STOCKS		COMMODITIES		ASIAN MARKETS			
DSEX	CSCX	Gold ▲	Oil ▼	MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.02%	▲ 0.11%	$1,323.80 (per ounce)	$46.36 (per barrel)	▼ 1.14%	▼ 0.45%	▼ 0.56%	▲ 0.09%
5,948.50	11,156.61			31,388.39	19,362.55	3,249.34	3,365.63

CURRENCIES — STANDARD CHARTERED BANK

	USD	EUR	GBP	JPY
BUY TK	80.70	95.55	103.47	0.72
SELL TK	81.85	99.15	107.07	0.76

Star BUSINESS

DHAKA WEDNESDAY AUGUST 30, 2017, *BHADRA 15, 1424 BS*

Capital shortfall of state banks alarming

REJAUL KARIM BYRON

Eight state banks had a capital shortfall of Tk 12,683 crore at the end of June even though they got a handsome amount of fund from the government exchequer.

In other words, the banks are a long way off from maintaining capital as per international standards.

Their private and foreign counterparts though are successfully maintaining their stipulated capital adequacy ratio, as per a report of the finance ministry, which was presented in a workshop on Sunday.

As the eight banks' default loans swelled so did their provisioning requirement, due to which their capital bases have come under immense pressure.

Between fiscal 2013-14 and fiscal 2016-17 the government has infused Tk 9,639 crore to the banks as capital.

At the end of March this year, the banks' capital shortfall was Tk 13,987 crore, meaning the situation improved the following three months due to injection of fresh money but it is still worrying.

Scam-hit BASIC Bank received Tk 3,390 crore, Sonali Tk 3,005 crore, Agrani Tk 1,081 crore, Janata Tk 814 crore and Rupali Tk 310 crore. But at the end of June, Sonali had a capital shortfall of Tk 2,619 crore, BASIC Tk 2,210 crore and Rupali Tk 740 crore.

At the event, Agrani Bank Chairman Zaid Bakht said the state-run banks had to invest in various development projects of the government.

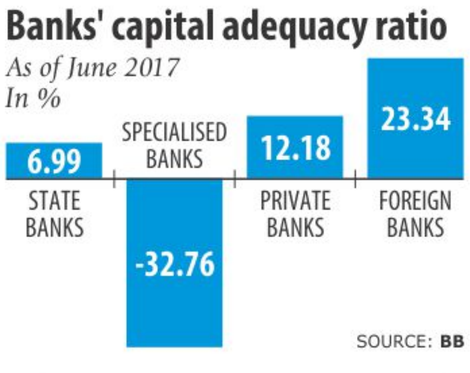
For example, four public banks invested Tk 4,000 crore in the Hanif flyover, for which the banks are now facing problems.

On the other hand, Agrani granted loans to the Bangladesh Petroleum Corporation and the Bangladesh Jute Mills Corporation, both state-owned agencies, which had been paid through bonds.

The interest rate on the bonds is lower than the bank's cost of fund. As a result, the bank had to count Tk 1,000 crore in losses, Bakht said.

Banks' capital adequacy ratio

As of June 2017
In %



SOURCE: BB

"Those who criticise the government for providing capital to the state banks need to take these into consideration," Bakht added.

The central bank last year took steps to improve banks' financial health by increasing their capital to risk-weighted assets (CRAR) ratio in line with the Basel III standards, which was introduced in January.

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Huawei considers smartphone assembly line in Bangladesh

MUHAMMAD ZAHIDUL ISLAM, *from Bangkok*

Huawei mulls over assembling smartphones in Bangladesh after the government this fiscal year slashed the customs duty for mobile parts for assembling locally.

At present, the customs duty for mobile parts for local assembling is 1 percent, down from 20-25 percent previously. At the same time, the government doubled the customs duty on handset import to 10 percent.

"I am well aware of this recent development," said Zhou Jianjun, vice-president of carrier network business (emerging market) at Huawei Technologies.

"We may not set up a manufacturing plant directly, but we can engage with partners who will do it. We can give them technical and knowledge support," he said on the sidelines of the Asia Pacific Emerging Market Summit 2017, held at Shangri-La hotel in Bangkok yesterday.

