

| STOCKS | | COMMODITIES | | ASIAN MARKETS | | | | CURRENCIES | | | |
|----------|----------|-------------|--------------|---------------|-----------|-----------|----------|---------------|-------|--------|------|
| DSEX | CSCX | Gold | Oil | MUMBAI | TOKYO | SINGAPORE | SHANGHAI | USD | EUR | GBP | JPY |
| ▲ 0.09% | ▲ 0.21% | \$1,327.20 | \$46.28 | ▼ 0.38% | ▲ 0.68% | ▲ 0.63% | ▼ 0.01% | BUY TK 77.80 | 84.83 | 101.54 | 0.72 |
| 4,558.94 | 8,519.90 | (per ounce) | (per barrel) | 27,836.50 | 16,497.85 | 2,925.35 | 3,053.68 | SELL TK 78.80 | 88.23 | 104.94 | 0.76 |

এসআইবিএল রিটেইল ব্যাংকিং
 জীবনের জন্য, জীবন যাপনের জন্য

এসআইবিএল ইসলামিক কনজুমার ফাইন্যান্স
 এসআইবিএল হোম ফাইন্যান্স
 এসআইবিএল অটো ফাইন্যান্স

* ফ্রি অনলাইন সেবা
 যে কোন প্রয়োজনে ০৯৬৬২০০৯২২



Star BUSINESS

DHAKA MONDAY JULY 18, 2016, SHRABAN 3, 1423 BS

BASIC Bank still in financial pain

Auditor says the bank's financial statements didn't follow reporting standards properly

SAJJADUR RAHMAN

The financial statements of the troubled state-owned BASIC Bank do not give a "true and fair view" of the institution's health, according to an audit report.

ACNABIN, an audit firm, made the observation in its annual report on the bank for 2015.

The audit report also said the bank did not follow the country's financial reporting standards properly in preparing the statements.

"This observation has made the bank's board of directors angry on the auditor. Directors who are mostly government bureaucrats have asked the auditing firm to change its opinion, which according to them is severely adverse," said a top official of the bank requesting not to be named.

Amid this situation, the bank's board approved the report in its annual general meeting held at its headquarters on Saturday.

The board discussed the issue at the meeting and decided to seek clarifications from the audit firm, the official said.

The present board took over in

July 2014 after the government resolved Sheikh Abdul Hye Bacchulel board that disbursed around Tk 6,500 crore loans between 2010 and June 2014, mostly on forged documents and inflated mortgages.

The new board blamed the serious irregularities during the tenure of the previous management for the bank's worsening financial condition.

ACNABIN explained the basis of its adverse opinion on the bank's financial statements in the audited annual report.

As of December 31 last year, the bank's total loans and advances stood at Tk 12,880.7 crore, including Tk 3,610.65 crore in classified loans and advances.

The provisioning required for the classified loans and advances was Tk 1,762.16 crore, but the bank has kept Tk 177.32 crore, according to the report.

The report also shows that BASIC's total loans and advances include further classified loans of Tk 2,970.60 crore, which was reported in 2014 as blocked assets.

Over Tk 2,060 crore was needed to be kept aside for provisioning,

but the bank kept Tk 221 crore.

Later in April last year, the bank managed to get Bangladesh Bank's approval to provide the deficit amount of provision in 10 years starting in 2015.

