# MTBiz

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# US GOV'T SHUTDOWN 2013: A DISCOURSE ON CAUSES BEHIND

MTB SME
BANKING

# MTB লাইট ইঞ্জিনিয়ারিং

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# এমটিবি লাইট ইঞ্জিনিয়ারিং

**ঋণের ধরণঃ**

- ঘূর্নায়মান ঋণ [Revolving Loan (RL)] - চলতি পূঁজি অর্থায়নের জন্য এক বছর মেয়াদী একটি জমা-উত্তোলন ভিত্তিক ঘূর্নায়মান ঋণ হিসাব, যা প্রতি এক বছর পর পর নবায়নযোগ্য।
- মেয়াদী ঋণ [Term Loan (TL)] - চলতি পূঁজি / স্থায়ী সম্পদ অর্থায়নের জন্য মাসিক/ত্রৈমাসিক/ষান্মাসিক কিস্তিতে সর্বোচ্চ ৫ বছরের মধ্যে পরিশোধযোগ্য ঋণ।

**সুদের হার**
ব্যাংকের নির্ধারিত সুদ হার প্রযোজ্য।

**ঋণের পরিমানঃ**
একজন ঋণগ্রহীতা সর্বোচ্চ ১৫.০০ কোটি টাকা পর্যন্ত ঋণ পেতে পারেন।

**গ্রেস পিরিয়ড**
সুবিধাজনক গ্রেস পিরিয়ড প্রযোজ্য ।

**জামানত**
৫.০০ লক্ষ টাকা পর্যন্ত ঋণের জন্য কোন অতিরিক্ত জামানত (Collateral Security) প্রয়োজন নেই । ৫.০০ লক্ষ টাকার অধিক ঋণের জন্য অতিরিক্ত জামানত বাধ্যতামূলক।

*শর্ত প্রযোজ্য

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# MTBiz

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**US GOV'T SHUTDOWN 2013: A DISCOURSE ON CAUSES BEHIND**


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# US GOV'T SHUTDOWN 2013: A DISCOURSE ON CAUSES BEHIND

## INTRODUCTION

Shutdown of a private company is too common phenomenon as global success rate of small business is roughly 80%.


Shutdown of publicly traded and listed company is also not infrequent. Off and on it is heard that, XYZ Company has declared bankruptcy. From this context, shutdown of a government itself is a phenomenon quite battering to the perception of the people outside US, especially to those, whose country never have had any Government Shutdown.

This piece of article of is drafted with the intension to discuss the government shutdown phenomenon in the US for people who never experienced a thing like this. Objective of this article is to discuss what a government shutdown means in the US, how it takes shape and impact of the shutdown on economy. This piece of article may be considered a discourse on the causes behind US Government Shutdown, elaborated for a target group, who are apart from academicians, researchers or specialist on the field. In a nutshell, this is a discussion in simplistic manner for general people outside the US.

Shutdowns of the type experienced by the United States are nearly impossible in other democracies. Under the parliamentary system used in most European nations, the executive and legislative branch are not separate, with the parliament designating all executive officials, called "ministers". In many other non-parliamentary democracies, a strong executive branch typically has the authority to keep the government functioning even without an approved budget.

## HOW THE SHUTDOWN BEGAN

The United States federal government shutdown of 2013 ran from September 30 to October 16, 2013. The primary issue of dispute between the House of Representatives (Republican dominant) and the Senate (Democratic dominant) was the Republicans' desire to delay or defund the Patient Protection and Affordable Care Act (Obamacare), signed into law in 2010. Thus

Congress failed to enact a legislation appropriating funds for fiscal year 2014 and a "funding gap" came up.

A "funding gap" is created when the two chambers of Congress fails to agree to an appropriations continuing resolution. The Republican-led House of Representatives, offered several continuing resolutions with language delaying or defunding the Patient Protection and Affordable Care Act (commonly known as "Obamacare"). The Democratic-led Senate passed several amended continuing resolutions for maintaining funding at sequestration levels with no additional conditions. Political debate over this and other issues between the House on one side and President Barack Obama and the Senate on the other led to a budget impasse which pumped the deadlock of the funding gap.

Analysts were concerned that the political gridlock would extend into mid-October, when Congress and the President must agree to raise the debt ceiling to avoid the prospect of defaulting on the public debt. Following the debate over the debt ceiling in May 2013, the Treasury Department was forced to engage in extraordinary measures to fund the government. In August 2013, the Treasury informed Congress that the extraordinary measures would be insufficient starting in mid-October and further specified, in late September, that the U.S. would begin to default on its debts if a new debt ceiling was not approved by October 17. On October 2, President Obama explicitly linked the government shutdown to the debt ceiling issue, stating that he would not reopen budget negotiations until Republicans agreed to passage of a bill raising the debt limit. On October 7, the Moody's bond credit rating agency released a memo stating that it was unlikely the U.S. would risk a default on its public debt, and that the nation instead "would continue to pay interest and principal on its debt". The memo further stated that the financial situation was more serious in 2011 than the 2013 problem. However, such prioritizing of debt payments over all other needs would require that the government default on many other payment obligations, likely including a wide array of business contracts, employee salaries, social insurance benefits, and other programs. The Council on Foreign Relations said that among the payments implicated were military wages, Medicare and Social Security payments, and unemployment support.

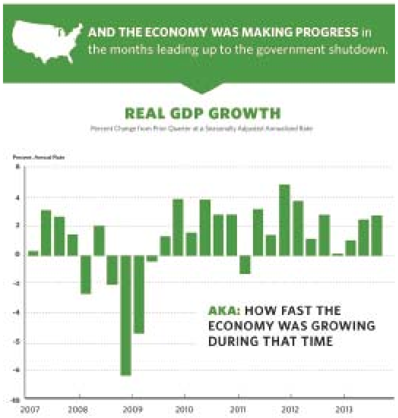
The deadlock centered on the Continuing Appropriations Resolution, 2014, which was passed by the House of Representatives on September 20, 2013. The Senate stripped the bill of the measures related to the Affordable Care Act, and passed it in revised form on September 27, 2013. The House reinstated the Senate-removed measures, and passed it again in the early morning hours on September 29. The Senate declined to pass the bill with measures to delay the Affordable Care Act, and the two legislative houses did not develop a compromise bill by the end of September 30, 2013, causing the federal government to shut down due to a lack of appropriated funds at the start of the new 2014 federal fiscal year.

Late in the evening of October 16, 2013, Congress passed the Continuing Appropriations Act, 2014, and the President signed it shortly after midnight on October 17, ending the government shutdown and suspending the debt limit until February 7, 2014.

## IMPACT IN NUMBER

Total impact of the shutdown in 2013 is USD 24 billion as estimated by Standard & Poor's. The financial services company said the shutdown, which ended with a deal late Wednesday night after 16 days, took USD 24 billion out of the U.S. economy, and reduced projected fourth-quarter GDP growth from 3% to 2.4%.

During the shutdown, approximately 800,000 federal employees were indefinitely furloughed, and another 1.3 million were required to report to work without known payment dates. Only those government services deemed "excepted" under the Anti-deficiency Act were continued; and only those employees deemed "excepted" continued to report to work.




Hundreds of thousands of federal workers bore the economic brunt of the shutdown. But small businesses also suffered from frozen government contracts and stalled business loans. Tourism suffered from closed national parks, and military families had to cope without childcare and other services. Federal workers will receive back-pay under the deal, but contractors will probably not get their lost wages. The stall in cash-flow could affect spending during the holiday shopping season.

## US SHUTDOWN MECHANISM

In U.S. politics, a government shutdown is the name for the process the Executive Branch must enter into, when the Congress creates a “funding gap” by choosing not to or failing to pass legislation funding government operations and agencies. If interim or full-year appropriations are not enacted into law, the United States Constitution and the Anti-deficiency Act require the federal government begins a “shutdown” of the affected activities. If the funding gap lasts long enough that shutdown plans must be enacted, the law requires the furlough of non-emergency personnel and curtailment of agency activities and services.

Programs that are funded by laws other than annual appropriations acts (like Social Security) also may be affected by a funding gap, if program execution relies on activities that receive annually appropriated funding.

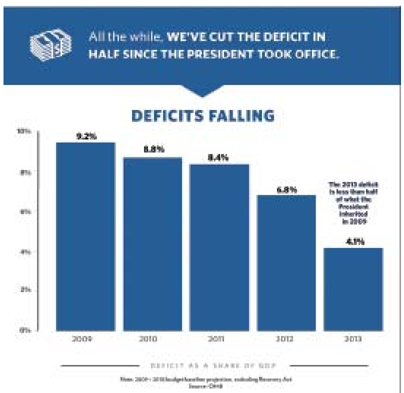
Under the separation of powers created by the United States Constitution, the United States Congress has the sole power of the purse and responsibility for appropriating government funds. The appropriations bills must start in the House of Representatives and then be approved by the Senate, which upon passage of a final version by both houses then, go to the President of the United States. If the President signs or ignores the bills, they become law. If the President vetoes the bills, they go back to Congress, where the veto can be overridden by a two-thirds vote. Government shutdowns tend to occur when the President and one or both of the chambers of Congress are unable to resolve disagreements over budget allocations before the existing budget cycle ends.

## US SHUTDOWNS IN RETROSPECTIVE

Shutdown in US Government is not new. It has been seen since 1700s. In the year 1981 President Ronald Reagan pledged that he would veto any spending bill that failed to include at least half of the USD 8.4 billion in domestic budget cuts that he proposed. Although the Republican controlled Senate passed a bill that met his specifications, the Democratic-led House insisted on larger cuts to defense than Reagan wanted as well as pay raises for Congress and senior civil servants. A compromise bill fell USD 2 billion short of the cuts Reagan wanted, so Reagan vetoed the bill and shut down the federal government since November 20 to November 23, 1981. A temporary bill restored spending through December 15 and gave Congress the time to work out a more lasting deal.

During the Ford and Carter administrations, funding gaps caused 6 partial shutdowns that affected only the departments of Labor and Health, Education, and Welfare. These lasted from 8 to 18 days and the primary issue of dispute was federal funding for abortion. During the Reagan administration, there were 8 funding gaps with technical shutdowns lasting less than 48 hours or over weekends while spending measures were negotiated. A funding gap during the George H. W. Bush administration also caused a weekend shutdown, resolved late the following Monday.

During the Clinton administration, after conservatives made massive congressional gains in the 1994 Republican Revolution, there were two full government shutdowns lasting 5 and 21 days respectively, both the longest and most severe to that date. These shutdowns led to massive furloughs and significant disruption. The primary issue was budget deficit of the United States.




## THE LAST WORDS

While most government shutdowns prior to the 1995–1996 shutdowns had very mild effects, a full federal government shutdown causes a large number of civilian federal employees to be furloughed. Active duty military personnel and employees excepted by the Anti-deficiency Act are not furloughed, but may not be paid as scheduled if at all for the period of the furlough. During a government shutdown, furloughed government employees are prohibited from even checking their e-mail from home. To enforce this prohibition, many agencies require employees to return their government-issued electronic devices for the duration of the shutdown. The exact details of which government functions would stop during a shutdown is determined by the Office of Management and Budget.

The US government is the largest economic entity of the world. A shutdown of such a humungous economy, therefore, had a far reaching impact, even beyond the geographical boundaries of the country. Although the shutdown lasted only 16 days, its impact would be felt for many years to come.

National budget is a key development tool, yet this tool is prepared through a political process. Understanding the detail of the politics of the budget process, certainly in developing countries, requires more effort. The idea of the national budget is allocating total national resources to the sectors where it is required most, at an optimum level. The idea of ‘getting the budget right’ is certainly not new, and the fundamental technical and political challenge of matching finite resources to infinite wants is always inevitable.

It is also something very difficult for people outside politics, to effectively understand, influence or take part into the process. In a democracy politics defines who gets what, when and how – and the national budget is a key manifestation of this. Well, for democracy, it is obvious there ought to be at least two main stakeholders in politics: one in administration while the other being the party in opposition. Different political parties usually have difference in opinion, ideology and views on different issues. Considering all national issues, it is generally accepted that, political parties do have difference in opinion and that’s a very reason for their identity. Given the scenario of obvious difference in opinions, views or philosophy among political parties, it is very usual to expect there ought to be any difference of opinion, in the process of preparing national budget, too.

