

LDC GRADUATION

Govt to conduct win-loss analysis

STAR BUSINESS REPORT

The government is going to formulate a strategic plan to assess the losses and opportunities once Bangladesh graduates from the least developed country group, said Kazi Shofiqul Azam, secretary to the Economic Relations Division, yesterday.

The United Nations will announce Bangladesh's graduation in March next year, he told a press briefing at the finance ministry.

He said Bangladesh has met the three criteria required to move out of the bloc -- income, human assets and economic vulnerability as per the UN -- and a UN team visited Bangladesh and submitted a primary report to the government.

Azam said after the formal announcement, the UN would monitor whether Bangladesh would be able to maintain the indicators achieved and then it would come into effect.

He said the shift would cause Bangladesh to lose some opportunities but it would gain some facilities under GSP plus and its position in the World Bank's Doing Business ranking would improve.

A high level meeting was held at

the Prime Minister's Office recently to assess which facilities the country will lose following the graduation, according to the secretary.

Based on the assessment, all ministries will be sent letters outlining which will gain and lose what and the government will prepare a strategy accordingly, he said.

Azam said losing some of the privileges was a norm. For example, the rate of interest on concessional loans will go up, he said.

As per the World Bank criteria, if the country's per capita income remains above \$1,400 for three consecutive years, the rate of interest would become about 2 percent from the present rate of 0.75 percent, he said.

MA Mannan, state minister for finance and planning, and Azam participated in a number of international programmes last month. The press conference was organised to share the outcomes. The state minister was present at the briefing.

The Committee for Development Policy (CDP) is mandated by the General Assembly of the UN and the Economic and Social Council to review the list of LDCs every three years and to make recommendations on the inclusion and graduation of

eligible countries using the criteria.

At the Bangladesh government's request, the secretariat of the CDP visited Dhaka from October 9 to 12 to discuss the country's potential graduation, according to a UN statement.

The secretariat met with officials from the ministries of the finance, planning and foreign affairs, the Bureau of Statistics and Prime Minister's Office, as well as with representatives from the private sector and the Centre for Policy Dialogue.

The objective was to explain the graduation process, the criteria for graduation, as well as giving a detailed review of the data used in the analysis of Bangladesh's LDC status.

According to its preliminary calculations, the CDP secretariat confirmed that Bangladesh would, for the first time, meet the criteria for graduation during the CDP's triennial review of the LDCs in March 2018, said the statement.

"Therefore, the country could be recommended for graduation at the following triennial review in 2021," it said.

Bangladesh was included in the LDC category in 1975. Once it leaves the group, the country will become a developing country.



Mohammed Gofran, additional managing director of Southeast Bank, opens the bank's 131st branch in Faridpur yesterday.

SOUTHEAST BANK

Chambers of commerce see Germany's 2017 growth at 2.3pc

REUTERS, Berlin

The German DIHK chambers of industry and commerce will raise its 2017 growth forecast for Europe's largest economy to 2.3 percent, Der Spiegel magazine reported on Saturday.

DIHK in October raised its growth forecast to 2.0 percent from 1.8 percent, saying the economy was firing on all cylinders helped by both exports and private consumption.

The DIHK also expects the economy to generate an additional 12 billion euros (\$14.27 billion) in tax revenues by 2020, Der Spiegel said, which would give the next government greater fiscal leeway.

Conservative Chancellor Angela Merkel has turned to the centre-left Social Democrats (SPD) as she seeks to form a government after her first attempt to forge an alliance with the pro-business Free Democrats (FDP) and the Greens failed.

Weak taka cheers up remitters

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In case of digital hundi, remitters deposit the amount to a vendor in their host country. The vendor then instructs his network in Bangladesh to deposit the sum to the accounts of mobile financial service (MFS) providers.

Through this illegal channel the recipients in Bangladesh tend to get a bigger sum than what they would have if the money was sent through official channel.

Rashid said the central bank has recently asked MFS providers to suspend suspicious accounts of agents, who settle cross-country financial transactions by bypassing the money laundering and terrorism financing laws. The directive paid off by way of boosting remittance income.

Md Arfan Ali, managing director of

Bank Asia, said the remittance inflow increased in recent months as the migrant workers are now getting a favourable rate.

Syed Mahbubur Rahman, managing director of Dhaka Bank, said Bangladesh has benefitted from a number of recent initiatives undertaken by the government and the central bank.

The BB has asked banks to recruit agents abroad to collect remittances from migrant workers. It also requested Bangladesh's embassies to take measures aimed at encouraging workers to use official channel to remit money, Rahman said.

Expatriate Bangladeshis sent home \$12.77 billion in 2016-17, down 14.47 percent year-on-year. The inflow was the lowest in six years, which plunged the country's current account balance in the deficit zone.

