

BDEMS to organise fair in Dhaka

STAR BUSINESS REPORT

Bangladesh Event Management Services (BDEMS) will arrange a three-day fair—Corporate Brand Bazar 2016—at Pan Pacific Sonargaon Hotel in Dhaka to promote local brands.

The fair will begin on August 7, Syed Raju Ahmed, CEO of BDEMS, said at a press meet at The Daily Star Centre in the capital yesterday.

"The mission of the fair is to develop our country's image through branding, create young entrepreneurs and skilled manpower and develop e-commerce," Ahmed said.

Around 250 local and multinational brands will take part in the fair, he said.

Twelve Bangladeshi ministers and foreign diplomats in Dhaka are expected to join the show in six different seminars, he said.

The Dhaka-based event management organisation also announced the launch of Prime Brand Award to honour the local companies who maintain quality during production.



Syed Raju Ahmed, CEO of Bangladesh Event Management Services (BDEMS), speaks at a press meet at The Daily Star Centre in Dhaka yesterday. BDEMS will arrange a three-day fair at Pan Pacific Sonargaon Hotel in the capital on August 7.

H&M recycles 28,000 tonnes of garment

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The products are classified depending on the quality -- re-wear, re-use, recycle and energy.

The sorting process is set up to the criteria of the waste hierarchy, which states that all products fit for wear are sorted out to keep them in their original form for as long as possible.

In 2015, some 1.3 million pieces were made with 'close the loop' material, which was an increase of over 300 percent from 2014.

Regarding the prices of the garment items produced from the reused and recycled clothes, Eriksson said they want

to move towards a 100 percent circular business model.

"That means, nothing less than turning around how our industry has been operating for decades -- moving away from a linear production model to one that uses once-created products as a resource for new desirable fashion."

"We see using recycled materials as an investment for the future and garments made of recycled materials are not more expensive in stores," said Eriksson.

H&M purchases apparel worth nearly \$5 billion a year from Bangladesh.

Small businesses honoured

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"There was no way but to start the business to break the cycle of poverty," Jahan said at the award ceremony.

Ophina Begum from Thakurgaon was honoured as the best woman microentrepreneur of the year for growing a business that produces organic fertiliser from animal wastes and bones.

When Ophina started the venture in 1998, she used to produce 40 sacks of organic fertiliser. Now she produces 1,000 sacks of fertiliser.

Now 40 people work for her, a majority of them are rural women. "Now I want to export my products," said Ophina, mother of three children.

Shohel Miaji from Chandpur was awarded as the best microentrepreneur of the year in agriculture for cultivating fish in enclosures in the Dakatia river.

Miaji tried his luck as a tailor at home and a migrant worker. Later, he started producing fish in four enclosures in 2007, and it worked quickly.

Now he produces fish in 42 enclosures tied together, producing 26 tonnes of fish a year. Seeing his success, 12 people have already joined the trade.

"This type of efforts can help Bangladesh boost fish production," said Wahiduddin Mahmud.

Community Development Centre (CODEC), which works for the wellbeing of the communities living in the coastal and riverine areas, was honoured with the most innovative microfinance institution of the year award.

Since its inception in 1985, CODEC has reached out to 600,000 families.

It also works for the fishermen, helping them with boats, nets and marketing of their produce. As a result, 95,000 fishermen have been able to escape the clutches of loan sharks. CODEC has also set up 500 community schools in 11 districts.

The Integrated Development Foundation, a non-profit, non-political and a non-government organisation, was chosen for the best microfinance institution of the year award.

It works for the extreme poor people of hilly, remote and backward areas in the Chittagong Hill Tracts.

The award winners got Tk 4.5 lakh as prize money and certificates.

Mahmud, chairperson of the awards' advisory council, said Bangladesh has been able to sustain a stable economic growth amid global turmoil. In this case, microentrepreneurs have contributed significantly, he said.

He said, although there have been a lot of talks in the run-up to the budget, none of the talks focus on the investment climate of microentrepreneurs.

Of the two crore active microcredit members across the country, around 8 percent or 16 lakh have become microenterprises, according to experts.

Rokia A Rahman, a noted entrepreneur, who presided over the ceremony, said they become inspired after seeing the courage and hearing the stories of

building a business against all odds.

Zahida Fizza Kabir, executive director of Sajida Foundation, said microentrepreneurs have contributed to the development of the country.

Abdul Awal, executive director of Credit Development Forum, said the government and the Bangladesh Bank should continue efforts so that microentrepreneurs do not lose enthusiasm.