### BB relaxes SME loan rescheduling provisions


The Bangladesh Bank (BB) has relaxed for six months some provisions including rescheduling of SME loan for facilitating credit flow to the small and medium industries, affected by the prevailing political turmoil. Country's commerce, business and economic activities, especially the small and medium enterprises (SMEs) are being hampered by the ongoing instability, affecting their competitiveness, gradually making the SME borrowers loan defaulters. Mentioning the need for continuation of the credit flow among the affected SMEs in consideration of the sector's significant contribution to the economy, the BB allowed the relaxation till June 30, 2014.


According to the circular, the matter relating to down payment in respect of rescheduling of SME loans can be considered based on the bank-client relations. The BB also advised the banks to fix the duration of restructuring standard and special mention account (SMA) loans at rational level, and if necessary, such loans can be transferred to the block accounts. The BB also suggested that the banks should show flexibility in fixation of interest rate on SME loans, according to the circular.

### BB issues Agent Banking Guideline

Country's commercial banks have been allowed to introduce agent banking for strengthening their ongoing financial inclusion programme through bringing un-banked people into the banking channel. The BB issued guidelines on agent banking seeking applications from the banks to start such banking business in the country. The banks may provide their services to un-banked people through introducing such banking without establishing their branches, the central bank explained. Services including cash-in, cash-out, money transfer, mini statement, account balance, and utility bill payment would be available through agent banking.

"It is the owner of an outlet who conducts banking transactions on behalf of a bank," the central bank said in its guidelines. The central bank has also decided to promote this complimentary channel to reach to the poor segment of the society as well as existing bank customers with a range of financial services particularly to geographically dispersed locations. An agent can act as a representative of more than one bank at a time but at the customer-end point a retail outlet or sub agent of an agent will represent and offer banking services only for a single bank, according to the guidelines.

It also said the banks should visit the agents' outlets at a regular interval to ensure that the agents are working in accordance with the terms and conditions of the agreement and following the rules, regulations and guidelines issued by the regulator. Agent banking is a new idea for Bangladesh though countries like Brazil, Ghana, Kenya, India, and Pakistan have already introduced the system.

### BB to oversee Bank-NBFI liquidity management from Jan

Bangladesh Bank will introduce a monitoring tool named 'Inter-bank Transaction Matrix' from January 2014 to supervise liquidity management of banks and non-bank financial institutions. To this end, the BB issued a circular to Managing Directors and Chief Executive Officers of all scheduled banks and NBFIs saying that the central bank would give early warning signals to the crises institutions about their liquidity crisis by using the new tool. The BB circular said, 'Interconnectedness among the banks and other depository institutions sometimes causes risks for themselves.'

As part of the move, the BB has made a decision that all scheduled banks and NBFIs will start monthly reporting henceforth as per the user manual and specified data template, contained in a compact disk within six working days after the end of each month.

### BB to bring members of 2 more trade bodies under EDF fund

The central bank has extended support to bringing the members of two more trade bodies under its export development fund (EDF) scheme to help exporters recover their losses caused by the ongoing political turmoil. The two trade bodies are the Leather-goods and Footwear Manufacturers and Exporters Association of Bangladesh (LFMEAB) and the Bangladesh Ceramic Wares Manufacturers' Association (BCWMA).

BB issued a circular in this connection and asked the commercial banks to provide low-cost foreign currency loan to the members of the two newly included trade bodies. The manufacturer-exporters of the two trade bodies are now allowed to draw EDF finance for bulk imports against estimated requirements, based on their export performance over the preceding year.

### BB asks banks to maintain CRR, SLR separately

Bangladesh Bank (BB) in a circular has ordered scheduled banks to maintain cash reserve requirement (CRR) and statutory liquidity ratio (SLR) separately from February 1, 2014. The BB has taken the decision as per Bank Company Act (Amended) 2013, said the circular issued by the monitory policy department of the central bank. From February 1, 2014, all scheduled banks will have to place the SLR of the current account after deducting 6.0% as CRR. The conventional banks have to maintain with the BB the SLR at 19%, including the CRR. The banks are also allowed to maintain the CRR at 5.50% on the daily basis, but the bi-weekly average has to be 6.0%.

### BB re-fixes minimum period for term-deposits

Financial institutions are going through funding crisis. To help them recover from such situation, the period for term-deposits has been re-fixed. Bangladesh Bank has re-fixed minimum period for term-deposits to financial institutions at three months. Previously, the minimum period for the deposits was six months.

The re-fixing comes to prevent funding crisis in the financial institutions, said a Bangladesh Bank circular issued lately. The circular said the depositors were previously allowed to have premature encashment after completion of six months of deposit. After re-fixing, the premature encashment can be done after three months, it said.

### BB, customs to exchange real-time export, import data


The Bangladesh Bank and the customs department will exchange export and import related data through an internet system on real time basis to check money laundering and financial anomalies, officials of the central bank said.

After starting the process, the scheduled banks will submit export forms to the central bank after which the BB will send the data to the customs. The customs will finalise the export form after receiving the data from the central bank. Likewise, the banks will submit the data about the opening of letters of credit to the BB and the central bank will place the data to the customs.

The two organizations will exchange the data through online on real time basis. The data exchanging through internet between the two organizations would prevent possible forgery in preparing fake export-import documents.

### BB sees a number of risks in attaining 7% inflation target

The Bangladesh Bank (BB) sees a number of risks including supply disruption in attaining annual average inflation target of 7.0%. The central bank's notes of risks came at its July-September report, issued lately. It said wage increases in both the private and public sectors stemming from the increase in garment workers' wages and the decision to set up a public sector wage board will create aggregate demand pressures on the economy. The recent rise in Indian inflation could also be transmitted to Bangladesh as shown by historical long term trends, Bangladesh Bank said. Economists, meanwhile, said inflation figures are set to remain stubbornly high in the country in December and onwards mainly due to supply disruption of essential goods. The 12-month average consumer price index (CPI) inflation using 2005-06 as base year fell from the beginning of fiscal year (FY) 2013 and bottomed out at 6.06% in January 2013. The inflation started to go up and reached 7.37% at the end of the first quarter of FY14, remaining above national budget targeted 7.0% for FY14. Economists said urban areas will face acute inflationary pressures especially, in context of food inflation, than rural areas due to supply chain disruption. Policy Research Institute of Bangladesh (PRI) Executive Director Ahsan H Mansur said food inflation might go up and the main reason is the supply chain disruption.

Another economist at the Centre for Policy Dialogue (CPD), Dr. Khandker Moazzem said wage hikes for the garment workers or others will not help raise inflation at this moment. Dr. Moazzem said rise in inflation in India will also not affect the price inflation in Bangladesh. He at global context, food price declined during further added the first quarter of FY'14 due to good global supply prospects.

### BB orders smooth credit flow as bailout

Bangladesh Bank (BB) lately offered uninterrupted credit flow to the Small and Medium Enterprises (SMEs) over the next six months to help the entrepreneurs cope with the prevailing volatile business climate created by a prolonged political unrest. The BB issued a directive to the scheduled banks to this effect, asking them to ensure smooth credit supply to the enterprises across the country to help them overcome the production and supply-side crisis. The BB authorities also fear that the loans disbursed to SMEs might turn default credits in absence of precautionary measures. "The SMEs are losing competitiveness due to the ongoing political crisis. So, it is necessary to continue the flow of credit to the SMEs, especially to those who have been badly affected," reads the BB circular.

Banks were also advised that they deal softly with failure in making down-payment by any crisis-ridden SME and consider renewal and/or rescheduling of the overdue loans in view of the current volatile business climate stemming from a deep political crisis over the issue of election-time administration. In some specific cases, the central bank has also asked banks to keep specially mentioned accounts (SMA) and substandard loans in block account to waive the accrued interests and a certain period for payback. The central bank's directives will remain in effect till June 30, 2014.

### Study finds percentage of NPLs highest in BD

The banking sector in Bangladesh has the highest percentage of Non Performing Loans (NPLs) compared to most of the countries in the world, including those in South Asia as well as Japan, the UK and the USA, indicating the failure to maintain a sound asset portfolio, a study reveals. The NPLs in the banking sector of Bangladesh remain far higher at 12.79% in 2013, against the internationally-accepted tolerable range of 2.0 to 3.0%, according to the study presented at a seminar in the city lately.

Although the percentage steadily declined from a very high level of 31.5 in 2001 to a moderate level of 6.1 in 2011, the NPL ratios in all categories of banks again jumped during the last two years-10.03% in 2012 and 12.79% in 2013. The 'bad' category of classified loans, which are not recoverable from the borrowers, constitutes 70% of the total NPLs, which reflects weaknesses in the existing loan recovery procedure in the country. The study blamed it on the cumbersome, lengthy and expensive litigation process. The national seminar on 'Non-Legal Measures for Loan Recovery in Banking Sector of Bangladesh' was held at the Bangladesh Institute of Bank Management (BIBM) in the city. The BIBM organised the seminar.

### 3 new IMF conditions for state banks

International Monetary Fund (IMF) has set three new conditions for four state-owned commercial banks under the extended credit facility loans. The conditions include restoration of capital position, full recovery of defaulted loans from state-run enterprises and automation of system by March 2014. An IMF staff report released recently said the conditions come as the banks' financial performance has deteriorated along with the Hall-Mark and Bismillah scams. Bangladesh Bank conducted a diagnosis of Bangladesh's state-owned commercial banks. On the basis of the diagnosis, the global lender set those conditions. The central bank examination of state-owned banks found significant weaknesses in asset quality, liquidity management, and internal audit control. The state-owned commercial banks are Sonali, Janata, Agrani and Rupali banks.

As per the first condition, IMF has asked to recapitalise the banks to restore their capital position in line with the regulatory standards set under the revised memoranda of understanding signed between Bangladesh Bank and four state-owned commercial banks. The second condition has set time limit for the banks to bring automation system by March 2014 as the global lender says automation reduces operational costs and risks of corruption. According to the third condition, finance ministry will have to repay all defaulted loans of state-run enterprises.

### MasterCard for Mobile Payment Solution for Bangladesh

Electronic payments in Bangladesh may increase 20-fold over the next five years as mobile-phone transactions increase and the government pulls citizens into the formal financial system,MasterCard Inc. said.

The annual value of electronic payments may jump to $10 billion from $500 million today, T.V. Seshadri, MasterCard Group Executive for Global products and solutions for Asia-Pacific, the Middle East and Africa, said in an interview with Bloomberg. MasterCard recently opened a representative office in the South Asian country, where it works with banks. The government's initiatives to develop electronic payments systems echo those in other emerging markets such as Nigeria and South Africa, Seshadri said in Singapore.

"We're seeing growth in emerging markets, where governments are driving financial inclusion in a very concentrated way," he said. "Mobile may actually be the place where payments take over in Bangladesh. Enabling mobile payment solutions is what we're focused on."

### MasterCard announces first grant scheme in Bangladesh

MasterCard announced its first grant programme in Bangladesh to BURO Bangladesh. The MasterCard and BURO Bangladesh programme will focus on providing business and financial literacy and entrepreneurial training to 100,000 individuals. By the end of the training, more than 60,000 recipients would have taken the first steps towards starting their own businesses, and thus improving their position in the global economy, raising their standard of living and eventually their communities.

The unemployment rate in Bangladesh is 5%, with about 40% of the population being underemployed. Many participants in the labor force are able to work only a few hours a week at low wages. However, with a growing middle class, access to information technology and shaping of e-commerce in the country, the people of Bangladesh have the tools to fight poverty and unemployment through self-employment. MasterCard and BURO Bangladesh program aims to educate these communities on how to succeed in business and manage personal and business assets.


