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STAR BUSINESS

DHAKA WEDNESDAY MARCH 1, 2017, FALGUN 17, 1423 BS

Strike takes a toll on transport of commodities



Indian goods trucks are stranded at Benapole land port because of the ongoing transport strike in Bangladesh.

STAR BUSINESS REPORT
The transport workers' strike has started to affect the movement of goods across the country, said industry insiders yesterday. Business leaders in Dhaka have expressed their concern over the strike and said that the supply chain of export, import goods and essential commodities would be affected if the strike continues. "If the strike prolongs, it will have a disastrous impact on our exports and imports," said Siddiqur Rahman, president of Bangladesh Garment Manufacturers and Exporters Association. Apparel accounts for over 80 percent of the

country's annual exports. Rahman demands an end to the strike for the sake of the economy. Transport workers took their protests to the next level after the conviction of two fellow drivers this week. It agitated the transport workers, who were already on strike in the Khulna division, and changed it to a countrywide strike since Monday. Shafiul Islam Mohiuddin, vice-president of the Federation of Bangladesh Chambers of Commerce and Industry, however, said businesses are yet to feel the pinch as most goods-laden trucks move at night.

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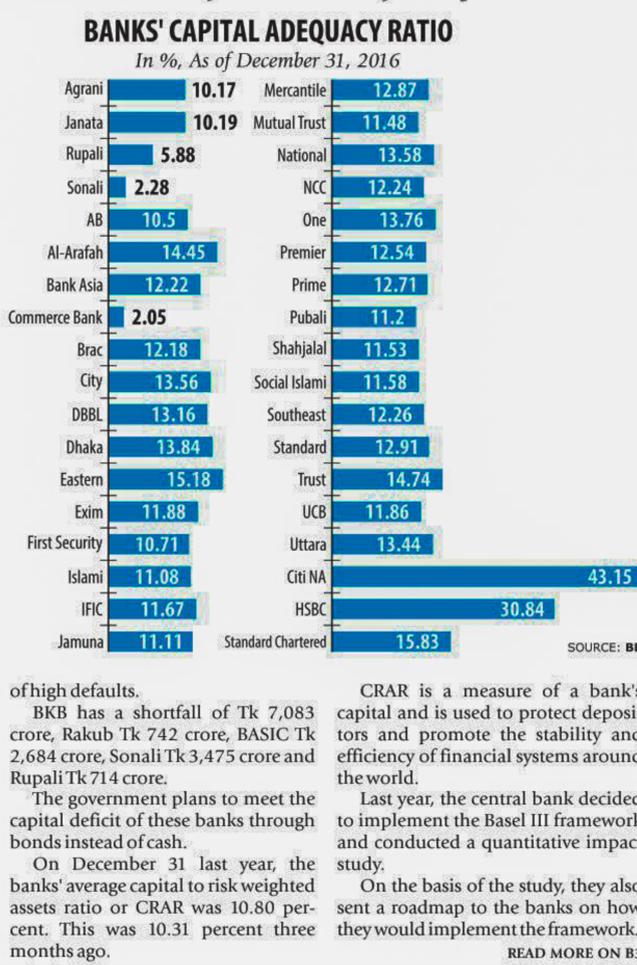
Central Pharma says it doesn't make banned antibiotics

STAR BUSINESS REPORT
Central Pharmaceuticals yesterday said it stopped production of penicillin and cephalosporin-type antibiotics five years ago in line with an order of the drug administration. The drug-maker gave the clarification as it is one of the 28 companies that were instructed in 2012 to stop the manufacturing and marketing of the antibiotics. As the necessary setup for manufacturing the penicillin and cephalosporin-type medicines was not completed, the Directorate General of Drug Administration (DGDA) banned their production five years ago. "Since then the company has not manufactured any penicillin and cephalosporin medicines," Central Pharma said on Dhaka Stock Exchange website. High Court on Monday asked the government to stop in 72 hours production and marketing of antibiotics of penicillin and cephalosporin groups, hormones and anti-cancer drugs by 28 companies as those were found substandard and injurious to health.

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Banks' capital swells 11 banks fail to maintain capital adequacy ratio

REJAUL KARIM BYRON
Overall capital of banks rose 7.81 percent in the last quarter of 2016, but 11 banks failed to maintain the capital in line with the new international standards. As per the Basel III framework, the state banks are in capital shortfall with Sonali, BASIC and Bangladesh Krishi Bank or BKB on top of the list. Eleven out of 57 banks failed to maintain minimum capital. Rupali, Janata, Agrani, Rajshahi Krishi Unnayan Bank, Bangladesh Commerce Bank, Farmers Bank, AB Bank and ICB Islamic Bank are among them. Most of the private and foreign commercial banks succeeded in the field. The central bank last year took steps to improve banks' financial health by increasing their CRAR in line with Basel III standards, introduced in January. Basel III is a comprehensive set of reform measures, developed by the Basel Committee on Banking Supervision, to strengthen regulation and supervision and reduce risks of the banking sector globally. On December 31 last year, the total capital in the banking system was Tk 83,758 crore, up from Tk 77,687 crore on September 30 of the same year, according to Bangladesh Bank. Premier and First Security Bank failed to maintain the capital adequacy ratio in the third quarter of last year; but in the last quarter they succeeded. Some of the banks are suffering from a huge capital shortfall because



of high defaults. BKB has a shortfall of Tk 7,083 crore, Rakub Tk 742 crore, BASIC Tk 2,684 crore, Sonali Tk 3,475 crore and Rupali Tk 714 crore. The government plans to meet the capital deficit of these banks through bonds instead of cash. On December 31 last year, the banks' average capital to risk weighted assets ratio or CRAR was 10.80 percent. This was 10.31 percent three months ago. CRAR is a measure of a bank's capital and is used to protect depositors and promote the stability and efficiency of financial systems around the world. Last year, the central bank decided to implement the Basel III framework and conducted a quantitative impact study. On the basis of the study, they also sent a roadmap to the banks on how they would implement the framework.

