

Tradeshi ties up with Alibaba for e-commerce

STAR BUSINESS REPORT

Local software and digital media firm Tradeshi has teamed up with China's Alibaba.com as its e-commerce partner for Bangladesh.

The companies signed a deal on June 3 in China, said Shadab Parvez, managing director of Tradeshi, at a press meet in Dhaka.

Now under separate deals with Tradeshi, local e-commerce companies will be able to purchase or sell products via Alibaba.

"This process will help boost export volumes and bring diversity," said Parvez.

Tradeshi will help develop the digital export marketing capabilities of Bangladeshi enterprises and make Alibaba's online channel popular in Bangladesh.

Alibaba's representatives will be available for seminars and workshops on digital export marketing and e-commerce in Bangladesh.

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ADB approves record fund for Bangladesh railroad

REJAUL KARIM BYRON

The Asian Development Bank yesterday announced a \$1.5 billion fund to build a key train line from Dohazari in Chittagong to Cox's Bazar, in its largest investment in railways in the continent.

In a statement, the ADB said the new railroad, which is part of the Trans-Asia Railway network, will also improve Bangladesh's access to Myanmar and beyond.

China had sought to finance the project, so this development will be yet another setback for Beijing, whose efforts to turn its Silk Road investments into workable projects are running into brick walls in parts of Asia.

The loan, which was approved yesterday in Manila, is the largest amount of funding by any multilateral lender on a single project in Bangladesh, superseding World Bank's commitments, which were all below \$1 billion.

"The size of the project reflects our commitment to supporting development in Bangladesh, particularly in areas such as the southeastern region where the potential for growth is

BY THE NUMBERS

TOTAL FUND: **\$1.5b**

FOUR INSTALLMENTS: **\$300m, \$400m, \$500m and \$300m** through 2022

All loans for 25 years with 5-year grace period

Interest rate for all except **\$90m** of first tranche will be based on **Libor**

\$90m in special funds will carry **2%** interest rate

high," Markus Roesner, principal transport specialist of ADB's South Asia department, told The Daily Star in an e-mail interview.

The Trans-Asia Railway is an initiative led by the United Nations Economic and Social Commission for Asia and the Pacific with the view to providing seamless rail links between Asia and Europe to better connect people and markets.

In an internal note in April, Finance Minister AMA Muhith said the Chinese government's interest in the project is very positive, so there is no scope to wait for the ADB to finance it.

However, due to much procedural

delays the government has now decided to take the loan from the Manila-based multilateral lender.

Ecneec has already approved a project to lay a 129 kilometres of rail track from Dohazari in Chittagong to Gundum near the Myanmar border via Cox's Bazar at a cost of Tk 18,034 crore or about \$2.28 billion.

The first part of the railroad will be 102km from Dohazari to Cox's Bazar and cost \$2.01 billion, according to Roesner. Of the sum, the ADB will provide \$1.5 billion, with the government footing the remaining cost.

The ADB will provide the amount in four parts, and another \$1 million in technical assistance to help Bangladesh Railway with safeguards, safety awareness and procurement.

The ADB is preparing to partially finance the second phase of the project as well, which involves laying extension to Gundum at the border with Myanmar as well as connection to the new deep-sea port in Matarbari.

Apart from laying down the rail line, nine stations between Dohazari and Cox's Bazar will be built, according to ADB.

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BB may approve City Bank's share sale to IFC

SAJJADUR RAHMAN

Bangladesh Bank considers allowing City Bank to sell its 5 percent equity shares to International Finance Corporation, the private sector arm of the World Bank Group, about eight months after the signing of the deal.

The development came after a meeting between Finance Minister AMA Muhith and BB Governor Fazle Kabir at the former's office last week.

"The finance minister has instructed Bangladesh Bank to consider the issue positively," said an official of the central bank.

Eunusur Rahman, secretary of the bank and financial institutions division of the finance ministry, also confirmed the matter to The Daily Star, and said: "The issue has been handed over to Bangladesh Bank."

Earlier in February, the City Bank signed a deal with the IFC to sell 5 percent of its shares at more than Tk 131 crore. The IFC will pay Tk 28.3 for each share, which includes a premium of Tk 18.3. A City Bank share closed at Tk 23.3 on the Dhaka Stock Exchange yesterday.

Accordingly, the City Bank, which is a first generation private lender, applied to the central bank for approval.

But the agreement did not get

through after the BB declined to approve the deal. The central bank had suggested that if City Bank needs capital, it should raise it from the local market, not from any foreign organisation.

"If we need to raise our capital, we can do so by issuing fresh shares to local parties," said a top official of City Bank, quoting a letter from the BB sent to them against their application.

Later, the City Bank pursued the issue with top government officials and the latest meeting was an outcome of the local bank's continuous effort.

Mashrur Arefin, additional managing director and chief communications officer of the City Bank, said they are yet to get an update on the issue.

On whether the IFC is still interested in the deal, Arefin said, "Yes."

The IFC provides debt, equity and guarantee products in sectors, including financial markets, infrastructure, agribusiness and manufacturing to help enhance employment opportunities, fuel growth and spur innovation.

The IFC's equity investment ranges between 5 percent and 20 percent of a company's shares, according to its website. It said equity investment provides developmental support and long-term growth capital that private enterprises need.



Second from left, Abu Hena Mohammad Razeen Hassan, deputy governor of Bangladesh Bank, speaks at a press conference at the central bank headquarters in the capital yesterday.

Correction

In a news item headlined "Banks' capital rises", which was published yesterday, it was mentioned that Premier Bank's capital adequacy ratio was 10.06 percent as of June 30.

However, Premier Bank in a statement said their capital adequacy ratio was 10.70 percent against the central bank's minimum requirement of 10.625 percent.

The bank also said their total risk weighted asset was Tk 11,531.04 crore, and against this amount, their total eligible capital was Tk 11,233.70 crore.

The Daily Star's report was based on Bangladesh Bank's provisional data.

Bangladesh now robust against illegal capital flows

STAR BUSINESS REPORT

Bangladesh is now compliant with international standards in anti-money laundering and counter-terror financing efforts -- a development that will reduce the cost of doing business and help attract foreign direct investment.

"Bangladesh's rating is better than countries like Norway, Sri Lanka and Fiji. To some extent, our position is better than developed countries like Australia," Abu Hena Mohammad Razeen Hassan, deputy governor of Bangladesh Bank, told reporters at a press conference yesterday.

The Asia/Pacific Group (APG) on Money Laundering, which is an autonomous and collaborative international organisation, recognised Bangladesh's

achievement after its third round of mutual evaluation assessment on the country's measures to counter money laundering and terror financing.

The evaluation team of assessors composed of APG experts in criminal law, law enforcement and regulatory issues.

The team visited Bangladesh in October last year and placed its report before the members at the group's annual meeting held in the US earlier this month.

"The business community now has a footing to bargain in doing foreign trades, such as charge for confirmation of LCs," said Hassan, also the head of the Bangladesh Financial Intelligence Unit (BFIU).

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