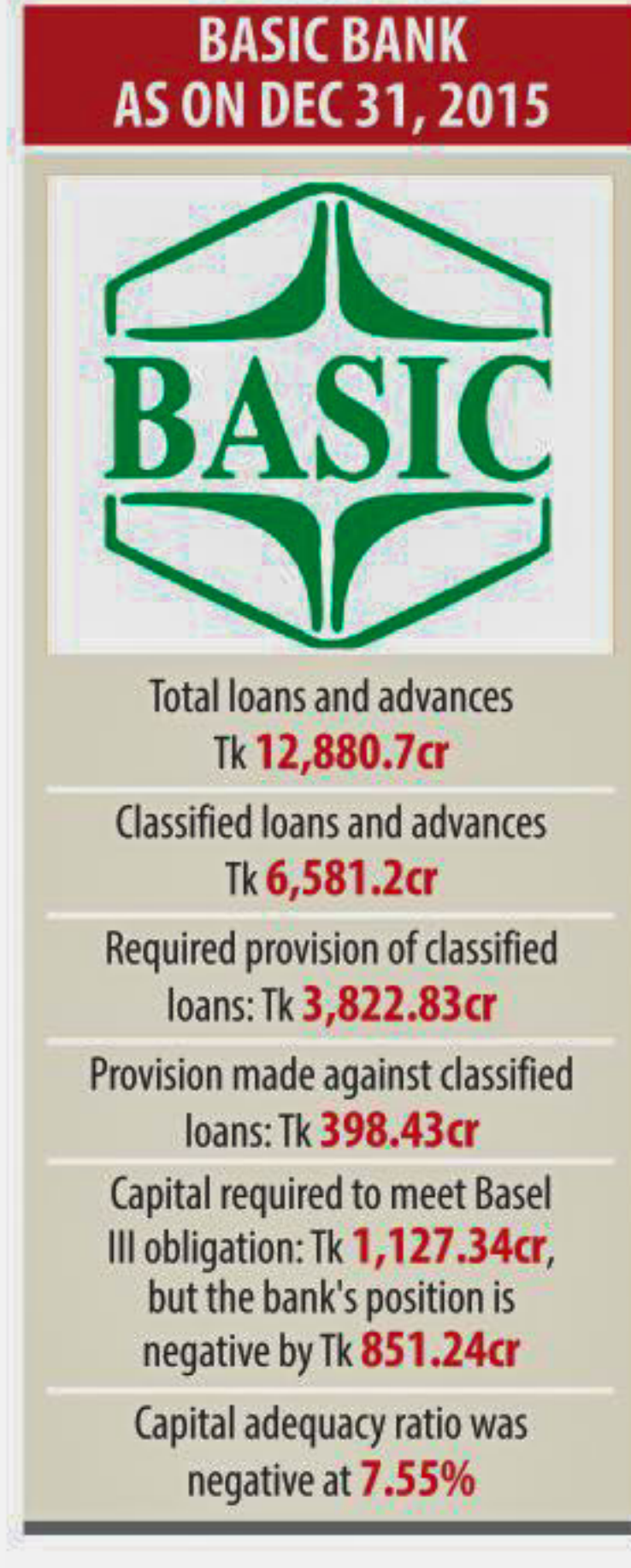
Altogether the bank's total classified loans and advances stood at over Tk 6,581 crore at the end of the last year, against which about Tk 3,823 crore of provisioning was required. But BASIC kept less than Tk 400 crore.

It also failed to make adequate provisioning on its other assets, according to the audit report.

The required provision for other assets as of December 31 last year was nearly Tk 158 crore, but the bank kept Tk 65 crore. Thus the shortfall was nearly Tk 93 crore.

However, the central bank gave the bank five years to meet this shortfall.

The bank is also struggling to provide the capital required for Basel III obligation and maintain the capital adequacy ratio (CAR). In both the cases, the bank's position is negative, according to the report.



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Monetary policy to focus on growth momentum

REJAUL KARIM BYRON

The central bank is set to announce the new monetary policy next week that will aim to maintain the private sector credit growth momentum.

The objective of the forthcoming monetary policy is to keep pace with the government's budgetary target of higher growth and lower inflation, said an official of the Bangladesh Bank.

Economists are on board with the central bank's stance to maintain the credit growth momentum, adding that the next monetary policy is most likely to be on the expansionary side.

However, they emphasised giving the highest priority to ensuring the quality of credit. Zahid Hussain, lead economist of the World Bank's Dhaka office, however, differed with them.

"It will be important to maintain policy continuity on the side of caution rather than aggression, particularly when the fiscal policy is moderately expansionary."

A BB official said the central bank has already held meetings with representatives of different sectors and leading economists, including former BB governors, about the forthcoming monetary policy.