Huawei with the National Broadcasting and Telecommunications Commission of Thailand organised the event themed 'Emerging Markets, Emerging Opportunities'.

About 200 experts, operators and industry partners from Bangladesh, India, Nepal, Thailand, Malaysia, Indonesia, Myanmar, Sri Lanka, Cambodia, Vietnam and Hong Kong attended the event.

Zhou, however, refused to divulge with whom Huawei would team up to assemble handsets locally.

The move will help in bringing down the smartphone price level in Bangladesh and also will foster internet penetration, he said.

"There is no doubt that low-cost handsets play a very important role in digitisation," Zhou said.

Huawei has expressed its interest to work with the Bangladesh government for the digitisation process and build digital infrastructure, according to Steven Qin, president of the network marketing department of Huawei.

"Bangladesh is in our plan for this year," Zhou said, adding that the country is a huge market for the Chinese telecom giant because of its population of 160 million.

In 2016, Bangladesh imported about 31 million handsets, of which 7.8 million were smartphones.

Senior executives of Huawei also lauded the Bangladesh government for its plan to award 4G mobile licences soon, as it will deploy the fastest data service in the country.

Huawei is now working on 5G technology, which, it believes, will change the world and ensure everybody's connectivity across the globe.

At the summit, experts also shared their insights on ensuring sustainable development of business in the telecom industry.

Digital transformation has already spread like wildfire throughout the ICT industry, with operators in emerging market also experiencing both challenges and opportunities.

Experts also addressed how to develop a healthy emerging market and explore value-driven growth.

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Zhou Jianjun, *second from left*, vice president of carrier network business (emerging market) at Huawei Technologies, and other guests inaugurate the Asia Pacific Emerging Market Summit 2017 at Shangri-La hotel in Bangkok yesterday.

Microlenders asked not to recover loans from the flood-hit

STAR BUSINESS REPORT

The Microcredit Regulatory Authority yesterday asked microfinance institutions to temporarily suspend loan recovery from borrowers who have been seriously affected in recent floods.

It directed micro-lenders to put off the loan recovery and reschedule loans by giving grace periods for the time being, if necessary, according to a notice of the MRA.

"Microcredit institutions will take steps considering the situation of borrowers based on field assessment. Not all are affected. It will be done as per their need and we will monitor," said MRA Executive Vice-Chairman Amalendu Mukherjee.

He said it might be needed to suspend the loan recovery for more than six months or less than six months, depending on the condition of borrowers.

The MRA move came a week after the central bank relaxed loan rescheduling rules, suspending recovery for six months from the farmers and small entrepreneurs in the flood-hit areas.

The floods, which started affecting farmers in April, initially damaged quite a large amount of boro paddy in the backwater swamps in the country's northeastern region. Various parts of the northwest and other regions got submerged in July.

The flood situation deteriorated in August, affecting 32 districts, mostly in the north, and damaged crops on nearly 6 lakh hectares of land, according to official data.

"People in some districts are passing their days with immense sufferings. It is noticeable that microloan borrowers, who have lost houses, crops and other livelihood means, do not have the capacity to repay the loans," said the MRA.

Flood victims need more relief support and fresh loans to continue income generating activities, the regulator added, directing MFIs to continue distributing relief, pure drinking water and medicine among the poor and vulnerable from surplus funds.

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Bangladesh on board UN paperless trade

It signs agreement for cross-border paperless trade

STAR BUSINESS REPORT

Bangladesh yesterday signed an agreement on adopting paperless trade, an initiative of the United Nations to make export and import easier by reducing bureaucratic tangles through the use of technology.

Commerce Minister Tofail Ahmed signed the Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific on behalf of Bangladesh at the headquarters of the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) in Bangkok.

The full implementation of the agreement will not only reduce the cost of doing business but also the time, as the formalities for import and export activities at the airports, sea ports and land ports would be done digitally.

The agreement has the potential to harness the development dividends at the nexus of technology and trade, two key means of implementation for the 2030 Agenda for Sustainable Development, said Shamshad Akhtar, executive secretary of UNESCAP, in a statement.

Cambodia and China also signed the agreement, while several other countries present at the signing ceremony also expressed commitment to sign the treaty during the September 2017 session of the United Nations General Assembly in New York.