### Rickshawpullers, betel-nut traders to get bank credit

Rickshawpullers, betel-nut and bidi traders, tea-stall owners, cobblers or hawkers will have access to bank credit, thanks to the central bank's financial inclusion initiative. Bangladesh Bank (BB) has decided to use a part of its BDT 200 crore refinancing scheme formed to provide credit to 'BDT 10' account holders for this purpose. "The rate of interest will be at 6% and an individual will be able to take maximum BDT 40,000 as loan." BB will soon issue a circular in this regard. The central bank is planning to expand its financial inclusion initiative to bring marginal people such as rickshaw-pullers, betel-nut and bidi traders, tea- stall owners, cobblers or hawkers under this initiative.

Potters, salon owners, small bruit traders, watch and key repairers and mobile phone flexi- load service providers will also have access to this credit facility. Of the 6% interest, the service providing commercial banks will get 4.5% while the central bank 1.5%. adding that if the central bank fails to meet the fund operating cost with this 1.5% interest, it would give subsidy from Corporate Social Responsibility (CSR) programme.

### Farman R Chowdhury Joined SJIBL as Managing Director & CEO

Eminent Banker Mr. Farman R Chowdhury joined Shahjalal Islami Bank Limited (SJIBL) as Managing Director & CEO on December 01, 2013. Prior to his joining he was the Managing Director of ONE Bank Limited. Mr. Chowdhury started his banking career in October 1986 as a Management Trainee in American Express Bank and served there for 12 years in various capacities. Later on, he joined ONE Bank Ltd. in July 1999 as its first Branch Manager and served there up to July 2013 including holding the position of Managing Director for 6 (six) years. Farman R Chowdhury holds MBA degree from IBA of the University of Dhaka.

### Shahjahan Khan new DCCI chief

Mohammad Shahjahan Khan, involved in shipping and real estate business, has been elected as new president of the Dhaka Chamber of Commerce & Industry (DCCI) for the year 2014, reports UNB. Newly elected DCCI president Mohammad Shahjahan Khan is mainly a businessman engaged in the shipping and real estate sectors for long. He is a former general manager of Bangladesh Shipping Corporation. Besides, he is the senior vice-president of Bangladesh-Thai Chamber of Commerce & Industry for the term 2013-14 and vice-president of Barisal Metropolitan Chamber of Commerce & Industry for the term 2013-14.

### New Director of Rupali Bank

Md. Salim Uddin, a fellow member of the Institute of Cost and Management Accountants of Bangladesh-ICMAB and the Institute of Chartered Accountants of Bangladesh-ICAB has recently been appointed as Director of Rupali Bank Limited Now he is a faculty member, Professor in the Department of Accounting & Information Systems, University of Chittagong. In 1999 he went to Belgium to study MBA at the University of Brussels and obtained his MBA degree with the grade of distinction.

### Delwar Hossain new director of Rupali Bank

Director (Finance) of Bangladesh Sugar and Food Industries Corporation (BSFIC) AKM Delwar Hussain FCMA, has been appointed as director of Rupali Bank Limited for three years recently. At present, Mr Delwar is the president of Institute of Cost and Management Accountants of Bangladesh (ICMAB). He attended many conferences and seminars abroad, said a press release.

### New DMD of Al-Arafah

Mohammad Abdul Jalil has joined Al-Arafah Islami Bank Limited as Deputy Managing Director recently. Prior to his new assignment he was the Executive Vice President of Islami Bank Bangladesh Limited After completing B.S.S. (Hons.) and M.S.S. from Economics Department of University of Dhaka, Mr. Mohammad Abdul Jalil started his banking career with Uttara Bank Limited in 1983. During his tenure of service, Mr. Jalil also worked with Bangladesh Krishi Bank and Bangladesh Bank. In 1984, he joined Islami Bank Bangladesh Limited (IBBL) as a probationary officer.

### NBL distributes scholarship

National Bank Limited (NBL) organized a programme to distribute scholarship, certificate of appreciation and crest among the children of the employees of the bank under 'NBL Employees Welfare Scheme' at National Bank Training Institute in Dhaka on Friday. Some 55 students who secured good result in the HSC and SSC examinations held in 2012 awarded with scholarship, said a press release Md. Badiul Alam, Managing Director (Current Charge), NBL attended the function as chief guest.

### FSIBL Distributed Blankets among Cold Hit People


First Security Islami Bank Limited (FSIBL) distributed blankets among the cold hit people at karwan bazar area, Dhaka. On the blanket distribution ceremony Mr. Abdul Aziz, Manager, Dhanmondi Branch, Mr. Azam Khan, Head of Marketing & Development Division, Mr. Jamil Akter, Manager, Karwan Bazar Branch of First Security Islami Bank Limited were present on the occasion. Among others Mr. Moniruzzaman Chowdhury, Mr. A.F.M. Nazrul Islam of Marketing & Development Division of the bank were also present on the occasion.

FSIBL take plan to mitigate the sufferings of cold hit people of the country by distributing massive number of blankets in Rangpur, Nilphamary, ponchogor, Bagerhat, Dhaka, Chittagong, Barisal, Munshigonj, Jamalpur, Mymensingh, Lakxmipur, Chandpur, Noakhali, Gaibandha, Khulna, Sirajganj, Shariatpur, Natore, Chuadanga, Pabna, Naogaon, Dinajpur, Rajshahi, Jessore, Satkhira & Magura through its branches.

### Stan Chart signs MoU with Islamia Eye Institute

Standard Chartered Bank (SCB) has signed an agreement with Ispahani Islamia Eye Institute and Hospital for basic cataract operation of the underprivileged patients. Under the MoU, SCB credit card holders would be able to donate their 360 degree rewards points for basic cataract surgeries with regular lens to underprivileged patients at the hospital, said a press release. This noble initiative has been taken under the banner of 'Seeing is Believing' project by the bank. This is the first of its kind in Bangladesh. Bitopi Das Chowdhury, head of Corporate Affairs of SCB, and Steven Roy, CEO of Ispahani Islamia Eye Institute & Hospital, signed the MoU on behalf of their respective organisations.

### DBBL donates 0.1m blankets to PM's Relief Fund

Dutch-Bangla Bank Limited (DBBL) Monday donated one lakh pieces of blankets to the Prime Minister's (PM) Relief and Welfare Fund for the cold-hit people of the country, reports BSS. Chairman of Dutch-Bangla Bank Foundation M Shahabuddin Ahmed handed over the blankets to Prime Minister Sheikh Hasina at her office in the morning. After the function, Press Secretary to the PM Abul Kalam Azad briefed reporters. Receiving the blankets, Mr Azad said, the PM thanked the bank authorities for their noble gesture and called upon the affluent section of the society to stand beside the poor and cold-stricken people. She said the poor and the distressed people are ultimately benefited if the well-off people donate to the PM's Relief and Welfare Fund.

**NCC Bank Limited**
Motijheel
Total Branch: 100

NRB Global Bank
great experience

**NRB Global Bank Limited**
Panchgachia Bazar, Feni
Total Branch: 2


**IFIC Bank Limited**
Miah Bazar, Comilla
Total Branch: 111

**Mercantile Bank Limited**
Keraniganj
Total Branch: 91

**Islami Bank Bangladesh Ltd.**
Lalmohon, Bhola
Total Branch: 286


**HSBC Limited**
Mymensingh branch
Total Branch: 14

**EXIM Bank Limited**
Chapainababgonj; Kaliakoir, Gazipur
Total Branch: 80

**Uttara Bank Limited**
Muradnagar, Comilla
Total Branch: 220

FBL দি ফারমার্স ব্যাংক লিমিটেড
The Farmers Bank Limited

**Farmers Bank Limited**
Chinishpur, Narshindi; Shyampur, Dhaka; Chandpur; Palashbari, Savar
Total Branch: 10


**Shahjalal Islami Bank Limited**
Elephant Road, Dhaka; Pahartoli, Chittagong; Manikganj
Total Branch: 92

BASIC
BASIC Bank Limited
Serving people for progress
A STATE OWNED SCHEDULED BANK

**BASIC Bank Limited**
Jorarganj, Chittagong; Jhenidah; Patuakhali
Total Branch: 68

Southeast Bank Limited
a bank with vision

**Southeast Bank Limited**
Baneswar , Rajshahi
Total Branch: 102

**First Security Islami Bank Ltd.**
Fakirhat, Bagerhat; Morrelganj Branch, Bagerhat, Dhupoil Bazar, Natore
Total Branch: 117

SBAC Bank Limited
LOCAL BANK GLOBAL VISION

**SBAC Bank Limited**
Bhelanagar, Narsingdi; Imamgonj, Dhaka; Gulshan, Dhaka
Total Branch: 9

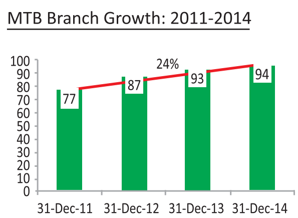
**NRB Commercial Bank Limited**
Hemayetpur, Savar, Uttara, Dhaka; Board Bazar, Gazipur
Total Branch: 9

DBBL
Dutch-Bangla Bank
Your Trusted Partner

**Dutch Bangla Bank Limited**
Kalampur, Dhamrai; Dumni Bazar, Khilkhet, Dhaka
Total Branch: 136

**Union Bank Limited**
East Zindabazar, Sylhet
Total Branch: 11


**Bank Asia Limited**
Dinajpur Town; Rangunia, Chittagong; Joydebpur, Gazipur; Kalatia, Keranigonj; Chandrogonj, Laxmipur, Total Branch: 85




মিউচুয়াল ট্রাস্ট ব্যাংক লিমিটেড
Mutual Trust Bank Ltd.
you can bank on us

### bKash eyes to be the largest m-banking service provider in the world

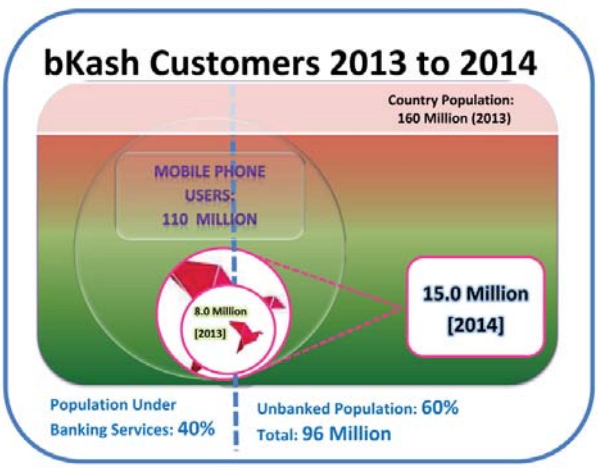
bKash Limited is looking to become the largest mobile banking service provider company in the world within the next few years, chief of the company said. "Branded itself as the world's second successful venture, bKash having stronger customer base in Bangladesh is now in position to exceed 'the most successful mobile financial service provider', operating in Kenya," Muhammad A (Rumee) Ali, chairman of bKash Limited told.

Evaluating achievements of bKash in its about two-and-half-year activities, Mr Rumee Ali expressed his satisfaction saying that "We have been able to achieve a lot of progress during this period." With 76,000 agents and 180 distributors, bKash accounts now stand at close to 8.0 million across the country. Mr Rumee Ali expected to achieve the bKash accounts to nearly 15 million at the end of 2014 by exploiting the huge business-expansion opportunity in Bangladesh having over 110 million cell phone users, and 60% unbanked people out of 160 million population.

Mr Ali, former deputy governor of Bangladesh Bank (BB), strongly laid stress on making the mobile financial service (MFS) here successful because "It is another form of empowerment of the unbanked people." Till now, around 20 banks launched the MFS. As of November 11, 2013, mobile banking subscriber base crossed 10 million-mark, according to recent data at the Bangladesh Bank. bKash is not only to create mobile financial services and make money, rather also to increase inclusivity, which is the way of sustainable and quality growth of a country, he said.

"To increase the inclusivity, the unbanked people will have to be brought under the economic system. To do so, you need something like mobile banking," Mr Rumee Ali said, and expressed happiness as bKash by its service could contribute to the national priority. He also thanked the BB for giving such opportunity, and encouraging and helping the banks work to create inclusivity by the MFS.

