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## Scam-hit Sonali, BASIC face long road to recovery

Muhith says wounds inflicted by two banks are yet to heal

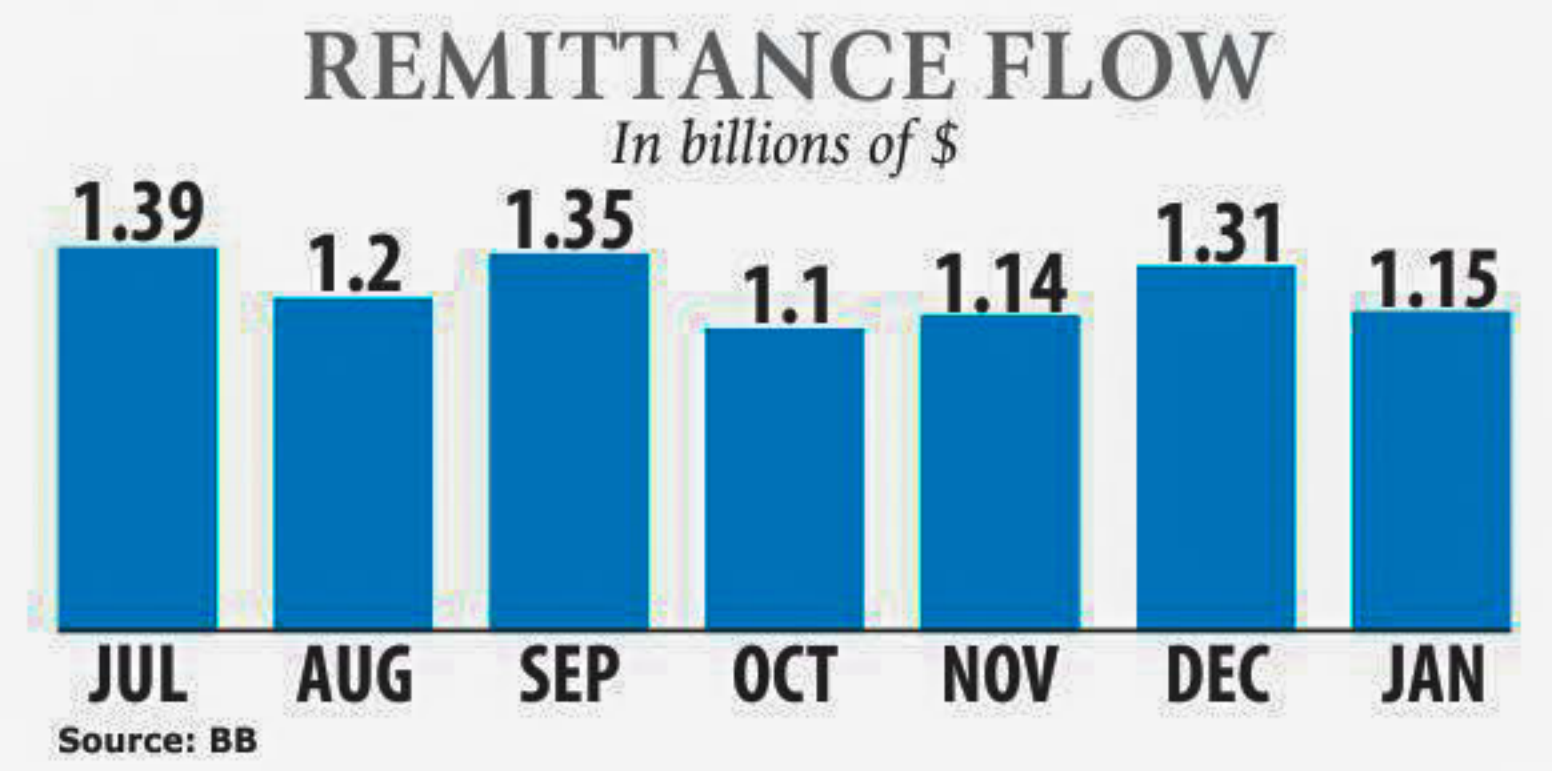
**STAR BUSINESS REPORT**  
It will take a long time to recover from the losses inflicted by state banks Sonali and BASIC's reckless business practices, Finance Minister AMA Muhith said yesterday. A big robbery and a scam took place at Sonali Bank and looting at the hands of high-level officials at BASIC Bank, Muhith said at the annual conference of Janata Bank. "We will have to work hard to heal the wounds these two banks have inflicted upon us. It shouldn't be correct to say that we have fully recovered -- it will take awhile to recover from the losses." Save for the state banks, the health of the other banks is robust, Muhith said. During the previous term of the Awami League-led government, Hall-Mark Group swindled about Tk 4,000 crore out of Sonali Bank and high officials of BASIC Bank indulged in financial irregularities that resulted in a hole of Tk 5,000 crore in its balance sheet. The other state banks too faced large amounts of capital shortfall due to loan-related irregularities. Subsequently, from fiscal 2013-14 the government has been providing money to state banks to meet their capital shortfall, which has been putting pressure on the national budget. Some Tk 5,000 crore has been set aside in this fiscal year's budget for this purpose, of