Launched in 2005 and now covering more than 30 countries, the Citi Microentrepreneurship Awards programme highlights the contributions of microentrepreneurs and microfinance institutions to their local economies, said Moinul Huq, acting country officer of Citi Bangladesh.

Through the programme, the Citi Foundation has invested more than \$12 million in microfinance networks and microfinance institutions to convene thousands of key stakeholders that influence sector-wide policy and regulation and encourage innovation around the world.

Citi, a leading global bank, has about 200 million customer accounts and does business in more than 160 countries and jurisdictions.

The Citi Microentrepreneurship Awards is being supported by the Citi Foundation, and implemented in the country by Citibank NA Bangladesh in association with Sajida Foundation, Credit and Development Forum, The Daily Star and Channel i.

Food grain yield to fall short of target

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The BBS is yet to finalise its production figure of wheat, which suffered from disease outbreaks in the southwest districts.

The FPMU, referring to the BBS, said although wheat production received

some setback in those regions, production will be closer to the target.

"In view of the circumstances pertaining to production of different types of rice and wheat, it is expected that total food grain production in 2015-16 will fall short of target and will also be

slightly lower than last year's production level," said the FPMU in its latest report.

With aus and aman, the total rice output this fiscal year stands at 1.57 crore tonnes against the DAE's target of 1.6 crore tonnes.

Best time for business: Muhith

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Muhith's remark came after businesses demanded low-cost loans, a continuous supply of quality electricity, faster implementation of major infrastructure projects and improvements in traffic and business-friendly tax and VAT rates to boost trade and investment.

The appeal came as private investment remains sluggish despite banks sitting idle with quite large amounts of funds.

Muhith said the government does not fix the interest rate on loans. The market determines it, he said, adding that the interest rate already declined to a single digit.

Mahmud said private investment remained sluggish in the last couple of years. In the coming budget, finding ways to boost private investment will be the biggest challenge for Bangladesh, he added.

Muhith is expected to place a Tk 340,000-crore budget in parliament on June 2, taking the outlay 15 percent higher than in the current fiscal year.

Muhith said the garment industry will continue to get top priority from the government.

In addition, incentives would be given to leather and footwear, plastics, pharmaceuticals, shipbuilding, ICT and furniture industry to encourage

investment in these sectors, he added.

The minister said the government has to consider the interests of the business community and poor farmers in framing the fiscal measures. For these reasons, the government must set ambitious goals, he added.

Bangladesh's budget will account for 20 percent of GDP; the ratio is one of the smallest in terms of GDP around the world, he said.

He said he would present a separate budget for mega-projects as eight such projects are running now. And four more mega projects will be added during the present government's tenure, he said. Former caretaker government adviser Mirza Azizul Islam said the projects that have been taken would play a pivotal role in speeding up the country's economic growth.

But the problem lies in implementation, he added.

"We have to allocate adequate resources for timely completion and ensuring value for money," he said, citing delays in completion of various projects such as the Dhaka-Chittagong four-lane project.

There is no doubt that infrastructural weakness is a major barrier to accelerating private investment, he added.

The construction of the ongoing

large projects would stimulate private investment, said Mustafizur Rahman, executive director of the Centre for Policy Dialogue, in a recorded interview broadcast at the programme.

He stressed the need for boosting revenue collection, bringing efficiency and enhancing the capacity of public agencies to utilise the funds timely and judiciously. The commerce minister said the government is aware of the needs and concerns of the business community. He said the government increased electricity generation to 13,000 MW from 3,000 MW after taking responsibility.

"Economic growth alone should not be the target. The next budget should focus on generating more jobs," said Md Siddiqur Rahman, president of Bangladesh Garment Manufacturers and Exporters Association.

Apparel exports gradually recovered after the slowdown following the Rana Plaza collapse in 2013, he said. There was a dearth of investment in the sector in the last two years, he said.

Discussions also suggested environment-friendly energy generation, increased allocations for education, health and social protection and safety nets to attain sustainable development goals by 2030.



Md Nazrul Islam Mazumder, chairman of Exim Bank, opens the 104th branch of the bank at Rajapur in Monohargani, Comilla yesterday. Mohammed Haider Ali, managing director, was also present.

SWIFT tells banks to share information on hacks

REUTERS, London

International financial messaging service SWIFT told clients on Friday to share information on attacks on the system to help prevent hacking, after criminals used SWIFT messages to steal \$81 million from the Bangladesh central bank.