Mr Ali suggested that the government can use MFS system to disburse small agri loans, different government allowances or financial assistance such as VGF to the right people in the remote areas under the safety net programme more easily and transparently compared to any other system. The payment can be disbursed under the public private partnership (PPP) as it will reduce cost and simultaneously ensure transparency, he added. In a question on the debate whether MFS be led by banks or telecom companies, he opined, "The bank-led model is safer."




Because, MFS is a different kind of service than cell phone, and the rules and regulations needed to protect the rights of MFS customers is pertinent to the financial service. In this connection, BB is the best regulator and thus the banks are the best institutions to lead the MFS, he said.

### Bitcoin, currency of the future?

Once the preserve of cyber geeks or of dodgy traders, the virtual currency bitcoin can now not only be used to buy goods online but also pay for a degree at the University of Nicosia. Yet the newfound popularity of the currency, which was worth almost nothing until April 2011 and which now trades at around USD1,000, may well prove its undoing. Market watchers and regulators are at odds over how the bitcoin should be handled, but as the currency gains prominence, voices warning against its use are getting louder. France's central bank has slapped it down as "highly speculative" while China's said it should not be used as a currency and banned its banks from providing services and products related to bitcoin.

In September, the currency came under the spotlight after US authorities shut down a website called Silk Road where illegal drugs and other illicit goods were being traded using bitcoins. Some USD3.6 million worth of bitcoins were seized then. China became the biggest market for the currency as investors are attracted to it over the soaring value.

"Bitcoin is a certain virtual commodity, does not possess the same legal status as currency and cannot and should not be circulated and used in the market as such," the People's Bank of China (central bank) said in a statement issued jointly with other financial regulators. Chinese banks and other financial organisations are banned from providing bitcoin-related services and products, it said. It called for enhanced control of online trading platforms for bitcoins to defend against the possibility of money-laundering, and pointed out investment risks faced by the public. Bitcoin is "a global asset class" equal to common investment choices including gold, shares and real estate, Bobby Lee said. "Bitcoin will go mainstream, I have full confidence.

### Xpress Money launches Xtravaganza

XPRESS MONEY
Send now. Receive now.

Xpress Money, the world's most dependable money transfer brand, announced its special promotion "Xtravaganza" in association with UAE Exchange. Xpress Money customers remitting money from UAE to anywhere across the globe can avail of this offer running across 125 UAE Exchange branches in UAE. The offer will commence from December 1, 2013 and will last till December 31, 2013.

During this month long offer, the remitter sending money would get a chance to win 31 roundtrip tickets from UAE to their respective homeland, 31 iPad minis and 31 dinner vouchers (each for two people). The idea of the promotion is an extension of Xpress Money's philosophy of 'Bringing Home Closer'. The "Xtravaganza" promotion draw winners will be announced though an electronic draw which would take place in three phases. The first phase will be in Abu Dhabi, the second in Dubai and the last one in Sharjah. Talking about this promotion, Mr. Shamim Iftakhar, Country Manager – Bangladesh, Xpress Money said, "With our year end offer, we are facilitating our customers by bringing them closer to their families back home in Bangladesh. The offer demonstrates the value we have for our customers emphasizing the fact that the company will continue to provide customers with enjoyable offers leading to customer delight."

### Price hike belies regulatory efforts

Bangladesh Securities and Exchange Commission (BSEC) suspended trading the share for its abnormal price hike The prices of low-cap stocks began to rise again, making a mockery of the securities regulator's efforts to put a lid on unusual price hike of the scrips. The stock prices of these junk-rated companies have jumped on average by between 150% and 23% in the last month. Of the low cap companies, CVO Petro Chemical Refinery Ltd came to the spotlight despite the company is not in continuous production in last six months, according to the Dhaka Stock Exchange (DSE). As soon as it resumed trading on Sunday after two and half month, its share prices increased 7% to BDT 943 each. Yesterday, it declined to BDT 881. On September 24, Bangladesh Securities and Exchange Commission (BSEC) suspended trading the share for its abnormal price hike.

The commission found that the scrips of the company were manipulated between April and August when prices jumped more than 100% to over BDT 634. As a result, three companies were fined BDT 22lakh, which is lighter than the wrongs they did, said a market player. The BSEC is now in the process of appointing a chartered accountant firm to carry out a special audit of the company, said an official. Other low cap companies which are still under regulator's scanner continued to rise shrugging off the regulator's warnings. "This may cause huge losses for the late-comer and over enthusiastic investors," said an analyst at a brokerage firm, adding that some have been trying to fish out of the troubled water.

### IPO application process to be reduced to around 43 days

The securities regulator is on the way to introduce its guideline formulated to reduce investors' hassles by lessening the IPO (initial public offering) application process and time significantly, officials said. According to the fresh guideline formulated by the Bangladesh Securities and Exchange Commission (BSEC), the duration of the IPO application process will be reduced to around 43 days instead of existing 75 days.

As per the proposed BSEC guideline, the IPO seekers need not to stand in long queue of bank counters as the process will be completed through the stock brokers who maintain the BO (beneficiary owner's) accounts. An applicant will submit the application for securities of public issue within the cut-off date, which will be the 25th working day from the date of publication of abridged version of prospectus. The application may be submitted in prescribed paper or electronic form or telephonic order followed by written confirmation. In that case, the stock brokers will have to confirm that the applicant has required money against his IPO application without any margin facility and deferred payment. After verifying the application and allocating all applicants' money, the stock broker will deposit the amount to 'Consolidated Customer Account' maintained with banks.

The banker shall block the account(s) and issue a certificate to the stock broker confirming the same. The stock brokers will have to prepare a list of the applicants with all particulars available in CDBL data base and within three working days from the cut-off date will send the list to the issuer both in electronic and printed format. Within next eight working days, the issuer and issue manager jointly will prepare a consolidated list of the valid and invalid applications and submit the report of final status of subscription to the commission and stock exchanges.

The issuer and issue manager will conduct the lottery within three working days of reporting to the commission, if they receive no observation from the commission and exchanges. Within two working days of conducting the lottery, the issuer and issue manager will inform the stock brokers about the successful and unsuccessful applicants and request to release the amount the blocked for unsuccessful applicants. On the next working day of receiving the documents from the issuer and issue manager, the stock brokers will remit the aggregate amount of successful applicants to 'Escrow' account opened for subscription purpose.

Finally, on the next working day of receiving request from the stock brokers, the successful applicants will be informed of allotment of securities and issue allotment letters.

### Extension of provisioning unrealised losses spurs stock prices

Stocks rallied strongly Tuesday with turnover improved significantly as investors went for buying binge mainly on banking stocks, shrugging off political turmoil across the country. The market started with a strong momentum, and the benchmark index of the Dhaka Stock Exchange - DSEX - crossed again 4,300 points mark after five trading session to close at 4,310.72 points, gaining 112.79 points or 2.69%. The blue chip stocks also performed well as DS30 advanced 25.88 points or 1.75% and closed the session at 1,505.47 points. Trading remained lively compared to the last three trading sessions and stood at BDT 5.42 billion, up by 55.7% from previous session's value of BDT 3.47 billion.

Strong gains were posted by banking sector as the high net worth individuals found sufficient liquidity to park their money, said the stock broker. Hint political accord is likely to channel further fund into the capital market and reduce the overall volatility, the stock broker added. "Market advanced for the second consecutive session by staggering 112.41 points, surpassing recent decline of around 300 points," said IDLC Investments. Logically, a better perceived outlook and accordingly motivated investors boosted participation to BDT 5.42 billion level, the merchant bank added. Strong buying power and willingness to hold the stocks for high return in future signals that investors' sentiment is bullish, said the Zenith analysis.

28 banks (out of 30) rallied forward and two of them also featured in top gainers' chart. The other major sectors also saw decent gains - NBFIs and telecommunications gained 1.89% and 1.55% respectively. Pharmaceuticals and fuel & power also ended 1.47% and 1.13% higher respectively. Paramount Textile was day's highest gainer, posting a rise of 14.37% following its corporate declaration of 12% stock dividend while Green Delta Insurance was the day's worst losers, slumping by 7.20%. The Chittagong Stock Exchange (CSE) also gained sharply, with its Selective Categories Index - CSCX gained 254.24 points to close at 8,445.52 points.

### DSE revenue earnings jump 78% in November

| Name of Month | Fiscal Year: 2012-2013 | Fiscal Year: 2013- 2014 |
|---|---|---|
| | Tax Paid (BDT in Million) | Tax Paid (BDT in Million) |
| July | 163.85 | 184.49 |
| August | 77.00 | 112.30 |
| September | 278.33 | 144.28 |
| October | 163.28 | 81.08 |
| November | 71.89 | 144.21 |
| **Total amount** | **754.35** | **666.36** |

The month-on-month government's revenue earnings from the Dhaka Stock Exchange (DSE) marked 78% rise in November as the trading volume was on the rise in the month of November.

The government bagged tax worth BDT 144.21 million in November, 2013 which was BDT 81.08 million in October, 2013, registering 78% increase, according to statistics from the DSE. The government earned the amount on brokerage commission and share sales by sponsor-directors and placement holders. Among the total earnings of BDT 144.21 million in November, the fifth month of the current fiscal year, the government earned BDT 109.18 million on brokerage commission and BDT 35.03 million on share sales by sponsor-directors and placement holders.

### Forex reserves cross USD 18 Billion

Bangladesh's foreign exchange reserves crossed USD18 billion for the first time yesterday with the help of a rise in exports and inflow of remittances and decline in imports, data from Bangladesh Bank showed. Presently, the reserves—USD18.05 billion—are sufficient to meet the country's six months' import bills. The forex reserve was USD17.83 billion on Tuesday. "Growth in exports and remittances helped the reserves move past USD18 billion," said Kazi Sayedur Rahman, general manager of the BB's Foreign Exchange and Treasury Management Division. Rahman said exports grew by over 18% and remittances nearly 10% during July-November period of this year. Import growth was only 8.5% for the same period. Bangladesh has the second highest reserves after India in South Asia, according to the central bank.

### Padma Bridge budget halved for this fiscal

The budget for the country's priority Padma bridge project has been cut by a half in the current fiscal year as the government is unable to complete the tender process on the project's main construction work because of political instability and other technical reasons. Sources said the Bangladesh Bridge Authority (BBA), the executing agency of the BDT 3.0 billion project, was going to seek BDT 37 billion at the mid level of the development budget against BDT 68.52 billion fixed for the project in the current fiscal year 2013-14. Of the total, BDT 35.48 billion has been fixed for the 6.15-kilometre bridge construction and BDT 20.83 billion for the river training work. BDT 3.90 billion has been kept for the Jajira approach road work. Officials said the BBA might spend 15% of the fund fixed for the Mawa approach road and service area work in the current fiscal year as the jobs involving BDT 880 million and BDT 1.0 billion respectively were already awarded.

BBA and project officials said the companies which bought bid documents on the main bridge construction work and river training work were seeking time to submit their tenders showing technical reasons. The BBA has so far extended the deadline for two tenders-fourth time for the main bridge work and third time for the river training work. Sources said though the BBA cut all the funds from approach road, service area works, it however has to increase the budget fixed for the consultancy work. Sources said as the tender for the main bridge and river training work was not completed, the spending for the consultants was increasing.

### Govt to slash revenue collection target by BDT 11,000cr in FY14

The government is likely to slash its revenue collection target in the middle of the current fiscal as the National Board of Revenue (NBR) is apparently failing to achieve revenue collection goal due to the ongoing political turmoil. Since the NBR has failed to reach its target in collecting revenue during the first five months of the current fiscal (2013-2014), the finance ministry might cut the target of fetching funds to the national exchequer by nearly BDT 11,000 crore, sources said. The ministry is now considering to reset the revenue collection target at BDT 1,36,090 crore for this fiscal. According to information, the board was set to fetch BDT 1,36,090 crore as revenue for the fiscal 2013-2014. Data from NBR said that the board in the first five months of the current fiscal saw a huge shortfall against its collection target. The latest figure shows that the revenue collection of the board was BDT 40,956 crore in July-November period, indicating a shortfall of BDT 5,970 crore from the target of BDT 46,924 crore. On the other hand the NBR also facing hurdle in collecting income tax. The board in the meantime has extended timeline for income tax return submission to December 31, according to NBR. Board officials, however, attributed it for political turmoil.