which Tk 1,200 crore has already been given to BASIC Bank. In this case, Janata Bank is in good shape, as it did not need any capital injection from the national budget, he said. Moreover, in 2015, Janata logged in Tk 1,162 crore as profit, which is the highest in the banking sector. The finance minister said a performance contract has been signed with all state banks for improving their financial health and Janata made good progress on 12 of the 13 indicators. Muhith also said many people say that there are too many banks in Bangladesh. "But I don't think so. Banking services are yet to reach many areas," he added. Abdul Mannan, state minister for finance and planning, advised bankers to remain cautious about corruption. He also suggested automation of the banking service. "I trust machines more than humans now," he said, while urging the banks to make a proper use of freedom afforded to them now. Banking Secretary M Aslam Alam commended Janata Bank for making the highest profit among banks last year but it should not indulge in any form of self-satisfaction as there is scope to do better. Alam also urged the banks to provide quality loans and divert their attention to the small and medium enterprises from the corporate houses, which are now flush with credit.

## Remittance falls in Jan

Workers' incomes have gone down in Middle Eastern nations: BB official

**STAR BUSINESS REPORT**  
Bangladesh received \$1.15 billion in remittance in January, which is 7.25 percent lower than the same month a year ago. Compared with December, the remittance receipt in the first month of the year went down 12.21 percent, according to data from the central bank. A Bangladesh Bank official said low oil prices have hit the incomes of Middle Eastern countries where most of Bangladesh's migrant workers reside. "Many projects have stalled. Many projects have been suspended. The income of our



workers has gone down," he said. The devaluation of currencies from countries such as Australia, the UK, Canada, Singapore and Malaysia against the dollar also hit Bangladesh's remittance income, according to the official. "We will have to wait for a few months to know the exact reason

for the decrease in remittance in January," Bangladesh Bank Governor Atiur Rahman told The Daily Star. He, however, said the small decrease would not hurt the healthy foreign currency reserves, standing at over \$27 billion, as growing exports and reduction in the cost of imports are offsetting the fall. Remittance also fell 1.04 percent year-on-year to \$8.64 billion in the last seven months of the current fiscal year. Migrant workers sent home \$15.31 billion in remittance in the last fiscal year, the highest in the country's history.

## BBS survey on ICT misleading: Palak

**STAR BUSINESS REPORT**  
ICT State Minister Zunaid Ahmed Palak yesterday rejected the findings of a survey of Bangladesh Bureau of Statistics, terming it a "false portrayal" of the growing ICT industry. Such a dismal depiction of the industry, especially one that is contrary to the real picture, is a big factor discouraging foreign investments from flowing into the ICT sector, Palak said. According to the 2013 survey of the national statistical agency, which was released this January, only 4.8 percent households have access to the internet in Bangladesh, even though more than 87 percent households own mobile phones. Palak spoke at a workshop on "ICT use and internet access by individuals and households in 2013", organised at the office of Bangladesh Computer Council. The BBS should consult and involve the ICT division in any related surveys in the future, and

avoid publishing such "inaccurate and embarrassing reports" both locally and internationally, he said. "Otherwise we will not take any responsibility for that report." Industry experts had also called the survey findings outdated when the report was released. However, BBS officials present at the workshop said there is nothing wrong with the survey or its methodology, but admitted that there was a delay in publishing the report due a dearth of workforce. "We have a shortage of manpower and that's why we took 25 months to publish the report, but the survey's methodology is not questionable," said Mohammad Abdul Wazed, director general of BBS, at the workshop. The massive survey, involving a sample of 36,268 households with 130,714 individuals aged above five, found that only 5.6 percent households have computers. The study said export earnings from IT and

IT-enabled services sector stand at \$100 million, but Palak said the figure has already crossed \$300 million. The BBS survey also reported that only 17.12 lakh of the 3.58 crore households in the country are connected to the internet, with just 11.8 percent urban households and 2.5 percent rural households having data connectivity. However, internet penetration in Bangladesh crossed 35 percent and there are more than 5.4 crore internet users, Palak said citing numbers of Bangladesh Telecommunication Regulatory Commission. "Reports like this discourage potential investors," he said. Investors rely on reports of the World Bank, which takes data from the BBS, so automatically the WB reports become misleading, he added. Also, the BBS survey has no information on developments in Bangladesh's hardware sector, and does not reflect on the industry's overall growth, Palak said.