> *Full implementation of the agreement will reduce cost and time of doing business*

Open to all 53 UNESCAP member states, the regional treaty illustrates Asia and the Pacific's leadership in adopting innovative trade facilitation measures, the statement said.

It will provide the foundation for participating countries in the region to cooperate and accelerate progress in achieving paperless trade across borders, cut trade time and costs and ultimately boost economic competitiveness.

With full implementation of the cross-border paperless trade, export gains for the Asia-Pacific region are estimated to reach $250 billion annually, according to a recent UNESCAP study.

Even partial implementation of cross-border paperless trade could lead to: an export increase of $36 billion annually, decrease the time required to export by as much as 44 percent, and reduce costs by up to 31 percent.

The treaty is open for signature at the United Nations headquarters in New York until September 30 and will enter into force in 90 days after five countries have ratified the agreement.

The agreement has the potential to increase global merchandise exports by up to $1 trillion.

If the agreement is implemented properly, exports from developing countries are estimated to increase by $170 billion to $730 billion, while that from developed economies by $310 billion to $580 billion a year, according to the World Trade Organisation.

Comprehensive and faster implementation of the agreement will also boost the overall world export growth by up to 2.7 percent and global GDP growth by 0.5 percent, the WTO said.

Bangladesh's export receipts crossed $34.84 billion last fiscal year and the target for the current fiscal year has been fixed at $37.5 billion, Ahmed said.

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Use Indo-Bangla waterways more to carry cargoes: analysts

STAFF CORRESPONDENT, *Ctg*

Businesses should use waterways more to move cargoes between Bangladesh and India to reduce congestion at land ports and take pressure off heavily congested roads, said speakers yesterday.

They urged the businesspersons to opt for coastal waterways to transport cargoes cheaper and at a lesser time.

Their comments came at a seminar on "India-Bangladesh Bilateral Trade and Commercial Relations: Special Focus on Waterways Connectivity and Coastal Shipping" at the Bangabandhu Conference Hall of the World Trade Centre in the port city.

The Chittagong Chamber of Commerce and Industry (CCCI) and the High Commission of India jointly organised the event.

Though the coastal shipping agreement between the two countries allows use of the Chittagong port, most of the imports from India are coming through Petrapole and Benapole land ports, said Abdul Matlub Ahmad, former president of the Federation of Bangladesh Chambers of Commerce and Industry.

"It took us more than five years to convince India to allow us to use the coastal shipping. Now we have got it, but only one or two companies came forward," he said.

He urged local entrepreneurs to come forward with investment for ships, shipping lines and in the whole supply chain and use Indian ports to bring in goods from India.

He said the unloading part at Petrapole and Benapole is the main problem. "So, unloading by the private sector should be allowed."

Mahboob Ahmed, managing director of RiverLine Logistics and Transport, which operates vessels on coastal routes of Bangladesh and India, urged both the Chittagong and Kolkata ports to provide full facilities and concessions on charges by way of treating coastal ships as domestic ships, as envisaged in the coastal shipping agreement.

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WB gives $55m more for e-GP

STAR BUSINESS REPORT

The World Bank is going to give Bangladesh another $55 million to help the country bring electronic government procurement (e-GP) system to all public sector organisations.

An agreement was signed in this regard yesterday by Kazi Shofiqul Azam, Economic Relations Division (ERD) secretary, and Qimiao Fan, WB country director for Bangladesh, Bhutan and Nepal, at a programme in Dhaka.

The Digitising Implementation Monitoring and Public Procurement Project would also help improve capacity to monitor implementation of development projects and programmes using digital technology.

"The government of Bangladesh has made notable progress in improving public procurement performance, which is a key to increasing efficiency of public spending," said Fan.

"This project is a testament to the government's commitment to expand digitisation to all public procurement entities as well as to monitor development programmes and projects," he said.

In Bangladesh, annual expenditure on public procurement amounted to over $7 billion in recent years, representing 70 percent of the annual development programme, the WB said.

The global lender also said, since 2002, the WB has been helping Bangladesh improve its public procurement system, and in 2011, the bank supported the rollout of e-GP in four key procuring entities.

Currently, about 35 percent of the annual development budget is executed using the e-GP platform. This has helped improve efficiency of public spending, and reduced procurement delays, the WB said.

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