### IMF raises ceiling for hard-term borrowing

The government will now be able to borrow up to USD5.75 billion in hard-term loans from external sources upon fulfilling various conditions of the International Monetary Fund. The lender has raised the ceiling by USD1.25 billion from USD4.5 billion, which was set for a period until June next year, according to an IMF report. Under the IMF's Extended Credit Facility (ECF) loan programme, the ceiling was USD3.25 billion until June this year when the government took non-concessional credit worth USD2.86 billion from external sources. Hard-term or non-concessional borrowing entails higher interest and less maturity period. The government had requested the IMF in September to raise the ceiling, and the lender gave a go-ahead to the proposal on November 27, a finance ministry official said. To improve the oversight of non-concessional borrowing, the government revised the terms of reference for the cabinet's standing committee on non-concessional borrowing in June last which was one of the conditions of the ECF loan, the report said.

The government with the technical support of the World Bank has taken an initiative — Debt Management Performance Assessment — to cut the risk of hard-term loans. The government has also committed in its Memorandum of Economic and Financial Policies (MEFP) with the IMF that it will take the non-concessional external loans for projects with a high development impact. The government also said projects in power, transportation and telecommunications and other infrastructures will receive the highest priority for non-concessional financing. The government will form a technical committee to assess which government agencies will take non-concessional loans and what the impacts will be, according to the IMF report. The government will also finalize a medium-term debt management strategy by March next year. The government has made a good number of commitments to streamline public debt and minimize wastages. In the MEFP, the government said it will continue to contain fuel and electricity subsidies. The government will go for a price adjustment when the difference of local and international oil prices exceeds BDT 10 per litre.

### Govt extends loan repayment time for 109 sick industries

The government has extended the loan repayment period by five years for 109 sick industries, officials said. The Bank and Financial Institution Division has recently issued a circular in this connection and asked Bangladesh Bank and the state-owned commercial and specialized banks — Sonali, Janata, Rupali, Agrani, Rajshahi Krishi Unnayan Bank, Bangladesh Development Bank — and Investment Corporation of Bangladesh to implement the new guideline. The selected sick industries have been asked to give 2% down payment once the banks start to waive the surcharges. The banks have been asked to keep the ongoing legal activities against the industries suspended. The officials said similar circular might be issued for the sick industries of the textile sector soon. A previous assessment by the Banking Division found that banks, mainly the state-owned ones, needed to waive interest amounting to around BDT 850 crore of some 273 industries, identified as sick industries. On September 17, industries minister Dilip Barua told parliament that a taskforce had already scrutinised the applications and finalised 264 and 80 industries as sick industries in two phases. They were selected from around 700 industries falling sick in the country — 270 industries in the RMG sector, 100 in the specialised textile mill sector and 80 in the tannery sector. Finance minister AMA Muhith had stated that the industries remaining sick for more than 15 years had no right to exist. The association has long been demanding for amending the Artha Rin Adalat, a court dealing loan disputes, withdrawal of cases under this law and bailout of the sick industries. They want new laws for dealing with the sick industries.

### Import increases by 8.71% in 4 months

The country's import increased by 8.71% in the first four of the current fiscal year 2013-14 compared with that of a negative growth of 11.38% in the corresponding period of the FY13. BB officials told New Age on Thursday that import of food grains, capital machinery and industrial raw materials increased remarkably in July-October of the FY14 which pushed up the country's overall import in the period.

According to the latest BB data, the settlement of letters of credit, or generally known as actual import, in the first four months of the FY14 stood at USD 11.64 billion against that of USD 10.71 billion during the same period of the FY13. LC opening, or generally known as import orders, in the first four months of the FY14 also posted a robust growth of 8.90% compared with that of a negative growth of 12.05% in the same period of the FY13. LCs worth USD 12.47 billion were opened in July-October against the LCs worth USD 11.45 billion opened in the corresponding period of the FY13.

The BB data showed that import of food grains (rice and wheat) had increased by 127.61% in July-October of FY14 compared with that of a negative growth of 42.38% in the same period of FY13. Settlement of LCs in the first four months of the current fiscal year for rice and wheat was worth USD 561.43 million against USD 246.66 million during the same period of the FY13. A BB official said that the country had enjoyed available food grains in the last few years, but the production of rice declined in the last fiscal year which pushed up their import cost.

The BB data showed that the import of capital machinery had increased by 11.01% in July-October of the FY14 compared with that of a negative growth of 28.16% in the same period of the FY 13. Settlement of LCs in the first four months of the FY14 for capital machinery was worth USD 715.43 million against USD 644.45 million during the same period of the FY13.

The import of huge amount of capital machinery has already raised suspicion that money laundering might have occurred behind the import of the products in the recent months, the central bankers said. The import of capital machinery declined hugely in the FY13 but it increased in the recent months of this financial year despite having unfriendly business environment in the country amid political unrest, he said. The BB data showed that the import of industrial raw materials had increased by 10.78% in the first four months of the FY14 compared with that of a negative growth of 4.51% in the same period of the FY13.

Settlement of the LCs in the first four months for the industrial raw materials was worth USD 4.75 billion against USD 4.29 billion during the same period of FY13. Another BB official said that it was a positive sign that the import of industrial raw materials maintained an increasing trend in the last few months. But the import of industrial raw materials may fall again in a decreasing trend if the existing political turmoil continues in the months to come, he said.

### Exports, remittance face slowdown

A slowdown in exports and remittance inflow took the shine off the country's foreign- exchange income lately while anxiety looming large amid the sordid turn of events in the political arena. Income from merchandise exports dropped by USD 471.04 million in October this year compared to the previous month. The income in October fell short of the target by 6.23%. Export earnings stood at USD 2119.20 million in October against the target of USD 2260.05 million, according to Export Promotion Bureau (EPB) data. The country fetched USD 2590.24 million from exports in September. The country fetched USD 1230.68 million as remittance in October, which came down to USD 1051.10 in November, according to Bangladesh Bank data. Central bank data also suggest that remittance inflow stood at USD 5551.74 million during the July-November period of the current FY, down from USD 6114.47 million in the same period last FY. Exports and remittance are considered to be the prime sources of foreign exchange income for Bangladesh and the country has been in a comfort zone in terms of its external sector balance due to a robust growth in exports and remittance during the last few years.

Industry insiders said the ongoing political volatility has caused the sharp fall in export income. During the July-September period of the current fiscal, there has been a tremendous growth in merchandise exports though the Rana Plaza collapse had impacted the industry adversely. The Exporters' Association of Bangladesh in a statement expressed grave concern over the fall in exports recently. The prevailing political stalemate is slowing down the exports performance, the statement said. Meanwhile, sources in the central bank said November is a lean month for remitters every year as the country usually passes two or three consequent big festivals – Eid ul Azha, Eid ul Fitr and Durga Puja – immediate before this month.

### 18.46% growth in export earnings in five months

Earnings from the country's merchandise exports during the first five months of fiscal year of 2013-14 witnessed a 18.46 per cent growth over that of in the corresponding period of last fiscal. According to the provisional data of Export Promotion Bureau (EPB), the earnings stood at USD 12 billion in July-November of current fiscal compared to USD 10.13 billion in the same period of FY 2012-13. Single month earning in November 2013 reached USD 2.22 billion marking a 26.26% growth compared to that of November 2012 when the export earning was USD 1.76 billion. The single month earning also surpassed the target by 6.0% set for the period, the provisional data showed.

### Current account surplus dips

The current account surplus has decreased slightly due to a decline in remittance inflow and an increase in imports in the first four months of the current fiscal year. The International Monetary Fund said, if the political unrest continues, the balance of payments (BOP) may come under further pressure. "Balance of payment pressures could also re-emerge if the disruption leads to a loss in exports and more abrupt capital outflows," the IMF said in a recent report. Zahid Hussain, World Bank's lead economist in Bangladesh, said the ongoing shutdowns and blockades have been seriously affecting both remittances and export earnings. Hussain said the export growth may not be sustainable due to the unrest, and if it happens, the current account surplus may dip further.

Trade deficit fell by 23.40% but import rose by around 8%, which was negative during the same period last year. During the period, export grew by about 17%, which played an important role in bringing down the trade deficit. However, the IMF sees a number of risks in maintaining the export growth. Industry estimates suggest that up to 60% of Bangladesh's garment factories (accounting for up to two-fifths of total production) are housed in shared or converted buildings, rather than in purpose-built factories, it said. These would likely be the focus for compliance initiative, the IMF said. As a result of this adjustment, export growth may still remain somewhat subdued into fiscal 2014-15. The WB lead economist said, apart from a fall in manpower export, remittance inflow is declining due to political unrest, putting pressure on the current account balance. Hussain said, due to political unrest in the country, many expatriate Bangladeshis are not sending remittances home and depositing those at safer places abroad. Political unrest is also causing capital flight from the country which, Hussain said is a "flight to safety".

### Bangladesh garment workers set for 77% pay rise

Workers in Bangladesh's garment industry will be paid a minimum of £43 a month. Photograph: Shafiqul Alam/Demotix/Corbis. Wages for Bangladeshi garment factory workers are set to rise after owners said they had agreed to a proposed 77% increase in the minimum wage.

The powerful businessmen who run many of the factories in the country, the world's second biggest exporter of clothes after China, had initially opposed demands for higher wages. The official wage board in the chaotic, overcrowded and politically unstable south Asian state had proposed 5,300 takas (£43) a month as the minimum wage after a string of fatal factory accidents this year highlighted poor pay and conditions.

In April 1,130 people died when a factory complex where garments for European retailers such as Benetton, Matalan and Primark were made collapsed. Factory owners' resistance to the wage increase had led to street violence, protests and a four-day shutdown of many factories. However, Bangladesh's prime minister, Sheikh Hasina, convinced business representatives to implement the rise at a meeting at her private residence on Wednesday night.

"We have agreed to the new wages after the prime minister assured us she would look into our problems," said Mohammad Atiqul Islam, president of the Bangladesh Garment Manufacturers' and Exporters' Association.

Hasina is facing an election within months in which her Awami League is likely to lose power. A pay rise to millions of workers will help bolster her popular support. The rate paid in Bangladeshi factories remains the lowest minimum wage in the world, however. Dozens of factory owners are members of parliament, many for Hasina's party.

Scattered protests by garment factory employees continued on Thursday. Police on the outskirts of Dhaka, the capital, fired teargas and rubber bullets to disperse stone-throwing workers after they vandalised vehicles, said local police officials. Workers' representatives had originally demanded 8,114 takas (£64).

Bangladesh earns more than $200bn (£125bn) a year from exports, mainly to the United States and Europe. The industry employs about 4 million workers, mostly women who come from rural backgrounds and for whom even poorly paid jobs are a route out of worse poverty in remote villages.

Three separate initiatives involving global brands, international unions, Bangladeshi authorities and multilateral bodies such as the International Labour Organisation have been launched in a bid to improve conditions.

This year Muhammad Yunus, who founded the pioneering Grameen bank in Bangladesh 30 years ago and won a joint Nobel prize in 2006, said there was no sense in foreign firms "leaving a country which has benefited a great deal from their business".

However, he urged foreign clothes companies operating in Bangladesh to jointly fix a minimum wage for workers in the industry.

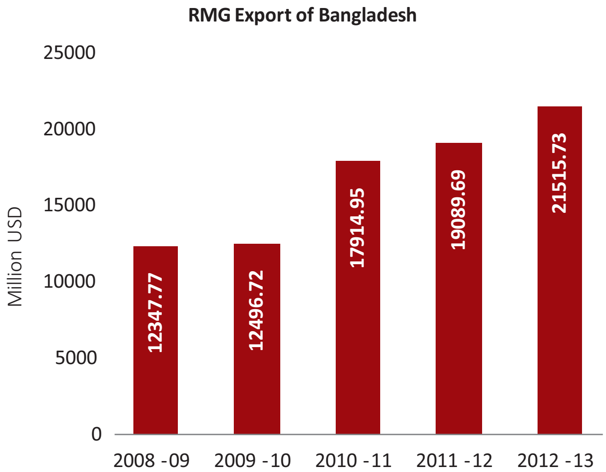
### BANGLADESH: Garment exports soar 24%

Bangladesh's ready-made garment exports are continuing to soar, rising by more than 24% in the first quarter of the current fiscal year despite on-going labour unrest, political turmoil and factory safety issues.

