

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DXSE	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
0.10%	Flat	\$1,230.50	\$51.76	0.21%	0.35%	0.19%	0.97%	79.60	84.35	97.36	0.69
5,695.45	10,729.54	(per ounce)	(per barrel)	29,648.99	19,521.59	3,169.38	3,237.31	80.60	87.95	100.96	0.72

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Star BUSINESS

DHAKA MONDAY MARCH 20, 2017, CHAITRA 6, 1423 BS

Financial services elude half of rural households

Brac study finds; economist urges govt to use NGO network to fight militancy

STAR BUSINESS REPORT

Almost half of the rural households remain outside the reach of financial markets despite expansion of microfinance over the last two decades, according to a study by Brac.

The number of rural households borrowing money from the financial market increased to 48 percent from 38 percent during 1988-2014, according to a research styled 'NGOs and rural credit market'.

Abdul Bayes, director of Research and Evaluation Division of Brac, presented the research findings at a seminar on NGO and development at Brac Centre in Dhaka yesterday.

The share of households taking loans from NGOs increased from 8 percent in 1988 to 49 percent in 2000 and 70 percent in 2014.

The high-cost informal credit market has shrunk but about a fourth of households still take loans from informal sources.

The market share of informal credit narrowed from 71 percent in 1988 to 23 percent in 2014.

The access to credit for the landless households expanded more than the landowning households.

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Govt hints loss-making state banks may be privatised

REJAUL KARIM BYRON and MD FAZLUR RAHMAN

The continuous losses of state-run banks prompted the government to consider privatising them all, expect one, said officials yesterday.

The issue of sustaining the taxpayer-funded lenders was discussed at a meeting in the presence of Finance Minister AMA Muhith, managing directors of all the seven state banks, governor of Bangladesh Bank, and the finance and banking secretaries. They reflected upon the capital shortfall of five state-run commercial banks and two state-run specialised banks.

After the meeting, Muhith told reporters, "Every government-run bank is weak. Every bank has some shortfall whether it is in case of capital or provisioning."

Last year, six state banks logged operating profits of Tk 2,010 crore, down 37 percent from a year ago.

After provisioning and tax payments, the state banks registered a net loss of Tk 511 crore for the year, which was Tk 125 crore in 2015.

Two other state-owned specialised banks -- Krishi Bank and Rajshahi Krishi Unnayan Bank -- counted Tk 418 crore in losses last year, against Tk 167 crore in 2015.

Privatising the state banks has been a long-standing demand of the experts.

Last year, Mohammed Farashuddin, former central bank governor, and Sadiq Ahmed, former director, called on the government to immediately privatise the state banks and take drastic measures against public enterprises to stop them from bleeding the economy.

While talking to the media yesterday, the finance minister mostly discussed BASIC Bank.

Muhith said the government would nurse BASIC Bank differently, as its problems are different from that of the other state-run banks.

"BASIC Bank has become a special institution. It will be treated as a sui generis [unique] case in order to improve its condition."

When the government discusses the banking sector, BASIC Bank would be out of the purview, he said. The bank will be given time to return to the group of the other state-run banks, he added.

At the meeting, Khondoker Md Iqbal, chief executive of BASIC Bank, made a presentation on the bank's current situation and the steps it has taken so far.

The bank needs capital to facilitate international trading of clients, he said. The bank made nearly Tk 9 crore in profits last year, he added.

Muhith said the bank has made some positive changes after the present management took over.

"It has identified the borrowers who have borrowed money from the bank and the types of outstanding payments. Identifying them was a difficult task."

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Accord to inspect Liberty Fashions factory on Mar 22

REFAYET ULLAH MIRDHA

Accord, a platform of more than 200 European retailers, is set to conduct an initial inspection of Liberty Fashion Wears Ltd, once a major supplier of its members, on March 22, as directed by the High Court.

The platform last week sent an e-mail to the factory owner, Mozammel Huq, in this connection.

Liberty Fashion Wears was skipped for inspection by the agency after Medway Consultancy Services (MCS), one of the consulting firms of Accord member Tesco, in May 2013 deemed the four-storied building on 20 bighas of land at Zirani to be vulnerable.

Following MCS's report Tesco and other brands stopped sourcing from the factory, which compelled Huq, chairman and managing director of Liberty Fashion Wears, to close down operations.

