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CPD denounces govt stance on banking sector

STAR BUSINESS REPORT

The Centre for Policy Dialogue yesterday came down hard on the government for recapitalising the state banks despite their financial malpractices, and rescheduling the bad loans of Beximco Group.

The think-tank went on to term the recapitalisation, which is being done with taxpayers' money, as 'nationalisation of losses' and the rescheduling 'denationalisation of profits'.

This is not a good sign for the economy and the banking sector, Mustafizur Rahman, executive director of CPD, said at the unveiling of a report on the economic performance so far this fiscal year.

The government last week provided Tk 1,500 crore to the two most scam-hit state banks -- Sonali and BASIC -- to meet their large-scale capital shortfall as a result of mounting bad loans. BASIC Bank received Tk 790 crore and Sonali Tk 710 crore.

The amount came from the Tk



Left, Debapriya Bhattacharya, distinguished fellow of the Centre for Policy Dialogue, speaks at the launch of a report on Bangladesh economy at Cirdap auditorium in Dhaka yesterday. Mustafizur Rahman, executive director, is also seen.

5,000 crore earmarked by the government in this year's budget for recapitalisation of state banks.

This is the second year that the government has provided funds to

the state-banks for their incompetency. Last fiscal year, the government gave the four state-owned commercial banks a total of Tk 4,100 crore for recapitalisation.

"With generous support from

CPD SAYS

Capital infusion has not seen any improvement in state banks

Rescheduling of Beximco Group's loans is an unprecedented measure

An independent commission should be formed for the financial sector to identify inherent problems

Thus, recapitalisation of the banks raises questions about prioritisation of public resources, particularly when they continue to be fraught with governance challenges.

"The fact that such capital infusion has not seen any improvement in the recipient banks is rather frustrating."

Ironically, in most cases, these incidences have occurred in collaboration with officials and directors of banks through various types of dubious practices such as by setting up fake companies, forging bank documents, documenting fake board meetings and influencing the monitoring officials.

In the state-owned banks, the senior management is appointed by the government and as a result, are not held accountable for the irregularities, the report said.

In case of scams at Sonali and BASIC, the concerned chairpersons and the directors of the board were not questioned by the authorities.

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Investigate huge remittance outflow to India CPD urges govt

STAR BUSINESS REPORT

The Centre for Policy Dialogue yesterday recommended the government should form a committee to investigate the large remittance outflows to India.

Bangladesh is now the fifth largest remittance source for India, with around \$3.7 billion sent in 2013.

The number is expected to only increase in the coming years, according to Silicon India, a portal for professionals.

"This is a warning signal," Mustafizur Rahman, executive director of CPD, said, adding that both the Board of Investment and Bangladesh Bank may want to investigate how such huge sums are flowing out of the country and into India.

The government should initiate necessary steps to curb reverse remittance flow, deal with the issue of illegal migrants and develop skilled human resources for substitution, the local think-tank said in its report on the economy's performance so far in fiscal 2014-15.

At present, there are hundreds of thousands of Indian nationals working in the country, as per Silicon India.

Bangladesh is now the fifth largest remittance source for India, with around \$3.7 billion sent in 2013

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Float-glass makers raising capacity