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Investment to fuel growth: IMF official

STAR BUSINESS REPORT
Capital market can be a new source of long-term investment for the private sector to attain Bangladesh's higher growth, said Misuhiro Furusawa, deputy managing director of International Monetary Fund (IMF). "There is clear scope to pursue capital market development to provide new vehicles to channel savings toward long-term investments," he said while delivering a lecture at Dhaka University yesterday. He addressed some challenges for the Bangladesh economy. He said Bangladesh needs to increase private investment, which is very important if the country wants to sustain the recent high levels of growth, he said. At the same time, a significant increase in public investment is also necessary to maintain competitiveness and generate further productivity growth, Furusawa said.

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Garment's green initiatives impress top IMF official

REFAYET ULLAH MIRDHA
A top official of the International Monetary Fund has expressed optimism about the future of Bangladesh's garment sector after he saw firsthand the industry's efforts to embrace green practices. "The future of Bangladesh's apparel industry is very bright because of the good workers and the vibrant private sector entrepreneurs," Misuhiro Furusawa, deputy managing director of the IMF, said yesterday. He said the garment sector of Bangladesh has progressed a lot over the years, and turning the factories into green units to save water, energy and the environment is a good initiative. The IMF official visited two green factories -- Eco Couture Ltd and Ecofab -- both owned by Viyellatex Group, a leading garment maker based in Gazipur. "The atmosphere is excellent for the workers. I am very much impressed," Furusawa said. "I think the garment sector has a bright future. But Bangladesh needs to improve infrastructure further." Furusawa, who came to Dhaka on Sunday on a two-day visit, said the IMF stands ready to offer support to



VIYELLATEX

Second from left, Mitsuhiro Furusawa, deputy managing director of the International Monetary Fund, visits Eco Couture, a green factory of Viyellatex Group, in Gazipur yesterday.

the private sector of Bangladesh. "An improved business climate is important for the country. Bangladesh should simplify the rules by reducing red tape." Some 67 garment factories of Bangladesh have obtained a highly regarded global certification -- the Leadership in Energy and Environmental Design (LEED) of the US Green Building Council. Another 222 factories have registered to obtain the recognition, according to Bangladesh Garment Manufacturers and Exporters Association.

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Govt funds raised in revised ADP

REJAUL KARIM BYRON
The government has increased the amount of its own funds to be spent on the annual development programme by about 10 percent as it has ample scope to borrow from the banking sector. In a meeting yesterday, the National Economic Council approved the revised ADP for 2016-17, keeping the original allocation of Tk 110,700 crore unchanged. After the meeting, Planning Minister AHM Mustafa Kamal said the government's portion in the ADP spending went up by Tk 7,000 crore to stand at Tk 77,700 crore. On the other hand, the share of foreign funds was slashed by Tk 7,000 crore or 17.5 percent to Tk 33,000 crore. According to an official, the planning ministry had proposed to raise the spending from domestic sources by Tk 500 crore but the prime minister increased the government's share equivalent to the cut in the funds from external sources. At the meeting, Kamal said the implementation of the foreign-funded projects was hampered at the beginning of the fiscal year because of militant attacks. As a result, full implementation of the foreign-aided projects would not be possible. A planning ministry official said the prime minister inquired about the government's borrowing from the banking system. In reply, the finance secretary said the government has not borrowed any money from the banking sector, the meeting sources said. The government has targeted to borrow Tk 38,938 crore from banks in the current fiscal year. But in the first five months the government has not borrowed a single taka; rather it has repaid Tk 6,702 crore to service outstanding debt, according to Bangladesh Bank statistics.

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MD, directors of Libra Infusions fined for breaking rules

STAR BUSINESS REPORT
Bangladesh Securities and Exchange Commission yesterday fined the managing director and directors of Libra Infusions Tk 2 lakh each for violating securities rules. The decision was taken at a meeting of the stockmarket regulator as the listed firm failed to prepare its audited financial reports for the year 2015 by properly following the clauses of Bangladesh Accounting Standards and Bangladesh Financial Reporting Standards.

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Bangladesh enters cruise tourism

STAR BUSINESS REPORT
A new window of opportunity has opened in the tourism sector as around a hundred ocean cruise tourists recently visited several areas of Bangladesh's coastal belt, putting the country on the world cruise map. Tourists from 95 different nations visited Maheshkhali Island in Cox's Bazar and the Sundarbans, the largest mangrove forest in the world, between February 22 and 24 on a ship named Silver Discover. The country earned Tk 35 lakh in foreign currency from that tour, said the tour operator Journey Plus yesterday at a press meet at the civil aviation and tourism ministry. Another team with tourists from 67 nations will be in the country today to travel to different coastal regions as well. "This trip will also bring in a similar amount of foreign exchange, and at the same time, help spread our reputation," said Toufiq Rahman, chief executive of Journey Plus.

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