

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY	
0.22%	0.08%	\$1,783.30	\$69.06	0.29%	0.59%	0.41%	1.11%	83.95	97.27	114.54	12.71	
6,771.84	11,840.29	(per ounce)	(per barrel)	55,629.49	27,585.91	3,131.44	3,485.29	BUY TK	84.95	101.07	118.34	13.37
								SELL TK	84.95	101.07	118.34	13.37



BUSINESS

DHAKA THURSDAY AUGUST 19, 2021, BHADRA 4, 1428 BS • starbusiness@thedailystar.net

Banks asked to raise core capital ratio

The move will beef up banks' risk resilience against unexpected losses: BB

STAR BUSINESS REPORT

The central bank yesterday asked banks to raise their core capital ratio to 3.25 per cent in 2023 after they failed to put in place enough shareholders' equity and reserves in line with international standards to absorb unexpected shocks.

In 2014, the Bangladesh Bank issued the guidelines on risk-based capital adequacy for banks in line with the Basel III Accord, the primary banking regulation that sets the minimum tier 1 capital ratio requirement for financial institutions.

The BB ordered banks to maintain at least 3 per cent tier 1 capital, also known as the leverage ratio, by 2015 to strike a balance between capital and assets.

Tier 1 capital is used to describe a bank's capital adequacy and refers to core capital that includes equity capital and disclosed reserves.

It ensures that a bank has adequate capital reserves to absorb losses, thus promoting both transparency and financial discipline among



STAR/FILE

People taking services at a branch of a bank in Dhaka. The central bank has ordered banks to maintain at least 3.25 per cent tier 1 capital, also known as the leverage ratio, in 2023 and raise it to 4 per cent in 2026.

banking institutions and protecting taxpayers from exposure to losses.

The leverage ratio is calculated by dividing the tier 1 capital by the total exposure.

Although the banking industry implemented Basel-III in 2019, the leverage ratio, alongside the risk-based capital adequacy ratio, has not increased proportionately, the BB said in a notice yesterday.

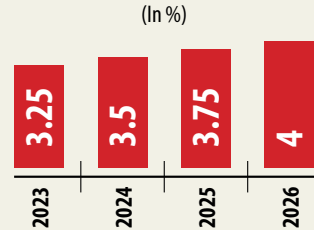
The elevation of the leverage ratio to the expected level will help banks cut their import expenditures in foreign trade, it said.

This will bring about a qualitative increase to the capital base of banks, the notice said.

"As a result, it will beef up banks' risk resilience against unexpected losses and strengthen the stability of the financial sector."

Banks will get the entire 2022

CORE CAPITAL RATIO TARGET FOR BANKS (In %)



SOURCE: BB

to prepare to lift the leverage ratio. They will raise the ratio by 25 basis points every year until 2026 to reach 4 per cent.

The current ratio is 3 per cent. Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, said banks with a lower capital base would find it challenging to meet the target.

So, the owners of the weak banks would either have to inject equity or banks have to retain earnings instead of distributing them among the shareholders in the form of dividends with a view to strengthening the core capital base, he said.

He said banks with a capital adequacy ratio (CAR) of 15 to 16 per cent would be able to meet the core capital goal.

Banks in Bangladesh maintained a (CAR) of 11.60 per cent last year, BB data showed.

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Anwar Hossain departs but his fame lives on

The founder of Anwar Group of Industries established 18 companies



Life of ANWAR HOSSAIN

Born on October 30, 1938
Started business at the age of 12
Factory of famous Mala sari set up in 1968
One of the founders of The City Bank Ltd
Anwar Group's annual turnover now Tk 4,500cr
Total companies 18
Employees over 14,000

REFAYET ULLAH MIRDHA and JAGARAN CHAKMA

After the partition of India and Pakistan in 1947, then East Pakistan was not an ideal place for local entrepreneurs to do business as non-Bangalees from West Pakistan were in complete control.

The situation started to change after some businessmen began their entrepreneurial journey, especially from Dhaka and Narayanganj. Narayanganj was the business hub in East Pakistan, now Bangladesh.

Anwar Hossain, a businessman from Old Dhaka, was one of them.

Born in 1938 in a family with a legacy of business in Lalbagh, Hossain lost his father at the age of six. He began his journey when he was 12.

His mother gave him a small amount of money as the primary capital of the business. He started cloth trading.

"By converting some silver coins given by my mother, I started afresh in the name of Anwar Cloth Store," said Hossain in an interview published in the Commercial

History of Dhaka by the Dhaka Chamber of Commerce and Industry (DCCI) in 2008.

His focus was on creating as many jobs as possible. So, he targeted investing in heavy industries. In 1956, he set up Sunshine Cable and Rubber Industry, the first Bengali-controlled industry in Pakistan. Later he quit the business leaving it in the hands of his uncle and brothers.