Reliance signs phase I for Bangladeshi power project

STAR BUSINESS DESK

Reliance Power last week signed project agreement for executing the first phase of its gas-fired power plant and liquefied natural gas (LNG) terminal integrated project in Bangladesh.

The first phase comprises setting up a 750 MW combined cycle gas based power plant in Meghnaghat near Dhaka and a 500 million standard cubic feet per day (mmscf) LNG terminal in Kutudibia Island. The terminal, including a floating storage and regasification unit, will supply LNG to the power station and PetroBangla.

The terminal usage agreement was signed with PetroBangla the same day. The company already had a deal for selling electricity with Bangladesh Power Development Board (BPDB), which is providing land for the power plant. The integrated project entails an investment outlay of over US\$ 1 billion, the largest foreign direct investment in Bangladesh and the largest investment in Bangladesh's energy sector.

Reliance Power had signed the memorandum of understanding with BPDB on June 6, 2015 during Indian Prime Minister Narendra Modi's visit to Dhaka.

GM sees 2019 launch for self-driving taxi fleet

AFP, Washington

General Motors is aiming to overtake rivals by launching a large-scale fleet of self-driving taxis by 2019.

The US auto giant told an investor call its strategy is based on zero emissions and autonomous technology that will eliminate most crashes.

Uber gets off to a flying start

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"The cost of the service is primarily determined by the cost of the car."

However, Parameswaran is very hopeful about the growing middle class of Bangladesh. "The size of the middle class is very big and that segment of people wants to use our service as an alternative," he said.

"The economy has been growing roughly at 7 percent for the last few years and only a few countries can maintain that growth; this will also help us to grow here."

But Parameswaran declined to disclose their profit or investment in Bangladesh and how they repatriate revenues.

The world's largest ride hailing company started operations in 2009, he said. There were many cities in the world where Uber became profitable after running operations for over seven years, he said. "There is a track record and we cannot be profitable from day

one in Dhaka." Uber is investing to enrich Bangladesh's market, said Parameswaran.

The company plans to launch its services in Chittagong and Sylhet soon, he said. "But the time has not yet been finalised."

Local entrepreneurs have started entering the market and some of them even launched their services outside Dhaka, he said. "Uber welcomes the competition."

If there is a real competition, everything will move faster collectively, said Parameswaran. It is a privilege to have more people in the space, he said. New investments depict that the market is attractive, he also added. Uber is waiting for the ride sharing policy, which would help the industry flourish, he said. About the data leakage from Uber last year, Parameswaran said the company is now taking a lot of measures to ensure safety of customers' data.

House Building's rural home loan scheme fares well

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The loan ceiling for rural borrowers is Tk 60 lakh. "The remittance inflow has boosted the rural economy, prompting the village people to build their houses by taking loans," said Debasish Chakrabarty, managing director of BHBFC.

The low interest rate is also a great attraction to the rural people, he said. The huge demand for housing loans from remote areas has prompted BHBFC to take house building finance from the Islamic Development Bank.

The IDB will provide Tk 864 crore to BHBFC, the interest rate of which will be 8.5

percent or lower, according to Chakrabarty.

"BHBFC has already fulfilled the conditions imposed by the IDB for getting the loan," he said, adding that IDB's president will come to Bangladesh in January to finalise the deal. Earlier in October, BHBFC sought Tk 500 crore from the Bangladesh Bank to accelerate its loan disbursement activities.

The central bank had declined to provide the fund due to inflation risk; it instead advised BHBFC to take the funds from the government. The BB has also called upon private banks to disburse their home loans in rural areas through BHBFC.



Debapriya Bhattacharya, convenor of the Citizen's Platform for SDGs, Bangladesh; Anisatul Fatema Yousuf, coordinator; Shaheen Anam and Rasheda K Chowdhury, core group members, and Badiul Alam Majumdar, country director for the Hunger Project, a partner organisation of the platform; attend a press conference in Dhaka yesterday to announce organising a daylong "Citizen's Conference 2017: SDG Implementation in Bangladesh" in the capital's Krishibid Institution Bangladesh on December 6.

Citizens' conference on SDGs Wednesday

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The UN has set 17 SDGs and 169 associated targets for countries to bring an end to poverty, protect the planet and ensure that all people enjoy peace and prosperity globally.

Discussions will be organised on issues related to the barriers to implementing the SDGs, role of private sector, inequality, labour rights, marginalised section of the society and empowerment of unemployed youths, the Citizen's Platform said. A research paper on "Quest for inclusive transformation of Bangladesh: Who not to be left behind" and a vulnerability index will also be unveiled at the event.

The participants will discuss the challenges of SDG implementation in Bangladesh on four dimensions—economic, social, environment and governance—in parallel sessions with focus on education,

women's empowerment, climate change and environment. The conference will end with a declaration from citizens and a cultural show representing cultural diversity of Bangladesh.