## Small-cap firms to get a new platform to raise funds

**STAR BUSINESS REPORT**  
Bangladesh Securities and Exchange Commission is set to introduce separate trading platforms on the twin bourses to facilitate fund-raising by small-cap companies. Companies with minimum paid-up capital of Tk 5 crore will be eligible to raise funds by using the platform, to be called "small capital platform". But they will have to raise at least Tk 5 crore from "qualified investors" through listing on the platform, and the post-issue paid-up capital would not cross Tk 30 crore. Qualified investors mean the institutional ones and high net-worth individuals with adequate knowledge on investment. The Central Depository Bangladesh Ltd will create separate beneficiary owner's accounts for the qualified investors. General investors will not be allowed to take part in the trading of small-cap companies after their listing on the new platform. The stockmarket regulator came up with the decisions at a meeting on Tuesday in an effort to facilitate the growth of small-cap companies that have potential but do not have enough funds. Also, small-cap companies cannot use the initial public offering method to raise funds, as the existing rules allow a company with minimum paid-up capital of Tk 30 crore to go for IPO. According to the new decisions, shares of the small-cap companies will have to be in electronic or dematerialised form. Trading, clearing, settlement and trading cycle will be like the main market of the bourses. Trading will take place through existing stockbrokers. Listing fee and other charges will be fixed later. No small-cap company can be listed on the separate platform directly, and there will be a lock-in period for shareholders. The issuer company will appoint a market maker at least for three years to maintain liquidity in the market during the trading of shares, and the stock exchanges will organise awareness programmes on the new mechanism. A market maker is a dealer in securities or other assets who undertakes to buy or sell at specified prices at all times. The regulator will formulate rules for the small capital



Atiur Rahman, governor of Bangladesh Bank, inaugurates the third phase of MasterCard's financial literacy programme at Westin hotel in Dhaka yesterday. Porush Singh, division president for South Asia and country corporate officer of MasterCard; Vikas Varma, executive director for South Asia; Syed Mohammad Kamal, MasterCard country manager for Bangladesh, and Zakir Hossain, executive director of BURO Bangladesh, were

## MasterCard expands financial literacy project

**STAR BUSINESS DESK**  
MasterCard yesterday launched the third phase of its financial literacy programme in collaboration with BURO Bangladesh and Bangladesh Bank, to train an additional 25,000 women this year, taking the total to 135,000 since 2013. The project is part of MasterCard's global focus on harnessing entrepreneurship in women and children. It offers training to ensure an efficient use of microfinance loans

for women entrepreneurs nationwide, the company said in a statement yesterday. MasterCard launched the first phase of the business literacy programme in 2013 to mark the opening of its first office in Bangladesh, and the second phase in 2015. The programme has so far provided more than 100,000 entrepreneurs and 10-taka account holders with financial literacy training and business skills, according to the statement.

"I would like to commend MasterCard and BURO Bangladesh on this long-term project which is now entering into its third phase," said Atiur Rahman, governor of Bangladesh Bank, who inaugurated the programme. "It will provide these entrepreneurs with not just the skills but also the confidence to start their own businesses. I think this programme will succeed in bridging the gap by allowing them to create self-employment."

## Alliance urges factories to speed up remediation

**STAR BUSINESS REPORT**  
The Alliance for Bangladesh Worker Safety, a garment factory safety inspection agency of 27-North American retailers and brands, yesterday urged manufacturers to fast-track the remediation of their production units to avoid accidents. The Alliance called for quick remediation in a statement on the latest fire at Gazipur-based Matrix Sweater Ltd, from where members of both the Alliance and Accord source garment items. At least four workers were injured and goods worth more than Tk 100 crore were gutted in the fire on Tuesday. "While much progress is being made in the Bangladesh readymade garment factories, this fire highlights the need for continued, collaborative efforts to ensure that all factories are thoroughly remediated," the Alliance said in a statement. The Alliance's mission is to ensure that factories meet strict inspection standards and provide a safe working environment free of structural, electrical and fire-related hazards, according to the statement. The Alliance and its 27 member companies have formally severed ties with 26 factories that have failed to comply with safety standards. All of these factories have been inspected, their 1.1 million workers provided with fire safety training, and all are now undergoing remediation to ensure that they meet the highest standards of safety -- progress that is saving lives, the Alliance said. "As we have seen from the dramatic decline in serious fire incidents since the launch of the international safety initiatives including the Alliance, a reduction in fire risk, injury and death has resulted from our efforts -- yet there remain hazards still to be addressed under the remediation programme." "These hazards are further complicated by infrastructure issues in Bangladesh, such as a lack of access to water supply and overcrowding of buildings, which complicate efforts to extinguish fires when they occur -- further underscoring the need for our work." The Alliance conducted its first inspection of the Matrix Sweater factory in 2014 and recommended several essential safety improvements.

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## Iranian businesses keen to invest in Bangladesh

**STAR BUSINESS REPORT**  
Iran has expressed its interest to export liquefied petroleum gas to Bangladesh, Commerce Minister Tofail Ahmed said yesterday. Ahmed spoke after a meeting with Mohammad Reza Mowdoodi, adviser to the minister for industry, mines and commerce of Iran, at the

secretariat in Dhaka. "Both the countries would be benefitted if Iran exports LPG to Bangladesh," the minister said. Ahmed said the demand for Bangladeshi garment items, pharmaceuticals, jute and jute goods is high in Iran due to their quality and price competitiveness. "The time has come to expand bilateral trade between the two countries, the scope for which will increase through consultation between the business communities of Iran and Bangladesh." Earlier, an Iranian business delegation met the leaders of the Federation of Bangladesh Chambers of Commerce and Industry.

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