During the meetings, the experts gave differing opinions and the central bank will prepare its next monetary policy incorporating the views.

The government has set the economic growth target for the current fiscal year at 7.2 percent; it set the goal of containing inflation within 5.8 percent.

The forthcoming monetary policy statement will face the difficult challenge of reducing inflation to 5.8 percent and increasing GDP growth to 7.2 percent in an uncertain global and domestic environment as well as the persistent supply side constraints, Hussain said.

With a slow rate of expansion in the economy's production capacity, higher growth tends to come with higher inflation in an expansionary policy environment.

Given the current state of the economy, particularly a high rate of non-food inflation, monetary accommodation rather than expansion is likely to serve the economy better, he said.

The government had set the private sector credit growth at 14.8 percent for last fiscal year. In May this year, growth crossed the target and stood at 16.4 percent, and the central bank estimates that by June it will have reached 16.5 percent.

"The private sector credit growth target for this fiscal year will be set keeping the present trend in mind," said the BB official, adding that no change will be brought in the policy rate, which was slashed 50 basis points in January.

The banking system is flush with excess liquidity making further monetary easing somewhat redundant, the WB economist said.

"I think the monetary policy should be accommodative. The growth achieved in private sector credit should be encouraged," said Salehuddin Ahmed, a former central bank governor.

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ADB gives \$275m to help upgrade Dhaka's water supply

STAR BUSINESS REPORT

The Asian Development Bank has come up with \$275 million in fresh loans for Bangladesh to help improve and expand the water supply system in Dhaka.

The Manila-based multilateral lender and the government of Bangladesh signed the loan agreement at the Economic Relations Division in Dhaka yesterday.

Mohammad Mejbahuddin, senior secretary of the ERD, and Kazuhiko Higuchi, ADB country director for Bangladesh, signed the deal.

"Dhaka city is expanding fast, and the demand for safe drinking water is rising rapidly," said Higuchi in a statement.

He said the project would help more than seven million people in Dhaka get access to safe, regular and affordable water services.

Earlier, the ADB provided the Dhaka Water Supply & Sewerage Authority with \$400 million for improving the water supply system in the capital but physical water losses still need to be reduced to further improve service delivery in many areas.

The new ADB assistance under the Dhaka Water Supply Network Improvement Project will be used to rehabilitate water distribution pipelines and set up new district metered areas.

About 5,000 new and legalised connections will be established in low income communities, and 229,000 connections will be upgraded for households and communities.

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Cafe attack dents country's image

A leader of Italian chamber says it will leave a negative impact on exports

REFAYET ULLAH MIRDHA

The Gulshan terror attack will leave a negative impact on exports and foreign investment as many traders and entrepreneurs have postponed their travel and investment plans in Bangladesh following the incident, said a top leader of Italy-Bangladesh Chamber of Commerce and Industry (IBCCI) yesterday.

Of the 20 victims of the cafe attack on July 1, nine were Italian, mainly garment traders.

"Killing of some of our long-time Italian friends does not send a good message for our exports to Italy or their investment in Bangladesh," said Muhammad Golam Mustafa, first vice-president of IBCCI, in an interview at the chamber office in Dhaka.

The immediate impact is that many Italian retailers have cancelled their trips to Bangladesh, while the main export item from Bangladesh to Italy is garment, he added.

Many factory owners will lose a good



Muhammad Golam Mustafa

number of work orders. "This will impact Bangladesh's employment, trade and finally, the economy," he said.

A negative impact can also be seen in the restaurant business in Gulshan and Banani, as the number of guests, mostly foreigners, has dropped significantly.

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IMF backs reforms in Philippines after Bangladesh Bank heist

STAR BUSINESS REPORT

The International Monetary Fund said the unauthorised transfer of \$81 million from Bangladesh Bank to entities in the Philippines highlighted the need to tighten the Southeast Asian country's anti-money laundering laws.

Chikahisa Sumi, head of the IMF mission to the Philippines, said there was also a need to ease the bank secrecy law in the country to be on par with international standards, the Philippine Star reported yesterday.

