ASIAN MARKETS

As of Friday



DHAKA MONDAY JUNE 16, 2014, e-mail:business@thedailystar.net

COMMODITIES

ADB to strengthen its Dhaka office

Its president says the move will speed up development projects

STAR BUSINESS REPORT

STOCKS

The Asian Development Bank is delegating more power to its Dhaka office to speed up implementation of development projects, as Bangladesh has the potential to grow at a faster rate, the president of the lender said yesterday.

Takehiko Nakao "Encouraging things are

happening in this country. Still, some people outside know Bangladesh as a very poor country prone to cyclones and floods," Takehiko Nakao told a media briefing at ADB's Dhaka office yesterday. READ MORE ON B3



STAR BUSINESS REPORT

Bangladesh Bank Governor Atiur Rahman yesterday urged the government to immediately take corrective actions against the wrongdoings of the state-owned banks in an attempt to boost depositors' confidence.

"I don't have full control over the activities of the stateowned banks. The government should play a complementary role," Rahman said at the monthly luncheon meeting of the Foreign Investors' Chamber of Commerce and Industry at Sonargaon Hotel in Dhaka.

Rahman's comments come at a time when BASIC Bank's default loans continue to spiral in the face of irregularities, despite the central bank's efforts to keep it in check.

While the central bank on May 24 removed BASIC Bank's managing director Kazi Faqurul Islam for his failure to check the irregularities, the government is yet to take any action against the main accused, Sheikh Abdul Hye Bacchu, the bank's chairman.

"Despite several scams, the banking sector still remains stable.'

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CURRENCIES

STANDARD CHARTERED BANK

From left, Anis A Khan, CEO of Mutual Trust Bank; M Abdul Mannan, state minister for finance; Rokia Afzal Rahman, president of MCCI; Zaidi Sattar, chairman of PRI; and Ahsan H Mansur, executive director of PRI, attend a discussion on budget yesterday.

Put a curb on state banks' lending

An economist advises these banks to focus on deposits

STAR BUSINESS REPORT

The government should curtail lending operations of state-owned banks and ask them to focus only on deposit collection to save the troubled lenders, an economist said yesterday.

"The banks should concentrate on deposit collection and invest the money in inter-bank lending business," said Ahsan H Mansur, executive director of Policy Research Institute (PRI).

"Bailing out the bottomless basket will not work," he said at a discussion on budget, at the office of Metropolitan Chamber of Commerce and Industry in the capital.

Later, he told The Daily Star that the state-run banks have not learnt how, where and when to lend. "If

you don't learn in 40 years how to lend, you will never learn. Limiting banks' operations to deposit collection can be seen in many countries."

Allocating an additional Tk 5,000 crore for capitalising the banks without any efforts to improve their governance is certainly questionable, the former economist of the International Monetary Fund said at the seminar co-organised by the PRI and MCCI.

Mansur also said the revenue target for the next fiscal year would not be achieved unless the National Board of Revenue goes through fundamental reforms. "Attaining the ing. The targeted borrowing from the revenue target will be difficult given the slower than targeted GDP growth and weak tax administration."

He said the budget has made an effort to catalyse investment through higher spending on infrastructure projects such as highways and bridges, setting up special economic zones and power generation.

However, weaknesses in the financial sector due to major governance problem in the state-run banks and the growing loan loss provision across the banking sector have not got much attention.

Mansur said the government should intensify efforts to accelerate disbursement of foreign aid to contain pressure on domestic financdomestic sources is quite high and can create tensions in the money market as happened in 2011-12.

Exports accelerate 7pc in May

STAR BUSINESS REPORT

Exports rose 7.22 percent year-on-year to \$2.72 billion in May, riding on higher clothing sales.

"Buyers are regaining confidence in Bangladesh as the garment entrepreneurs have undertaken many positive reforms in the sector after the Rana Plaza collapse last April," said Abdus Salam Murshedy, former president of Bangladesh Garment Manufacturers and Exporters Association.

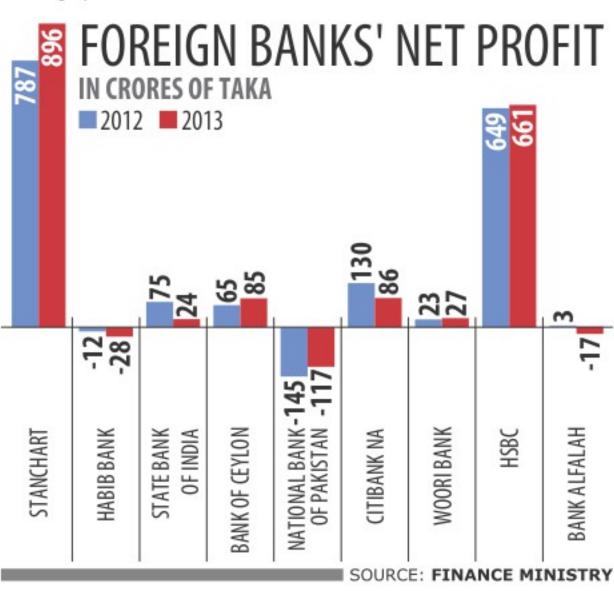
The three inspection agencies -- Bangladesh University of Engineering and Technology, Accord and Alliance -- are working to improve workplace safety and compliance, which has helped in regaining buyers' confidence on Bangladeshi clothing items, he added.

Garment exports between July and May stood at \$22.18 billion, up 14.87 percent year-on-year, according to the Export Promotion Bureau.

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Correction

In a graph, published yesterday with the report headlined "Foreign banks' profits slow on political unrest", it was mistakenly shown that HSBC made a net profit of Tk 65 crore in 2012 and Tk 66 crore in 2013. The actual figures are Tk 649 crore and Tk 661 crore respectively. We regret the errors and are publishing the correct graph.





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