Garment exports rose to US$6.20bn in the July-September period, up from $4.99bn in a year earlier - exceeding targets set at $5.76bn.

Woven garment exports grew by 23.9% to $3.04bn during the three months, from $2.46bn last year; while knitwear exports grew by 24.4% to $3.16bn from $2.54bn.

According to statistics from the state-run Export Promotion Bureau (EPB), total exports from Bangladesh, the world's second-biggest clothing manufacturer after China, grew by 21.2% to a record $7.63bn in the quarter. "We're hopeful of achieving the export target by the end of this fiscal year if the trend continues," a senior official at the EPB told just-style on Friday (11 October). The government has set an export target of $30.5bn for fiscal year 2014, which began on 1 July.




*Source: Export Promotion Bureau*

Bangladesh's low labour costs have helped it secure business from international apparel brands and retailers like Gap, Tesco, JC Penney, Wal-Mart, H&M, Kohl's and Marks & Spencer.

Talking to the just-style, Fazlul Hoque, former president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), said the first-quarter growth is especially encouraging given that "most of the RMG factories were closed for 14 days in August because of holidays."

Garment exports rose 5.5% to $1.64bn in August, and surged 26.1% in July to $2.52bn. "Many of the shipments, scheduled for August, in fact were delivered in September, which resulted in higher export growth in the month of September," Hoque explained. He also said it "would take few more months to see the negative impact" of recent factory tragedies, including the collapse of the Rana Plaza building in April.

There has been a record rise in Bangladesh's apparel exports to new emerging markets during the first six months of the current fiscal year that started on July 1, 2012. Europe accounted for US$ 5.81 billion of the overall earnings for the period, while the US and Canada accounted for US$ 2.27 billion and US$ 478.92 million worth of exports, respectively. Contribution of the non-traditional market in Bangladesh's total garment exports increased to 10.02 percent during the review period, from 8.69 percent share during the corresponding period of last fiscal. Bangladesh's apparel exports to Russia, Australia, South Korea and Chile grew by 70.07 percent, 64.98 percent, 47.92 percent and 39.6 percent, respectively during July-December 2012.

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## MTB MANAGEMENT TRAINEE (MMT) 2012 CONFIRMATION CEREMONY

MTB Chairman : Dr. Arif Dowla
MTB Founding Chairman : Syed Manzur Elahi
MTB Managing Director & CEO : Anis A. Khan

**Date:** 01/12/2013
**Venue:** MTB Centre, Dhaka 1212

## MTB CLUB ORGANIZES ART WORKSHOP AND ART COMPETITION

Participants :
Children of MTBians

Special Guests:

| | |
|---|---|
| Ramendu Majumdar | Md. Muniruzzaman |
| Samarjit Roy Chowdhury | Fatematuz Zohra |
| Nasreen Begum | Syed Abul Barak Alvi |

**Date:** 25/12/2013
**Venue:** MTB Centre, Dhaka 1212

## ORIENTATION AND INDUCTION COURSE IN BANKING

Participants :
MTB Officials (New Recruitment)

MTB Training Institute (MTBTI) Acting Principal Md. Nurul Islam Sarker is seen after the Orientation & Induction Course among the participants.

**Date:** 05/12/2013
**Venue:** MTBTI, MTB Square, Dhaka 1208

# MTB BRANCH EXPANSION IN DECEMBER 2013

## INAUGURATION CEREMONY OF MTB MIRPUR BRANCH

**Date** : December 23, 2013

**Vanue** : Fahad Plaza, Mirpur Section 10, Dhaka 1216

**Inaugurated by** : Md. Hashem Chowdhury
Deputy Managing Director, MTB
Syed Rafiqul Hossain
Senior Executive Vice President &
Head of Dhaka Division Branches

Md. Ahsan-uz Zaman, AMD joined in the program in a live video feed.


## INAUGURATION CEREMONY OF MTB KADAIR BAZAR BRANCH

**Date** : December 24, 2013

**Vanue** : Mollah Market, Kadair Bazar,
Chauddagram, Comilla

Jalal Mojumder, Chairman, Sreepur Union Mahfuj Alam, Chairman, Munshirhat Union Haji Mobarok Hossain Babul, Director of Comilla Pollibidyut Samity and other honorable community people were present at the inauguration. Managers of MTB branches, senior officials of MTB and prospective customers also attended the program.


## INAUGURATION OF MTB JAMIRDIA MASTERBARI BARI BRANCH

**Date** : December 26, 2013

**Vanue** : Abdur Rashid Plaza, Jamirdia Masterbari
Bhaluka, Mymensingh

**Inaugurated by** : Syed Rafiqul Hossain
Senior Executive Vice President &
Head of Dhaka Division Branches

Managers of MTB branches and senior officials were also present.

# MTB BRANCH EXPANSION IN DECEMBER 2013

## INAUGURATION CEREMONY OF MTB ASHULIA BRANCH

**Date** : December 29, 2013

**Vanue** : Rajobi Plaza, Jamgora, Yearpur Ashulia, Dhaka 1341

**Chief Guest** : Khokhon Roy, Businessman

**MTB Officials:**
Md. Kaushik Ahammad, Branch Manager
Md. Aminul Islam, Deputy Manager and other senior officials of MTB also attended the program.


## INAUGURATION OF MTB MONIPUR BAZAR BRANCH

**Date** : December 29, 2013

**Vanue** : Sikder Market, Monipur Bazar, Nuhash Palli Road, Gazipur Sadar, Gazipur 1700

**Chief Guest** : Rina Parvin, Advocate

**MTB Officials:**
Goutam Prosad Das, Senior Executive Vice President
Mohammed Sami Al Hafiz, Vice President


## INAUGURATION OF MTB KALURGHAT I/A BRANCH

**Date** : December 29, 2013

**Vanue** : Wajib Tower, C&B Mor, Arakan Road Chandgaon, Kalurghat, I/A Chittagong 4212

**Chief Guest** : AKM Jaglul Haque, Regional Director, BSCIC Chittagong

**MTB Officials:**
M. Ali Chowdhury, Senior Executive Vice President & Head of Chittagong Division Branches
Md. Nurul Islam, Senior Executive Vice President & Group Head of Human Resources

### Apple on Track to Hit USD 700 a Share After China Mobile Deal

After bouncing off a price-support level of around USD 539 per share Apple Inc. (AAPL) jumped last in response to the company's announcement that it signed a deal with China Mobile — the world's largest mobile telecommunications company — to begin offering its iPhone to China's 1.4 billion consumers.

Specifically, Apple said that it entered into a multiyear agreement with China Mobile, which has 760 million customers, to offer its iPhone 5s and iPhone 5c to Chinese consumers via China Mobile's expansive network of retail stores, as well as Apple's retail stores, across mainland China beginning January 17, 2014.

In light of the fact that China Mobile controls approximately 65% of the mobile phone market in China, and that it grew its customer base by at least 60 million users during each of the past three years, Apple's agreement with China Mobile appears to be a major coup.

The deal looks as if it will enable Wall Street's perennial darling to resume its long-term growth after Apple's revenues slowed considerably and its net profit declined during the company's fiscal year ended September 30, 2013.

Meanwhile, Apple's strong financial condition, and the company's consistent ability to grow its cash flows from operating activities, places Apple in a position to continue to buy back substantial shares of its outstanding stock.

That's a very significant factor, because any such purchases would enable Apple to grow its earnings per share at an even faster pace than the company is able to grow its net profits, as those profits would accrue to a smaller number of shareholders. (Note: During April 2013, Apple's board of directors authorized the company to repurchase up to $60 billion of its stock. During the 12 months ended September 30, 2013, the company had already bought back USD 22.9 billion of its stock).

With my research indicating that Apple will grow its earnings at an annualized rate of around 20% during the next three years, and its stock closing on December 23 at a price-to-earnings multiple (P/E Ratio) of only 14, Apple appears to be trading at a bargain price.

Investment legend Carl Icahn seems to agree with my thoughts, saying recently that he thinks Apple stock is "just extremely cheap."

The economic outlook for China, the United States, and most other countries around the globe also bodes well for Apple, with numerous leading economic indicators suggesting that the pace of worldwide economic growth will increase during the year ahead.

### Faster Pace of Growth May Not Last Long

Barclays expects the nation's gross domestic product to advance at only a 1.5% annual rate, down from 2% and far below the government's latest estimate of a 3.6% pace for the third quarter.

Latest data on growth in gross domestic product comes after a series of better-than-expected figures in the United States, American central bankers don't appear to be in a rush to pull back on the stimulus. The president of one regional Fed bank indicated that he remained cautious. "The strong third quarter doesn't make a trend," said Dennis P. Lockhart, president of the Atlanta Fed. "I am not prepared to interpret the revised third-quarter number as an indication that the economy is on a much stronger track — I think we're still on that relatively moderate growth track."

The spotlight on the Fed will grow more intense when the Labor Department reports the latest figures for job creation and the unemployment rate in November. "It's a big number," said Diane Swonk, chief economist at Mesirow Financial. With a gain of 204,000 positions, the jobs data for October was surprisingly robust, catching most economists off-guard. On Friday, the consensus calls for payrolls to have increased by 185,000 last month with the unemployment rate falling to 7.2%, according to Bloomberg News. If it drops to 7.1%, it would reach the lowest level in five years.

"The unemployment rate is a complete guess," said Ellen Zentner, senior United States economist at Morgan Stanley. Morgan Stanley expects the United States economy to expand by just 1% in the final three months of the year.

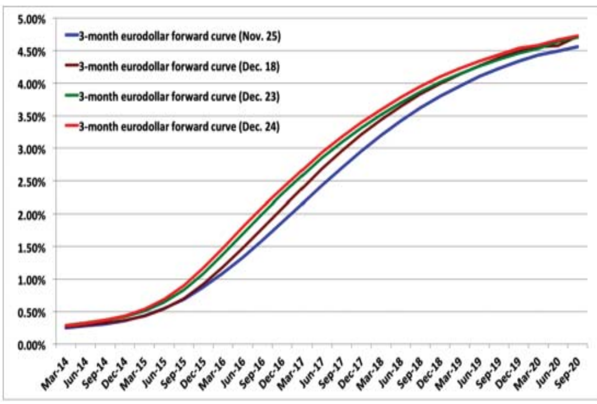
### The Most Important Market Is One That You're Not Watching

The most interesting question heading into last Federal Open Market Committee meeting — at which the FOMC ended up announcing the first reduction in the Federal Reserve's quantitative easing program — was how the decision would affect short-term interest rates.

The eurodollar futures market keeps signaling that the date of the first Fed rate hike is getting closer and closer. Eurodollar contracts reflect the future expected yield on 3-month dollar deposits outside the United States (and therefore outside the Fed's purview as a regulatory body). These are useful to look at because they are much more liquid than fed funds futures.

The sell-off and attendant rise in yields in this market suggests that market participants are repricing expectations for when they expect the FOMC to first hike short-term interest rates from current levels between 0 and 0.25% — where they've been pinned since the financial crisis — as well as the speed at which the Committee will return short-term interest rates to more "normal" levels.

The chart below shows recent changes in the Eurodollar forward curve.




The bright red line shows where the curve stands. Yields are higher at almost any point along the curve recently than they were a month ago (blue line), on December 18, when the FOMC announced tapering of QE (maroon line), or even yesterday (green line), before we got big upside surprises in November durable goods orders and new home sales data.

### The Mustang turns 50: Anniversary model

Nearly 50 years later Ms Wise was one of thousands of "pony-car" fans who turned out for a six-city extravaganza to celebrate the car's anniversary—and the launch of a new version (pictured). She posed for pictures with the powder-blue convertible she still owns, which was parked nearby an assortment of other Mustangs from the car's 50-year history.