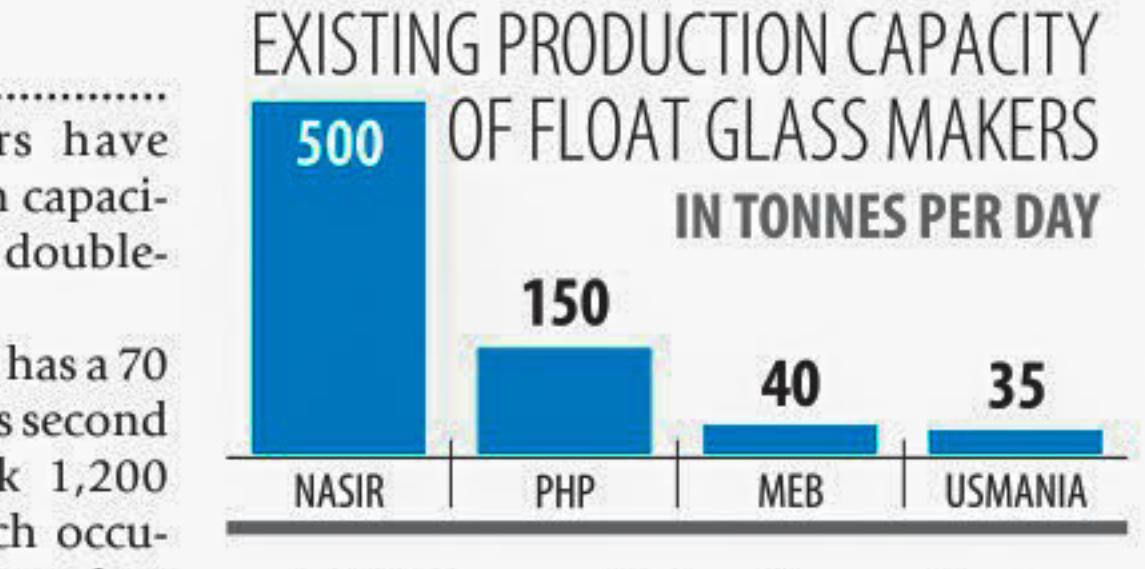
SAJJADUR RAHMAN

Large float-glass manufacturers have decided to expand their production capacities to make the most of the sector's double-digit growth in the past five years.

For instance, Nasir Group, which has a 70 percent market share, is setting up its second manufacturing unit for nearly Tk 1,200 crore, while PHP Float Glass, which occupies the second spot, has also planned to double its production capacity to 300 tonnes per day.

"Rising demand from outside of Dhaka and the rural areas has led us to build a second glass factory," said Nasiruddin Biswas, chairman and managing director of Nasir Group, a conglomerate.

The float glass market, which is now worth about Tk 15,000 crore a year, is relatively new in the country. Before Nasir Group and PHP entered the market, in 2005



and 2006 respectively, the product was imported on a small scale.

The demand for float glass, chiefly used in buildings, now stands at around 15,000 tonnes per month, which ten years ago was just 200 tonnes. And in the next five years, the monthly demand is expected to rise to 30,000 tonnes.

"Our forecast says the market will double in the next five years, mainly because of growing rural consumers," said Biswas.

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Youth must acquire skills for industries: analysts

STAR BUSINESS REPORT

The youth should empower themselves with the right skills to meet the demand from local industries and tap international opportunities, said experts at a seminar yesterday.

"The next generation will have to be ready with knowledge and skills as the world is changing," said Road Transport and Bridges Minister Obaidul Quader.

He was backed by Haripada Das, programme officer of the International Labour Organisation in Dhaka. "The current generation can't only focus on gaining academic degrees or certificates. They will have to have at least one skill. It could be in any area. That is the demand of the world."

"We especially need to gain industrial and technological skills," he added.

They spoke at the seminar styled 'Map to Light up Opportunities', organised by Rotary Club of Dhaka Bangladesh, at the Senate Bhaban auditorium at Dhaka University.

Rubina Husain, chairman of New Generation Seminar 2014-15, said the seminar aims to build a knowledge bank to develop



Obaidul Quader, third from left, road transport and bridges minister, receives a bouquet from Safina Rahman, district governor of Rotary International Bangladesh, at a seminar in Dhaka yesterday. Rubina Husain, second from left, chairman of New Generation Seminar, is also seen.

each individual's skills through up-skilling, career planning, entrepreneurship, leadership and mentoring.

"We are here today because we chose to be leaders and future entrepreneurs through per-

sonnel development and services for the growth of our community," said Husain, who is also the vice-president of Bangladesh Federation of Women Entrepreneurs.

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Middle-income country status won't affect EU trade benefit: Tofail

STAR BUSINESS REPORT

Bangladesh will continue to enjoy a zero-duty benefit on exports to the European Union even when the country graduates to a middle-income country, Commerce Minister Tofail Ahmed said yesterday.

As a least developed country, Bangladesh has been enjoying the zero-duty export benefit to the EU since 1971 under the Everything but Arms programme of GSP.

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