Earlier on Friday, Reuters reported that Wells Fargo, Ecuador's Banco del Austro (BDA) and Citibank, whose managing director, Franchise Risk & Strategy, Yawar Shah, is SWIFT's chairman, did not inform SWIFT of an attack last year in which more than \$12 million was stolen from BDA.

The banks and Shah all declined to comment on why they did not inform SWIFT. Banks use secure SWIFT messages for issuing payment instructions to each other. The network is considered the backbone of international finance but faith in its security has been rocked by the theft from Bank Bangladesh's account at the Federal Reserve Bank of

New York.

SWIFT said in a communication to users on Friday that they should "immediately inform SWIFT of any suspected fraudulent use of their institution's SWIFT connectivity or related to SWIFT products and services."

SWIFT spokeswoman Natasha de Teran said banks whose SWIFT systems had been hacked should inform SWIFT. She said she was unable to say whether banks, such as Wells Fargo, that received messages they later discovered were fraudulent, should inform SWIFT. SWIFT has a role to play in educating its members about cyber threats, said Doug Johnson, senior risk adviser at the American Bankers Association, noting there were disparate levels of security across financial institutions globally. The ABA is a powerful lobby group for the U.S. banking industry.

"This is a teachable moment for everybody who uses the SWIFT system

to recognize that there is an effort by criminals underway to compromise the end points of companies using that system," Johnson said in a statement to Reuters after SWIFT communicated to its users on Friday.

SWIFT is especially concerned about the use of malware to access interfaces with the SWIFT network. The Belgium-based co-operative, which is owned by its user banks, said it needed technical information from systems which have been compromised with malware to better understand the risks of attack.

Malware was used in the hacks on Bank Bangladesh in February and in the BDA case in January 2015.

"It is essential that you share critical security information related to SWIFT with us," SWIFT said.

SWIFT told clients it would notify them as soon as possible of cases where malware had been used to attack systems "so that you can better target your preventative and detective efforts".



Tofail Ahmed, commerce minister, cuts a cake to mark the 15th anniversary of Shahjalal Islami Bank (SJIBL) at Pan Pacific Sonargaon hotel in Dhaka on Wednesday. AK Azad, chairman of SJIBL, and Farman R Chowdhury, managing director, were also present. The bank donated 42 computers to 21 educational institutions as a part of its corporate social responsibility.

1st Independent Global Conference on Business & Economics 2016

Date: May 21, 2016
Venue: IUB Multipurpose Hall






Toufic Ahmad Choudhury, director general of Bangladesh Institute of Bank Management, and M Omar Rahman, vice chancellor of Independent University, Bangladesh, attend a daylong international conference on contemporary global economics, organised by the Centre for Business Policy Research of the business school of the university, in Dhaka yesterday.

Banks cut back only 16.8 pc of written-off loans in 13 years

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However, during writing off the loans a 100 percent provision has to be made against the loan amount, along with filing a case to realise the sum. In other words, the loans being written off did not mean complete relief for the defaulter.

On the other hand, it is a form of punishment for the bank as it would have to do provisioning from its income.

Writing off loans is an international practice as well as a banking practice, Huda said. The practice is applied for a loan that has no possibility of being recovered, so it is separated from the bank's balance sheet.

One of the reasons for separating those loans from the banks' balance sheets is that if any bank has huge debt burden international banks do not accept any letter of credit from it,

Khaled said.

Several bank officials said, after adopting the policy, banks succeeded in cutting the amount of their default loans overnight.

Before 2003, the overall bad loans of banks soared to 44 percent of their total loans.

When Awami League assumed power on June 30, 2009, the banks' total default loans stood at Tk 22,973 crore, which was 10.50 percent of their total loans.

In March this year, the amount stood at Tk 59,411 crore, which is 9.92 percent of total loans.

Though the loan was lesser than in 2009 in percentage terms, it is still high as per the world standard of below 8 percent.

Khaled said, to get the true scenario of the banks' bad loans, the written-off

loans must be added to the classified ones.

At the end of March, the banking sector's bad loans stood at Tk 92,992 crore, which is about 15 percent of the total loans. The central bank is yet to prepare the amount of loans that were written off this year.

The increase in default loans in recent times is due to appointment of political persons in state banks' board after the present government came to power.

The default loans in the state banks soared after the scams involving BASIC Bank and Hall-Mark scam in Sonali Bank.

The private banks' default loans soared too for aggressive lending practices. For instance, in Chittagong, private banks gave commodity loans competing with one another, which turned bad.