Hackers tried to steal \$1 billion from the account of the central bank of Bangladesh at the Federal Reserve Bank of New York last February. Of the 35 transactions, 30 transactions were foiled.

However, a total of five transactions worth \$81 million were consummated through fictitious accounts at the Jupiter branch of Rizal Commercial Banking Corporation or RCBC in Makati City allegedly facilitated by branch manager Maia Santos-Deguito and customer relations manager Angela Torres.

Both employees were dismissed by RCBC while Deguito, who dragged resigned president Lorenzo Tan into the scandal, is now facing several criminal cases filed by RCBC and the Anti-Money Laundering Council (AMLC) for violating the Anti-Money Laundering Act.

The AMLC has filed several cases against several personalities and Philrem Services of the Bautista family before the Department of Justice.

Both the Bangko Sentral ng Pilipinas (BSP), the central bank of the Philippines, and the Senate completed their respective investigations on the money laundering scandal.

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United Group to set up economic zone for IT industry

SARWAR A CHOWDHURY

United Group will set up a specialised IT-focused economic zone in Dhaka to attract foreign entrepreneurs.

The group will receive a prequalification licence today from the Bangladesh Economic Zones Authority to set up "United City Economic Zone" on 2.5 acres of land in the capital's Satarkul area.

Within a year of receiving the licence, United will have to do an environmental impact assessment, feasibility study and a master plan.

Upon satisfactory completion of the prequalification exercises, it will get the full licence, which will make it eligible

to enjoy tax exemption for 12 years.

It will be the first prequalification licence from Beza for an IT-focused economic zone, said an official of the economic zones authority.

Apart from the developers, entrepreneurs also can get fiscal and financial incentives and other benefits that industrial units get in the export processing zones.

By setting up a unit in an economic zone, investors can get the tax exemption facility for 10 years.

They can also enjoy Bangladesh's significant market access to developed and neighbouring countries, demographic dividends, the domestic consumer market

and most importantly, the cheap labour force.

United Group started its journey some 30 years ago with a few small ventures.

The group has investments in sectors such as power, healthcare, education, real estate and construction, port and maritime, textile and other manufacturing industries.

Beza has so far awarded licences to six local private sector companies to set up seven economic zones -- one each to AK Khan and Company, Abdul Monem Ltd, Bay Group, Aman Group, Maisha Group, and two to Meghna Group.

The government is also setting up four economic zones in the public sector;

Mirsara Economic Zone in Chittagong, Mongla Economic Zone in Bagerhat, Srihatta Economic Zone in Moulvibazar and Sabrang Tourism Park in Cox's Bazar.

Recently, China Harbour Engineering Company signed a deal with Beza to set up an economic zone, especially for Chinese investors, in Chittagong.

These economic zones are part of the government's plan to develop 100 such zones by 2030 on 75,000 acres, to create jobs for one crore people and to produce \$40 billion worth of products and services.

The authority has so far selected 59 places across the country for economic zones; feasibility studies on 22 sites are currently underway.

ICT help desk in the works

STAR BUSINESS REPORT

People will soon be able to get ICT services and job-related suggestions by dialling 2041 and 105 directly.

The services will be provided under the national help desk, which is being set up at a cost of Tk 60.50 crore. The help desk will be rolled out shortly, according to officials of the ICT division.

The telecommunication regulator initially allotted 2041 and 16666 short codes for the help desk, but upon ICT State Minister's Zunaid Ahmed Palak's request the second code was changed to a three-digit one.

The rationale for the three-digit code is that it would be easy to remember.

At present, dialling 100 would connect to Bangladesh Police, 101 to Rapid Action Battalion, 102 to fire services, 103 to ambulance service and 104 to the Access to Information Programme under the Prime Minister's Office.

Currently, the ICT division runs a customer complaint centre on the 16364 short code. Earlier, State Minister for Telecom Tarana Halim said she plans to bring all the emergency services under a simple three-digit short code.