Huq, however, refused to accept the report from MCS and ran tests on soil and Detailed Engineering Assessment by the experts of Bangladesh University of Engineering and Technology and Bangladesh Garment Manufacturers and Exporters Association. Both Buet and BGMEA gave positive reports. Experts from the International Labour Organisation also said the building was fit for operation.

Emboldened by the positive reports from Buet, BGMEA and ILO, the factory management opened negotiations with Tesco, the factory's lead buyer, once again but Tesco did not budge from its previous position.

As per the rules, the Accord engineers were supposed to check the Liberty Fashion Wears building as well when the inspection rounds started in June 2013, as Tesco is a member of the platform.

But, the Accord upheld the decision of the MCS and did not inspect the building. Huq challenged the decision of the Accord and filed a writ petition with the High Court through Imtiaz Moinul Islam.

On March 2, a division bench of the High Court comprising Justice Tariq ul Hakim and Justice Md Faruque gave the verdict in favour of Liberty Fashion Wears.

The court ordered the Accord to conduct an immediate inspection and publish the findings on its website as well as circulate them among its members. Rob Wayss, executive director and acting chief safety inspector of the Accord, could not be reached by phone for comments.



AMA Muhith, finance minister; Kazi M Aminul Islam, executive chairman of Bangladesh Investment Development Authority; Rupali Chowdhury, president of Foreign Investors' Chamber of Commerce and Industry Bangladesh, and Adeeb Hossain Khan, president of the Institute of Chartered Accountants of Bangladesh, attend a discussion on "Path to an easier business environment" at Pan Pacific Sonargaon Hotel in Dhaka yesterday. The institute organised the event.

Rejoinder, our reply

Robi issued a rejoinder against a report headlined 'Robi yet to comply with all merger conditions' published in The Daily Star on February 23.

In the rejoinder the operator said there has been no communication from the Bangladesh Telecommunication Regulatory Commission that suggested that "Robi has not fulfilled all the conditions" placed by the regulatory body for its merger with Airtel.

Nowhere in the letter from the BTRC did it mention that Robi is in breach of the merger conditions, the rejoinder said.

"BTRC wasn't satisfied as, it says, that we haven't provided adequate or sufficient information/documents. However, that doesn't mean that we are in breach of the merger."

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Mercantile Bank to form new unit for mobile financial services

STAR BUSINESS REPORT

Mercantile Bank will set up a subsidiary company to run its mobile financial services (MFS) in an effort to become a top player in the field.

"Our services will be driven by an independent company that will be owned by the bank," said Adil Raihan, deputy managing director of Mercantile Bank, which now runs MFS under the brand name MYCash.

The decision was taken at the bank's board meeting on Thursday.

MFS is different from core banking and so, it is better to run the service by a dedicated company, where professionals and experienced people will operate it, Raihan said.

On the paid-up capital and launch of the new company, he said these are subject to regulatory approval by Bangladesh Bank.

Mercantile Bank first introduced the MFS under the brand name MPay in 2012, which was re-launched as MYCash in 2014. About Tk 30 crore to Tk 40 crore is transacted through this service every month.

Through MYCash, the bank provides customers with different services, including cash-in, cash-out, mobile top-up, deposit, fund collection, salary disbursement and merchant payment.

Mercantile now has around 4.5 lakh mobile banking clients and about 60,000 outlets across the country, said Raihan, who looks after this service.

Currently, 17 organisations offer mobile financial services in Bangladesh, where bKash is the market leader.

As of January, the country had more than 4.19 crore mobile banking subscribers, up 2.08 percent from the previous month, according to Bangladesh Bank data. Total transactions also rose 8.58 percent to Tk 252.06 crore in January, from Tk 232.13 crore a month ago.

Mercantile Bank was listed on the stockmarket in 2004. Its net profit stood at Tk 140.01 crore at the end of 2015, rising from Tk 116.91 crore in the previous year.

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US-Bangla to fly to Bangkok from May

STAR BUSINESS REPORT

US-Bangla Airlines will start flying to its sixth international destination -- Bangkok -- from May 3, according to a statement.

The private airline will operate four weekly flights from Dhaka and Chittagong to the popular tourist destination on every Monday, Wednesday, Friday and Saturday with a 164-seater Boeing 737-800 aircraft.

It will fly at 8am from Chittagong and at 9:40am from Dhaka and will arrive in Bangkok at 1:10pm.

The flight will start from Bangkok at 2:10pm and arrive in Chittagong at 3:40pm and in Dhaka at 5:10pm.

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