STOCKS		COMMODITIES		ASIAN MARKETS			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.31%	▼ 0.38%	▼ $1,240.97 (per ounce)	▲ $80.52 (per barrel)	Closed	▼ 0.37%	▲ 1.05%	▼ 1.04%
5,154.10	9,677.86				15,138.96	3,236.50	2,302.42

CURRENCIES — STANDARD CHARTERED BANK

	USD	EUR	GBP	JPY
BUY TK	76.85	95.27	121.67	0.71
SELL TK	77.85	99.24	125.66	0.74

Star BUSINESS

DHAKA FRIDAY OCTOBER 24, 2014, e-mail:business@thedailystar.net

Banks largely robust to shocks

REJAUL KARIM BYRON

Most of the banks have sufficient capital buffer to absorb adverse shocks and still maintain the sector's overall capital adequacy ratio (CAR) above the minimum requirement, the central bank's most recent stress tests found.

The exercise, conducted by the Financial Stability Department on data from the April-June quarter of this year, looked at the impact of different stressed situations on banks' capital.

The minimum capital requirement for scheduled banks is the greater of the two: 10 percent of risk-weighted assets or Tk 400 crore.

At the end of June, the sector's CAR stood at 10.68 percent, above the minimum regulatory requirement of 10 percent.

The tests found that if each of the banks' top three borrowers defaults, the banking sector CAR may drop 2.69 percent. Individually, one state-owned commercial bank, 18 private commercial banks and four Islamic banks' CAR will fall below 10 percent due to this shock.

If 3 percent of the highest sectoral loans become default, the banking sector CAR may slip 0.07 percent, but it would still be above the minimum requirement.

Likewise, in the scenarios of negative shifting of classified loans, the banking sector CAR may fall 0.53 percent but would still be above the 10 percent floor.

Individually, two state banks, four private banks and one Islamic bank will see their CARs fall below 10 percent due to the shock.

If the forced sale value of collateral is lowered by 10 percent, the banking sector CAR may be decreased by 0.43 percent, but it would still be above the 10 percent threshold. One state-owned commercial, two private and one Islamic banks' CARs will fall below 10 percent.

A 3 percent increase of non-performing loans may decrease the sectoral CAR by 0.72 percent, the tests found. One state-owned commercial, seven private and two Islamic banks' CARs will go below the minimum regulatory requirement.

If the market interest rate changed by 1 percent, the banking sector CAR may slip 0.02 percent and take the CARs of two state-owned and nine private banks below the 10 percent floor.

A change in market exchange rate by 5 percent will lower the sector's CAR by 0.03 percent, but none of the bank's CAR will go below the threshold.

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Jute spinners cut work hours as yarn piles up

MD FAZLUR RAHMAN

Jute spinners have decided to cut their six-day work week to five days from November 1 to avoid stockpiling of the exportable yarn amid falling international demand.

Bangladesh Jute Spinners Association (BJSA), which represents the spinning sector, took the decision earlier last week.

Due to the closure, production at the nearly 75 active jute spinning mills will go down by 70 percent, sector leaders said. Spinners account for about 65 percent of the receipts from jute exports.

In 2013-14, yarn exports brought home $532.81 million.

In the July-September period, the first quarter of the current fiscal year, their growth came down to 1.22 percent as compared to the same period a year ago, according to Export Promotion Bureau data.

The nearly 100-member association had kept its mills open seven days a week until April and brought down the number of work days to six in the following months, as some big entrants boosted the industry's production capacity sharply, causing supply to outpace demand.

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UN body joins effort to build Asian info superhighway

ABDULLAH MAMUN

The United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) is leading an effort to build a terrestrial information superhighway in the region that will increase the availability of international bandwidth and lower its prices in 32 member countries.

The proposed information superhighway will be the world's longest optical fibre connectivity along the 143,000-kilometre Asian highway.

The member countries have also agreed to develop a master plan covering both policy and technical aspects of the Asia-Pacific Information Superhighway, ESCAP, the UN development arm for the Asia-Pacific region, said in a statement.