The implementation of the SDGs is not an easy task, said Shaheen Anam, a core group member of Citizen's Platform for SDGs, Bangladesh. "Involvement of people is very important in this regard."

One of the SDGs is to ensure justice for all and good governance, she said. Nothing could be achieved without good governance, said Anam, who is also the executive director of Manusher Jonno Foundation. "We have to give voices to the people," said Rasheda K Chowdhury, another core group member of the platform.

Many events related to SDGs are taking place now, she said. The question is whether the masses such as a

rickshaw-puller are aware of the SDGs along with the steps taken to achieve these, she said. The government can prevent early marriage and make every girl aware of the bad effects of child marriage, she said.

"The child who will get admitted to class one in January will be ready for university education by 2030. The question is whether we can ensure their smooth journey towards the goal."

"Massive awareness is necessary and citizens have an important role in this regard," said Badiul Alam Majumdar, country director of the Hunger Project Bangladesh. Bhattacharya said the government is taking up various schemes to achieve targets under the SDGs. These targets may not be fully attained without ensuring accountability, he said.

Anisatul Fatema Yousuf, coordinator of the Citizen's Platform for SDGs, Bangladesh, also spoke.

Local ceramics getting popular globally

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Around 4,500 visitors thronged the event that saw some 60 participants with over 100 brands. Besides, four seminars for professionals were also conducted by university teachers.

Chief guest Tawfiq-e-Elahi Chowdhury, prime minister's energy affairs adviser, found it very inspiring that the new generation was taking charge of the sector and that 400 foreign delegates attended the expo. He asked entrepreneurs to conduct research and develop products as per needs of international

clients. Chowdhury said, giving priority to the ceramic industry, the government already addressed its demand for electricity. There will be no shortage of gas from next year as liquefied natural gas or LNG will be imported, he said.

MA Mannan, state minister for finance, said he has learnt a lot about the ceramic industry from the expo.

The industry is changing at great speed towards a better future, he said, adding that the government would always stand beside the sector.

Md Sirajul Islam Mollah, president

of BCMEA, said there were currently 62 ceramic factories in the country and more were in the pipeline. Bangladesh's ceramic exports amounted to nearly \$50 million last fiscal year.

Though the industry has a good chance to earn more through exports, it faces a number of problems, he said pointing out that one has to wait for months to get his imported raw materials released from the Chittagong port. "This delay pushes our cost of production up," said Mollah, also a ruling party lawmaker.



Shoeb Md Asaduzzaman, executive director for marketing and sales at City Group, poses with the "Prestigious Brands of Asia" awards given by Herald Global for Teer Advanced Soybean Oil and Teer Atta Flour Whole-wheat Flour Semolina—brands of City Group—at an event in Bangkok last month.

CITY GROUP

Capital shortfall plagues 9 banks

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Mansur also asked the central bank to arrange an immediate one-to-one meeting with these troubled banks and instructing them to fulfil their capital needs in the shortest possible time. The central bank can also set a roadmap for banks facing a capital crunch on ways to strengthen their capital base, Mansur noted.

No private commercial bank with a capital shortfall should be allowed to run, he said adding that the BB should press Farmers Bank's board of directors to inject more funds to meet capital needs.

Scam-hit Farmers Bank faced a capital shortfall for the first time due to massive financial scams that weakened its capital base. A growing number of nonperforming loans forced the bank to keep aside a large amount as provision.

The other lenders which faced a capital shortfall are Bangladesh Krishi Bank (BKB), Sonali, BASIC, Rupali, Janata, Rajshahi Krishi Unnayan Bank, Bangladesh Commerce Bank and ICB Islamic Bank.

As per the Basel III framework, state-run BKB, Sonali and BASIC are facing the highest capital shortfall.

The overall capital adequacy ratio (CAR) against the risk-weighted assets in the banking sector stood at 10.65 percent as of September, down from 10.86 percent three months back.

A number of banks went for risky financing which fuelled a rise in their risk-weighted assets and weakened their capital base, affecting the entire banking sector, a BB official told The Daily Star yesterday. CAR was at 10.80 percent as of December 31, 2016.

Banks have to keep at least 10 percent

capital against their risk-weighted assets in line with the Basel III framework.

According to the latest BB data, CAR of Sonali stood at 3.26 percent as of September, Rupali 6.45 percent, Janata 7.01 percent, Bangladesh Commerce 6.02 percent, and Farmers 8.54 percent.

Four banks that registered a negative CAR are BASIC (11.10 percent), ICB Islamic (110.46 percent), BKB (41.78 percent) and Rajshahi Krishi Unnayan (6.57 percent).

Ahmed said the growing number of default loans was one of the major reasons for the shrinking capacity of banks to maintain the required capital.

He said a majority of the nine banks continued to face irregularities and financial fraudulence as they have not taken effective measures to bring credit discipline and to establish corporate governance.