In 1966, he set up a factory, Anwar Silk Mills, in Tongi to make banarasi saris.

He produced "Mala Sari" which was an instant hit. Since then, he never looked back. Mala sari created such a buzz in the markets that almost all women in the country used to wear it.

There was a time when wedding ceremonies would not be completed had not the Mala sari been given to the brides.

"People started calling him as Anwar of Mala sari to differentiate from other Anwars," said Mahbubur Rahman, president of the International Chamber of Commerce - Bangladesh and a long-time friend of Hossain.

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Pran now will sell fried chicken

MAHMUDUL HASAN

Top food processor Pran is planning to grab a big share of the country's fast food market with a retail chain focusing on selling fried chicken defying the gloom of the pandemic.

With Fry Bucket, it wants to expand its footprint through outlets all over Bangladesh as fast food consumption has been increasing rapidly.

The company is opening its first outlet in Dhanmondi today at a time when fast food sales dropped over 40 per cent due to lockdowns and peoples' reluctance to avail dine-in services.

It will also face severe competition from other fast food retail chains who are now reeling from pandemic curbs.

"Despite the pandemic, people's appetite for fast food, especially fried chicken, has been growing," Kamruzzaman Kamal, director for marketing at Pran-RFL Group, told The Daily Star.

"So we want to cater to these customers and gradually expand our operation to all the major cities in the country," he said. Initially, it plans to establish 10 outlets in all the major locations in Dhaka by this year.

Asked how Pran will overcome challenges brought on by the pandemic, he said there would be facilities for online orders and home deliveries.

"We had plans to launch it in 2020, but it was delayed for the pandemic," he added.

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Pandemic weighing on schoolbag makers

AHSAN HABIB

Habibur Rahman, a Chattogram-based schoolbag manufacturer, suddenly fell into deep financial peril ever since the coronavirus pandemic first reached Bangladesh in March 2020.

Rahman once led a solvent life, easily maintaining his family expenses.

However, ever since Covid-19 began its march across the country, he has been struggling to survive as his income has been practically zero for the past one-and-a-half years amid the countrywide closure of all educational institutions.

On March 14 last year, the government shuttered all educational institutions in a bid to contain the spread of the deadly pathogen.

The closure was repeatedly extended with the latest lasting till August 31, leading to the cancellation of exams and leaving academic calendars in disarray.



SK ENAMUL HUQ

School bag sales have been practically zero amid the ongoing coronavirus pandemic, bringing much hardship to retailers as pictured above. The photo was taken recently at Haji Nur Nabi Market in Dhaka's Badda area.

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Popular Group units pay VAT after evasion probe

STAR BUSINESS REPORT

Two entities of Popular Group have made a payment of Tk 6.36 crore against allegations of value added tax (VAT) evasion brought by a state intelligence wing probing claims of tax evasion by healthcare providers.

The VAT Audit, Intelligence & Investigation Directorate (VAID), a field office of the National Board of Revenue (NBR), said Popular Diagnostic Centre and Popular Medical College & Hospital in the capital's Dhanmondi did not pay the VAT at source on purchase of goods and services.

The NBR's field office detected the anomalies after auditing the annual reports and VAT related

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N Mohammad Plastic plans Tk 500cr expansion

INVESTMENT PLAN

TOTAL LAND
10 acres (developed)

PROPOSED INVESTMENT
Tk 500cr

EQUITY
Tk 200cr

BANK LOAN
Tk 300cr

JOB TO BE CREATED
1,600

PRODUCTS TO BE MADE
PVC furniture, HDPE pipes & fittings, WPC & PVC doors

JAGARAN CHAKMA

N Mohammad Plastic Industry, a concern of Chattogram-based N Mohammed Group, plans to make a fresh investment of around Tk 500 crore to expand business

for increasing its market share alongside exports. Bangladesh currently manufactures over 142 plastic items and mainly exports intermediate products like film plastic, household items and garment accessories.

However it has no facility for manufacturing polyolefin, the raw material used for its chemical resistance and inertness.

According to the Bangladesh Plastic Goods Manufacturers and Exporters Association, the sector's sales are growing by about 20 per cent every year on the back of spiralling demand from domestic and export markets.

According to an estimate of the association, domestic market sales hit Tk 30,000 crore in fiscal 2018-19, up from Tk 25,000 crore in the previous year.

Though there is no reliable association data on last fiscal year's growth, it is widely believed to have been negative.

N Mohammad Plastic Industry has already signed a land lease agreement with Bangladesh Economic Zones Authority (Beza) to set up plastic product manufacturing factories on 10 acres of land in Bangabandhu Sheikh Mujib Shilpa Nagar at Mirsarai of Chattogram.

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