The initiative is aimed at connecting each country's backbone network and integrating them into a cohesive land- and sea-based fibre infrastructure.

BANGLADESH
The routes of optical fibre connectivity along Asian Highway

Asia-Pacific nations agreed to set up a working group to develop principles and norms for the regional ICT network at the fourth session of ESCAP's ICT committee, which closed in Bangkok last week.

The biggest barrier to any new infrastructure is cost, but the actual expense of fibre optic materials and conduits are almost negligible, Shamshad Akhtar, executive secretary of ESCAP, said in the statement.

The real challenges are the labour costs of excavation, the costs of securing rights of way, especially across borders, as well as the implicit costs of disruptions and delays in the areas under construction, she said.

By encouraging the building of ICT infrastructure along the transport networks, countries that need it most can significantly reduce these construction charges, Akhtar said.

Aside from cost savings of up to 80 percent, this 'dig once -- use many times' approach expands and diversifies the revenues generated by infrastructure construction: a win-win for governments, private sector investors and newly-connected communities, she said.

Currently, less than 15 percent of the population in developing Asia and the Pacific has access to high-speed internet and the situation is even worse in least-developed and land-locked countries, where inexpensive and reliable internet is almost non-existent, according to Akhtar..

SM Ashraful Islam, executive director of Bangladesh Computer Council, who also participated in the session, said once the backbone is built, Bangladesh will have the potential to become the transcontinental networks' hub.

The meshed backbone network will provide wholesale internet bandwidth at a lesser cost, said Abu Saeed Khan, senior policy fellow of LIRNEasia, a Colombo-based ICT think-tank.

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Tofail pledges fast implementation of new labour law

STAR BUSINESS REPORT

The government will soon finalise a set of rules to implement the amended labour law in factories, as Bangladesh has already fulfilled the majority of the conditions promised in the Sustainability Compact.

Commerce Minister Tofail Ahmed spoke to reporters, returning from the first review meeting of the Sustainability Compact held in Brussels. The meeting ended on Tuesday.

"Our tour was successful as European Commission officials were satisfied with Bangladesh's progress toward ensuring workplace safety and improving labour rights," Ahmed said.

Bangladesh has fulfilled almost all 16 conditions laid out in the Sustainability Compact, he said, adding that the EC inquired about progress in the implementation of the labour law.

"We will meet with all stakeholders on October 30 at the labour and employment ministry to finalise the rules of the labour law, although the EC officials have urged Bangladesh to finalise the rules by the end of December."

Worker welfare associations in 217 factories inside export processing zones have been functioning as collective bargaining agents, the minister said about the labour law for EPZs.

"So, we have also progressed in the EPZ case," he said. The government has already registered 236 trade unions for establishing labour rights in factories.

The EC did not mention any specific timeframe for the next review of the Sustainability Compact, but it will be at a time take any time convenient for both Bangladesh and the EC.

After the Rana Plaza building collapse in April last year, Bangladesh signed the Sustainability Compact with the European Union involving the ILO (International Labour Organisation), to assure EU of improving workplace safety and labour rights in the country.

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Pran books $2.45m orders at Paris fair

The show of global food processors comes to a close

KOWSHER JAHAN KHALED, *from Paris*

Pran-RFL Group booked export orders worth around $2.45 million during the five-day SIAL fair in Paris that concluded yesterday, officials of the company said.

Most of the orders were from African countries, while the company got some new customers from the US, Canada, Europe, Latin America and the UAE.

The Bangladeshi food and agro processor, which displayed around 150 products at the show, now exports to 108 countries and has a presence in almost all the continents.

STAR

Visitors at a stall of Pran at the SIAL fair that ended in Paris yesterday.

AT A GLANCE

- Pran displayed **150** products at SIAL fair
- Confirmed orders of **$2.45m**
- Contract manufacturing may bring another **$5m**
- It currently exports to **108** countries
- Exports amounted to **$150m** last fiscal year
- It employs around **60,000** people

Besides the confirmed orders, Pran is in talks with buyers for deals worth around $1.2 million, said Md Mizanur Rahman, its chief of export.