At first glance, the sixth-generation model and the original are surprisingly similar. The first was introduced to much fanfare by Lee Iacocca, then Ford's president, at the New York World's Fair on April 13, 1964. The new model was unveiled last week in cities on four continents: Barcelona, Detroit, Los Angeles, New York, Shanghai and Sydney. Ford wanted "to attract new customers without losing avid enthusiasts," in the words of Joel Piaskowski, the new model's lead exterior designer.


1964

Mustang sales are unlikely to ever dominate Ford's business like muscle cars once did. It certainly will not threaten the firm's better-selling Fusion (the Mondeo in Europe), never mind America's top-selling vehicle, the Toyota Camry. But few cars have a more passionate following. This "halo car" has long helped Ford draw buyers into showrooms to get them to look at its more mundane models.


2004

Boomers still buy a lot of Mustangs. But the new model features some cutting-edge technology, such as a cruise-control system that uses radar and the maker's Sync infotainment system. Ford is betting that the new model will attract a new generation of fans—and not just in America. Only a small number of Mustangs have ever (officially) been exported. But fan clubs abound around the world—a big opportunity for Ford. Since taking the helm at the firm, Alan Mulally has transformed it from a collection of regional fiefdoms into a more unified global empire. New models have to be designed and engineered for the global market.

As a result, although the new Mustang's skin seems familiar, it covers much that is innovative. The Mustang has an all-new chassis. In many places it boasts lightweight material; the hood and the front fenders, for instance, are made of aluminum. Combined with better aerodynamics, this will improve fuel economy, says Ford—without sacrificing performance, of course. Without a big engine a Mustang would not have the required street cred. Even the six cylinders of the base model's 3.7-litre engine are expected to pump out more than 300 horsepower. The V-8 5.0-litre engine of the Mustang GT will deliver "in excess" of 420 horsepower. These numbers may still go up before the new model goes on sale in the autumn of next year.


1984

Ford officials are loth to discuss specific goals. But Mark Fields, its chief operating officer, was clearly hoping to see history repeat itself. The original Mustang proved one of the biggest, if unexpected, hits in American automotive history.

Designing the new car was tough, said Mr Fields. "Not good enough" was a common refrain at Ford's design studios. More than 60 potential versions were considered before a winner was presented to the board. Potential buyers seem still undecided: leaked pictures


2014

of the new model led to heated debates on social media.

Ms Wise, for her part, is happy to have her recently restored 1964 Mustang. She has had it three years longer than she has been married. When asked by Mr Fields what she would do if she had to choose between the car and her husband, she frowned for a moment, before admitting: "It's a hard choice."

## Global Economic Outlook is Stronger in 2014

The global economy may be entering a new phase as the year draws to a close. New data suggest some of the uncertainty that has characterized much of 2013 appears to be lifting as a new year begins, though economists are cautious. Despite steady improvement, U.S. unemployment remains high, Europe's debt crisis is far from over, and China's economy continues to slow. As the year ends, more people are finding work in the United States, the economy is growing at the fastest pace in two years and Congress has a new budget that effectively removes the threat of another costly government shutdown. Barring another political standoff, small business advocate John Arensmeyer sees an improved business climate in 2014. "Could be a better year than 2013, particularly if we don't see the type of shenanigans we saw with the shutdown."

**- China's strength**

Across the Pacific, China's economy has slowed after decades of double-digit expansion. But even with a relatively modest outlook of seven% growth, international economist Uri Dadush said China continues to exert strong economic influence in the region. "It's going to be somewhat slower going forward over the next year or two, but still sufficient to pull a large number of countries along," said Dadush. But while improving demand is likely to benefit countries from Cambodia to Japan, European economies remain weak. The European Commission says growth will slow in the 18 nations that use the euro - with unemployment likely to inch higher in the new year.

**- Europe's recovery**

Despite recent banking reforms, Dadush said tough austerity measures in countries that received bailouts continue to weigh on Europe's economy. "Italy's in deep trouble, and it's going to take some years even for the Spains and the Portugals and the Irish to come out of the mess," said Dadush. Lingering questions also remain about the international impact of the U.S. central bank's decision to scale back monetary stimulus. With prices of raw materials likely to fall next year, economists say commodity-dependent countries could see their revenues fall.

"That includes Brazil, but it also includes Turkey, it includes Hungary, it may include Indonesia, that is also commodity-dependent by the way," said Dadush. In the Middle East, some of the Arab Spring countries, which remain politically unstable, are expected to experience economic difficulties in 2014. Pinfan Hong, chief of global economic monitoring at the United Nations, said, "Nevertheless, we believe some improvements are building the momentum for next year. So we expect the world economy to grow by about 3% for 2014."

2014 also bodes well for Africa. After expanding at an annual pace of 4.8% in 2013, the African Development Bank projects growth to accelerate to 5.3%, bolstered by strong growth in the service sector and increased agricultural and mining activity.

## Federal Reserve surprises with pullback on bond stimulus plan

Citing underlying strength in the recovering U.S. economy, the Federal Reserve surprised world financial markets Wednesday by cutting back its bond purchase program by USD 10 billion a month in 2014. The central bank said it will continue to pump USD 75 billion a month into the economy and markets through purchases of Treasury bonds and mortgage-backed securities, but the change nevertheless marked the first time since the Great Recession that the U.S. central bank has felt confident enough to move toward ending its extraordinary cash infusions. The Fed also countered the shock of the move somewhat by indicating it will hold interest rates lower for a longer time after it ends its bond-purchase program.

The Dow Jones industrial average surged 293 points after the Fed's md-afternoon announcement and ended in record territory at 16,168. The change represents the final say by Fed Chairman Ben S. Bernanke, who is due to be replaced by Fed Vice Chairman Janet Yellen at the end of next month after she is confirmed by the Senate. At a news conference, Mr. Bernanke said Ms. Yellen fully supported the earlier-than-expected start of the so-called "tapering" of the Fed's asset purchase program. Briefing reporters for one last time as chairman, Mr. Bernanke seemed pleased that he can retire after eight years at the Fed's helm having accomplished what he set out to do: steer the economy out of a deep global recession and bring down unemployment to a more normal range around 7%, which allows the Fed to go back to more normal interest rate policies. The Fed is aiming for unemployment to ultimately fall into the 5% range.

"Compared to Japan and other industrialized economies, the U.S. recovery has been better than most." Mr. Bernanke applauded Congress' approval of a bipartisan budget deal that reverses some budget cuts scheduled for next year and replaces them with long-term reforms in military and federal pension programs, saying that moved in the right direction. He has frequently urged Congress to focus on long-term deficit problems rather than imposing short-term budget cuts that hurt the recovery.

The easing of fiscal tensions and partisan discord signaled by the budget agreement played a role in the Fed's decision to start tapering earlier than expected. Many economists had predicted the Fed would wait until next year to see the outcome of Congress's latest battles over the budget, but the bipartisan deal signaled that budget matters will be handled with fewer disruptions in the future.

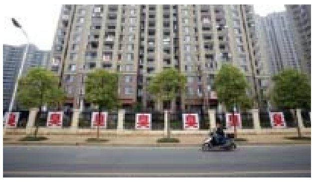
## China Struggling to Meet 2011-2015 Environment Goals

*Local residents wait on motorcycles and bicycles at a traffic junction during a hazy day in downtown Shanghai, China*

China is struggling to meet its 2011-2015 targets to reduce pollution, cut greenhouse gas growth and introduce cleaner sources of energy, a report submitted to the country's parliament. The report, which covers the 2011-2012 period, said faster-than-expected economic growth was to blame for China's failure to meet environmental targets ranging from energy use to nitrogen oxide emissions. The state of China's environment has come into particular focus in 2013, with most major cities engulfed by hazardous smog during the course of the year, including Beijing in January and Shanghai earlier this month. Desperate to head off growing public anger about the state of the country's air, water and soil, Beijing has promised to put an end to its "growth at all costs" economic model. It has already introduced new policies aimed at reining in polluting industries, cutting coal use and thinning traffic.

But the government report said China was already playing catch-up, the official Xinhua news agency reported. China wants energy intensity - the amount of energy consumed per unit of gross domestic product (GDP) - to fall by 16% over 2011-2015, but it had dropped by just 5.54% by the end of last year. Efforts to reduce the amount of carbon emissions per unit of GDP by 17% over the same period were also behind schedule, with the actual decline over 2011-2012 standing at just 6.6%. China also aims to raise the share of non-fossil fuels in its total primary energy mix to 11.4% over the 2011-2015 period, but it had reached just 9.4% by the end of last year, up only 0.8 percentage points since 2010.

## China Aims for Target of 6 Million Public Homes in 2014



China aims to start building at least 6 million units of public housing next year, state media said on Saturday, reinforcing a government effort to supply more low-cost homes to counter record property prices. But next year's target is lower than the 2013 objective, even though China built more public homes this year than it had planned, Xinhua said, citing the Ministry of Housing and Urban-Rural Development. The country began building 6.7 million units of public homes this year and has completed 80% of them, Xinhua said.

The government had intended to start work on 6.3 million units in 2013 and finish building three-quarters of them. Large-scale construction of public homes in China not only supports growth in the world's second-largest economy, it also helps to quell discontent over soaring house prices. Yet some have in the past criticized China's public homes - also known as affordable housing - as being ineffective because they say good apartments are set aside for officials, leaving poorly built ones for the public. China's house prices rose at their fastest pace on record last month in defiance of a four-year government campaign to calm an exuberant property market.

## Singapore Fights Image as Swiss Banker of Asia

*Singapore's financial district is seen in this AP file photo*

In a place that restricts everything from chewing gum to pungent durian fruit. Singaporean authorities pride themselves in having a high bar for strict laws and a low crime rate to match. So they've been none too pleased by reports that tax dodgers, corrupt officials, and money launderers might be closing their Swiss bank accounts and moving funds to Singapore.

In response, the government is ramping up measures to battle this reputation as a tax haven. It is now negotiating a deal with the United States that requires banks in Singapore to share details of Americans' offshore assets with the Internal Revenue Service. The United States just signed the so-called FATCA (Foreign Account Tax Compliance Act) with six other governments this month.

"There is no basis for the allegation that wealthy individuals can hide money and avoid taxes in Singapore," a Ministry of Finance spokesperson told VOA.

FATCA would be part of broader efforts to improve transparency in banking. Singapore already has similar information-sharing pacts with Germany and the Organization for Economic Cooperation and Development club of mostly-rich countries. As of this year, it also will be easier to prosecute money launderers in Singapore and "obtain bank and trust information from financial institutions without having to seek a court order," the finance ministry said.

But critics don't believe that's enough. John Christensen, director of the British research firm Tax Justice Network, said Singapore's bilateral agreements require foreign governments to make individual requests for banking information. He said the information-sharing should be automatic, meaning that as soon as a UK citizen opens an account in Singapore, for example, authorities here will disclose it to the UK government.

"All the infrastructure is in place to encourage and facilitate tax evasion," said Christensen, also a former economic adviser to the British Channel Island of Jersey, another hub of offshore banking.

Singapore boasts one of the world's most stable governments and economies, friendly business regulations, competitive tax rates, and banking privacy. All of this attracts the super-rich from abroad.

"It'd be stupid for them not to take advantage of this -- but you have to do it legally," said Joseph Cherian, director of National University of Singapore Business School's Center for Asset Management Research and Investments.

People certainly are taking advantage. Compared with USD 50 billion in 2000, Singapore managed USD 550 billion worth of assets in 2011, according to WealthInsight, a London-based research firm. Of that figure, USD 450 billion were in offshore accounts. In other words, more than 80% of private accounts in Singapore belonged to foreigners.

WealthInsight expects the number will continue to balloon by 2020, when it said Singapore will take Switzerland's top spot in wealth management.

The question is whether that wealth is legally gained and legally taxed. Christensen doesn't think it is. His group releases a Financial Secrecy Index every two years. Singapore ranked number five on the list published in November, compared with sixth place in 2011. Christensen said banking is so opaque that officials can't prove financial assets are clean.

