and medium categories, which are unable to bear a huge hike in salary.

The cost of production is increasing by 12.5 percent a year, where prices of garment items have not been increasing at the same pace, he said. "Hidden costs of business are also on the rise."

Moreover, the appreciation of the taka by 8.6 percent against the dollar is also a concern for garment business, as the net income is calculated in dollars, Dipu said.

On the other hand, the Indian rupee is depreciating against the dollar, which has emerged as a negative factor for the country's garment sector.

Bangladesh is losing its competitive advantage in global garment trade, he said.

"However, there is scope for negotiations for finalisation of the salary," Dipu said.

Crowds pour in as tax fair enters second day

NBR fixes tech glitch; fair open during shutdown

STAR BUSINESS REPORT

Crowds swelled at a countrywide tax fair yesterday after the authorities fixed a technical glitch that dampened moods of many e-TIN seekers the previous day.

On the second day of the weeklong show in Dhaka, booths were abuzz with taxpayers and most visitors were successful in getting their taxpayer identification numbers online.

The fair will remain open during the 48-hour shutdown, the tax administrator said.

"I faced no hassle today," said Abdul Malek, a former official of Bangladesh Krishi Bank, who came to the fair at the Officers' Club premises.

However, Malek could not get his e-TIN on the first day as the tax administrator was facing troubles in connecting to the national identity card database of the Election Commission.

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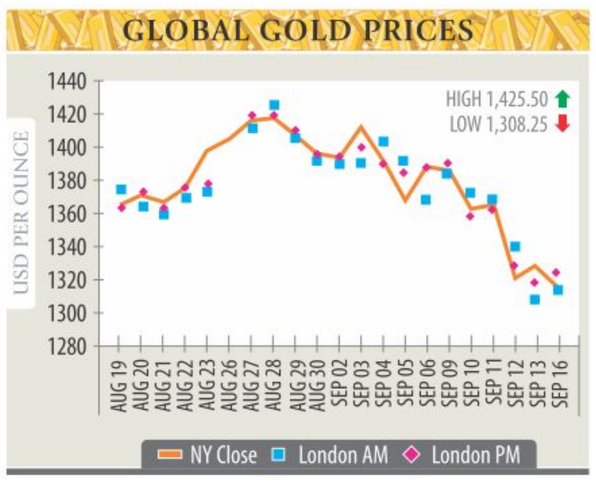
Gold slides to two-month low

GAZI TOWHID AHMED

Gold prices in the local market hit a two-month low at Tk 49,555 a bhori as the prices of the precious metal fell in the international market due to a week demand.

Bangladesh Jewellers Samity, a platform of jewellery shop owners, brought down the prices on Saturday.

In the local market, the price of 22-karat gold dropped 2.29 percent or Tk 1,116 a bhori (11.66 grams) in the last two months, according to the Samity.



"The price dropped by more than $50 an ounce (31.1 grams) over the last week in the international market, so we have decided to adjust the prices," Anwar Hossain, a shop owner and the president of Bangladesh Jewellery Manufacturers and Exporters Association, said on Monday.

Over the last two weeks, the price of per ounce of gold fell by $100 to $1,319.11 in the international market, according to Bangladesh Bank data.

Gold prices mainly depend on international politics and economic conditions, Hossain said.

The wealthy people are purchasing foreign currencies instead of gold to save their money due to political tension across the world, he said. The Syria crisis dominated the international politics, he added.

"Besides the easing geopolitical tensions in the Middle East, which are causing the demand for gold as a safe haven to decline, the market appears to be anticipating a reduction in Fed bond purchases next week," Commerzbank analysts told Financial Times. The low demand for gold jewellery in the local market is another reason for the price adjustment, Hossain said.

"Now, people are occasionally buying gold as women prefer diamond jewels better. The demand for gold jewellery has dropped 40-50 percent of late," he said, adding that some jewellers have folded due to the lacklustre demand.

At present, there are nearly 30,000 jewellery shops across the country, including 1,500 in Dhaka, according to the Jewellers Samity. Presently, the annual demand for gold in Bangladesh is around 16 tonnes and the annual market is worth around Tk 7,000 crore.

In the international market, the precious metal has fallen 15 percent this year, bringing to an end a decade-long bull run. Reduced demand for 'safe' investments and expectations of US monetary shifts, which have triggered a rush out of exchange-traded gold funds, have been the main factors driving the price lower.

ষ্টেট ব্যাংক অব ইন্ডিয়া

লিখিত পরীক্ষার বিজ্ঞপ্তি

গত ১৬ই জুলাই ২০১৩ "প্রথম আলো" এবং ১৭ই জুলাই ২০১৩ "ডেইলি ষ্টার" এ প্রকাশিত নিয়োগ বিজ্ঞপ্তির প্রেক্ষিতে প্রাপ্ত দরখাস্ত অনুযায়ী লিখিত পরীক্ষায় অংশগ্রহনের জন্য যোগ্য প্রার্থীদের একটি তালিকা ও পরীক্ষার জন্য নির্ধারিত স্থান ব্যাংকের ওয়েবসাইটে (www.sbibd.com) দেওয়া হয়েছে । যোগ্য প্রার্থীদের Admit Card ডাক/কুরিয়ার সার্ভিসের মাধ্যমে ইতিমধ্যে পাঠানো হয়েছে। লিখিত পরীক্ষা আগামী ৪ঠা অক্টোবর ২০১৩ ইং তারিখ বেলা ৯-০০ টা হতে ২-০০ পর্যন্ত ঢাকা মহানগরে অনুষ্ঠিত হবে। যদি কোন যোগ্য প্রার্থী Admit Card ২২.০৯.২০১৩ইং তারিখের মধ্যে না পেয়ে থাকে, সেক্ষেত্রে তাদেরকে ব্যাংকের Asst. Manager (H.R) এর সংগে যোগাযোগ করার জন্য অনুরোধ করা হচ্ছে ।

- ব্যাংক কর্তৃপক্ষ

Rejoinder and our reply

In a report headlined "Finlay makers buy Mahmudur Rahman's Artisan Ceramics" published on August 25, it was mentioned that the sales value of Artisan was Tk 100 crore.

But in a rejoinder, Feroza Mahmud, managing director of Amar Desh Publications and ex-managing director of Artisan Ceramics, said the company was sold at Tk 67 crore only.

She claimed she got Tk 45 crore, and another Tk 22 crore was paid to banks as Artisan's liabilities.

Our reply

The report was based on the deal documents that show Consolidated Tea and Lands Company bought Artisan at Tk 89.82 crore in 2011.

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