The company is also in the process to strike some contract manufacturing agreements with wholesalers and distributors from countries such as the US, the UK, Spain, Brazil, South Africa, the Netherlands and France.

These contract manufacturing deals may bring another $5 million, Rahman said.

"The response from visitors was beyond our expectation. This year we participated in the fair in two categories. Next time, we will come with more products."

The major products that the company displayed at the show include fruit drinks and juices, spices, noodles, chanachur, chips, milk, rice, puffed rice, yogurt, biscuits, cake, pickles, sauce, jams and jelly.

More than 6,000 food processors from around 100 countries gathered at the SIAL fair to expand market and win new business. The show saw visitors from around 200 countries -- from different sectors of the food processing industry, such as distribution, food services, trade and viticulture.

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Tax waiver likely for CSR spending

STAR BUSINESS REPORT

The government may provide tax waiver to the corporate sector to encourage them to take up corporate social responsibility activities, Planning Minister AHM Mustafa Kamal said yesterday.

"If corporate houses want to build roads, bridges, schools, colleges and hospitals under their name I don't think anybody will complain," he said.

The government will definitely support their initiatives and might even extend tax waiver for the activities.

The minister spoke at a meeting aimed at preparing a guideline on CSR at the auditorium of the National Economic Council in Dhaka. The Planning Division and CSR Centre jointly organised the discussion.

Kamal said preparing policies, laws, rules and guidelines on CSR has become imperative. However, more attention should be given to their implementation.

The minister also said the scope for CSR should be chalked out and social areas for CSR identified.

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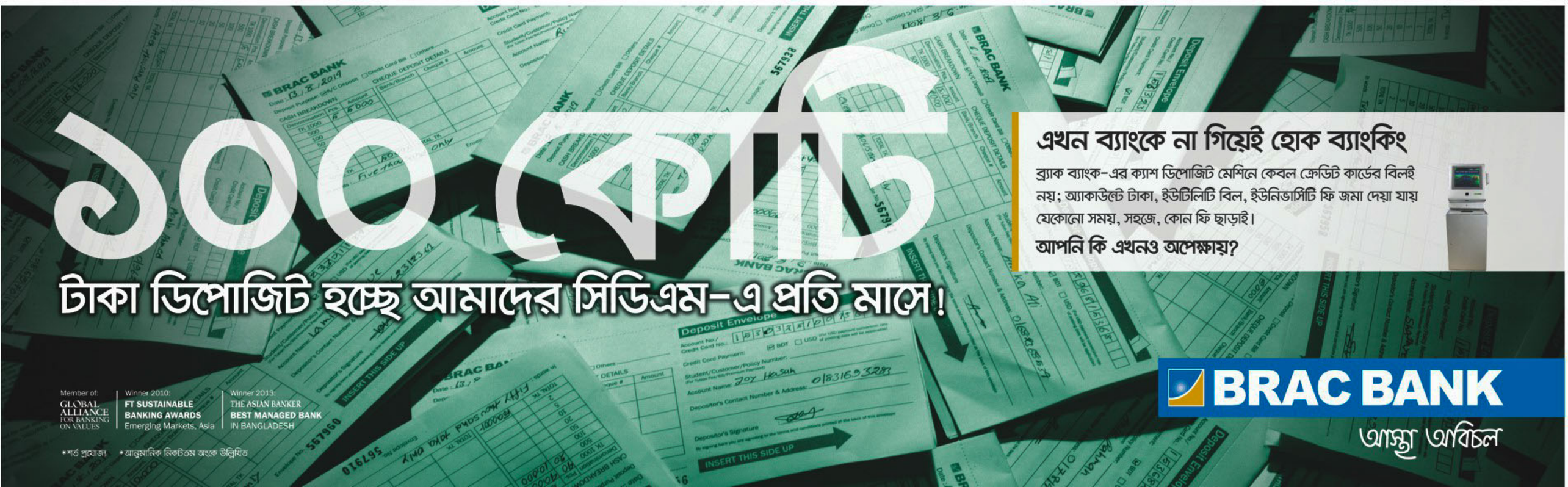
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