"It's pure assertion on their part," he said. "We know that the vast majority who use offshore accounts are using them for tax evasion."

Alan Lau disagrees. He said that in his experience as head of financial services at KPMG, an accounting firm, most money flows into Singapore through legitimate channels.

"Whilst there may always be a risk or temptation for a small minority to attempt parking their ill-gotten wealth in a banking secrecy jurisdiction such as Singapore, the recent tightening noose on money laundering here has made it increasingly difficult for this to happen," Lau said.

He added that the crackdown on illicit wealth "has caused a certain level of stress and anxiety for the private banking sector," to ensure it complies with new regulations.

Similarly, Cherian said the push for compliance is evident in the mountains of new paperwork for account holders in the past six months. He said the government's actions reflect Singapore's obsession with keeping a squeaky clean image.

"It's the most law-abiding city in the world," Cherian said. "They don't want to be seen as a cowboy, wild-wild-west kind of place."

Some argue there is nothing wrong with individuals and multinational corporations flocking to tax-friendly jurisdictions, as long as it's done above board. Eduardo Saverin, a Facebook co-founder, famously renounced his US citizenship in 2011 after relocating to Singapore, a move widely seen as driven by the low taxes here. But others argue that when governments push down tax rates to attract business, they force other countries into a race to the bottom.

Even if tax avoidance is legal, it could be harmful. Christensen said that when the rich use their wealth to find ways to pay fewer taxes, they transfer the burden to lower income brackets to fill the tax gap.

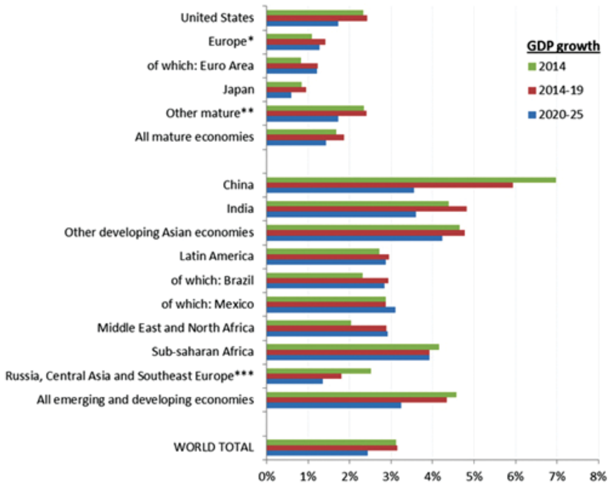
"We don't make this distinction between evasion and avoidance, because it's abuse," he said.

In recent years, global wealth has shifted to Asia, especially to Singapore and Hong Kong, partly because of the new, far tougher scrutiny on traditional tax havens like Switzerland and Bermuda. But if Singaporean authorities are seriously clamping down, too, then private wealth could be on the move again.

### World's Economic Landscape in 2014

Round and round and then the last round! Yes, the ninth ministerial conference of the 159-country World Trade Organisation (WTO), held in Bali, Indonesia from December 03-07, agreed on measures that could boost the world economy by as much as USD 1 trillion. The first major global trade deal in nearly 20 years, was, undoubtedly, the most significant multilateral trade pact since the WTO was formed in 1995. At the heart of the 'Bali Package' is an agreement to simplify customs procedures and speed up the flow of goods. It allows developing countries to continue to stockpile food to sell at subsidised rates to the poor.

**Global Outlook for Growth of Gross Domestic Product, 2014-2025**




*Note: Projections are based on trend growth estimates, which–for the period 2014-2019–are adjusted for adjustments for remaining output gaps.*

**Europe includes 27 members of the European Union (excluding Croatia) as well as Switzerland and Norway.*

***Other mature economies are Australia, Canada, Iceland, Israel, Hong Kong, South Korea, New Zealand, Singapore, and Taiwan Province of China.*

****Southeast Europe includes Albania, Bosnia and Herzegovina, Croatia, Macedonia, Serbia and Montenegro, and Turkey.*

*Source: The Conference Board Global Economic Outlook 2014, November 2013*

The Organisation of Economic Co-operation and Development (OECD) says that the package could lower the costs of trade by 10-15%, by slashing paperwork and easing border delays and transit bottlenecks. Developing nations could save as much as USD 445 billion a year, and over time the deal could generate bigger benefits for the global economy by increasing trade flows, revenue collection, and boosting investment. Let us keep our fingers crossed. The moot question that surfaces at this juncture is: will the world economic growth pick up next year, triggered by improvements in the U.S. and the euro area?

The current situation should be studied before we look forward. According to the latest OECD assessment, the global economy continues to expand at a moderate pace, with some acceleration of growth anticipated in 2014 and 2015. But global growth forecasts have been revised down significantly for 2014, in large part due to weaker prospects in many emerging market economies (EMEs). Downside risks dominate and policy must address them.

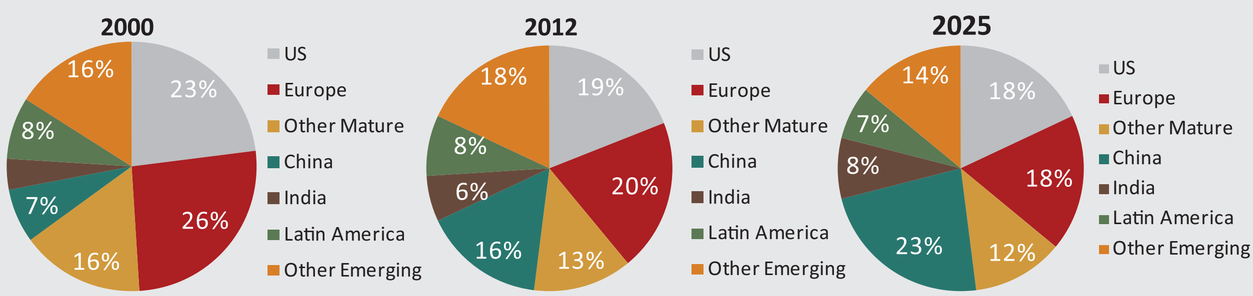
Risks galore. What about risk management? OECD observations are very relevant on this score. In the euro area, recovery has been lagging and uneven, unemployment, especially among the young, remains very high and inflationary pressures are very subdued. The European Central Bank (ECB0 is bound to consider further policy measures if deflationary risks become more serious. Though current account adjustment is advancing in the periphery, yet price adjustment alone will not work given the impossibility of reconciling deflation, needed to regain competitiveness, and achieving nominal growth to support debt sustainability. Side bys side, much less adjustment, if any, is taking place in surplus countries. At this juncture more durable and symmetric adjustment is needed through reforms to labour and product markets, including liberalisation of services in Germany that would strengthen and rebalance demand.

A number of economies are still faltering and China, in spite of the tall claims, still has not been able to show the miracle. India's economy has not fared well in 2013, but undermining the potentials is also not acceptable as normally viewed from some quarters. The negatives are, no doubt, very much there. No denial. Rating agency Fitch expressed apprehension that the poor performance of the Congress in the recent assembly elections could push up the Centre's fiscal deficit as there may be an "increased likelihood of political pressure to limit expenditure cut-backs." Though brushing aside apprehensions expressed by the rating agency, finance minister assured that the government will stick to the path of fiscal consolidation and endeavour to narrow the deficit to 3.0% of gross domestic product by 2016-17, yet to what extent it could be downsized in 2014 is a big question given the ongoing spiraling price hikes coupled with rising expenses.

India's industrial production data as given by the IIP (Index of Industrial Production), again continues to remain weak, given the amount of demand destruction that the economy has been experiencing, which, in turn, shows and indicates that better not to expect much reversal, keeping in view the extent of inventory accumulation that has already taken place. But agriculture and export performance of late have been on the rise.

Good reports are also there. The US jobless rate fell to a five-year low to 7.0% in November, 2013 and employers hired more workers than expected. But what about the housing front? Any decline in total housing demand below the January 2013 level of about 5,300 (down 2.5% from current pace) could potentially put tapering on hold inasmuch as housing is a litmus test for the Fed executing its exit strategy. Before allowing bond yields to rise further (first via tapering, eventually via tightening), the Fed would definitely call for strong evidence that the housing recovery remains on track.

**Distribution of World GDP in 2000, 2012 and 2025**




*Note: GDP shares are converted to U.S. dollars using purchasing power parities. Source: The Conference Board Global Economic Outlook 2014, November 2013*

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MTB congratulates Mr. Mohammad Mohibul Islam of SME Banking Division, MTB. He recently completed an advanced certificate course on Managerial Communication from University of Dhaka.

**MTB SME BANKING**

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**উল্লেখযোগ্য খাতসমূহঃ**
- মানব ও পশুখাদ্য প্রক্রিয়াজাতকরণ
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- জৈব সার ও কীটনাশক উৎপাদন
- পাট ও রেশমজাত পণ্য উৎপাদন
- কাঠ, বাশ ও বেতের আসবাবপত্র উৎপাদন
- রাবার টেপ ও লাক্ষা উৎপাদন
- হিমাগার প্রতিষ্ঠা
- ফুল সংরক্ষণ ও রপ্তানি

**ঋণের ধরণঃ**
- ঘুর্নায়মান ঋণ [Revolving Loan (RL)] - চলতি পূঁজি অর্থায়নের জন্য এক বছর মেয়াদী একটি জমা-উত্তোলন ভিত্তিক ঘুর্নায়মান ঋণ হিসাব, যা প্রতি এক বছর পর পর নবায়নযোগ্য।
- মেয়াদী ঋণ [Term Loan (TL)] - চলতি পুঁজি / স্থায়ী সম্পদ অর্থায়নের জন্য মাসিক/ত্রৈমাসিক/ষান্মাসিক কিস্তিতে সর্বোচ্চ ৫ বছরের মধ্যে পরিশোধযোগ্য ঋণ।

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মেয়াদী ঋণের ক্ষেত্রে পুনঃঅর্থায়ন সুবিধা প্রযোজ্য

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**ঋণের পরিমানঃ**
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**গ্রেস পিরিয়ড**
সুবিধাজনক গ্রেস প্রিরিয়ড প্রযোজ্য ।

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Sreenagar Branch
Tejgaon Branch
Tongi Branch
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Extension Office-Fakirapul
Extension Office-Dilkusha
Banani Office
Dhanmondi Office
Gulshan Office
Narayangonj Office
Pallabi Office
Progati Sarani Office
Uttara Office

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Gafor Gaon
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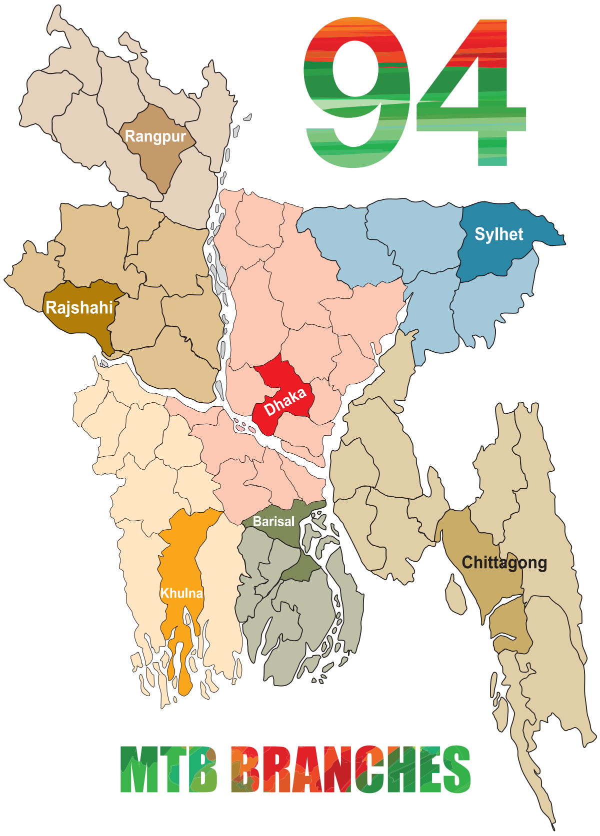


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