







STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES						
DSEX	CSCX		Gold ▲ \$1,838.98 (per ounce)		Oil ▲ \$44.79 (per barrel)	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	 USD	 EUR	 GBP	 CNY	
▲ 0.38%	▲ 0.40%					▲ 1.37%	▲ 0.73%	▲ 0.05%	▲ 0.20%	BUY TK	83.95	94.87	105.22	11.78
4,085.79	7,044.91					37,930.33	22,884.22	2,629.45	3,320.89	SELL TK	84.95	98.67	109.02	12.39



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BUSINESS

DHAKA WEDNESDAY JULY 22, 2020, SRABAN 7, 1427 BS ● starbusiness@thedailystar.net

Revenue collection did not stutter badly last fiscal year as feared

REJAUL KARIM BYRON

The two-and-half-month-long countrywide general shutdown was supposed to cause a massive dent to the state’s coffer as the economic locomotive was effectively chained to its track in the station.

Turns out, the damage was not sweeping: revenue collection in the just-concluded fiscal year dropped 2.26 per cent.

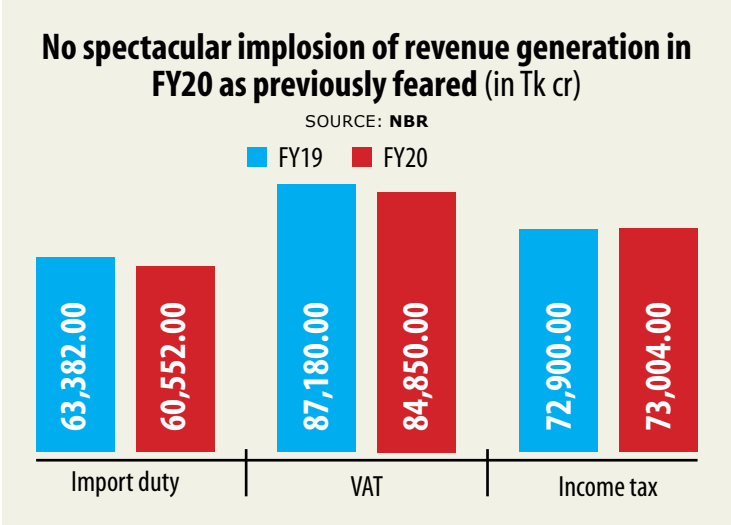
Although this is first-ever negative growth in Bangladesh’s history, when viewed against the backdrop of the pandemic, which had put the economy in a state of

induced coma for essentially a quarter, the figure seems rather remarkable.

In fiscal 2019-20, the National Board of Revenue (NBR) managed to earn Tk 218,406 crore, according to its provisional estimates.

The amount fell short of the target by 27.3 per cent, making it the ninth consecutive year that the NBR missed both actual and revised collection goals set by the government to finance its overall fiscal plans.

Bangladesh recorded 13.2 per cent revenue growth in the last five years.



Value-added tax (VAT), the biggest source of revenue for the state coffer, dipped 2.67 per cent to Tk 87,180 crore.

Customs duty fell about 4.5 per cent to Tk 63,382 crore in fiscal 2019-20 on the back of a crash in imports.

Receipts from income tax were

the only positive thing in the last fiscal year: it was up 0.14 per cent at Tk 73,004 crore.

The NBR missed the import duty target by 28.95 per cent, VAT by 21.87 per cent and income and travel taxes by 31.57 per cent from the revised collection goal.

“The economic downturn

caused by the pandemic was the main but not the only reason,” Zahid Hussain, a former lead economist of the World Bank office in Dhaka.

The pandemic caused income losses for the poor, the middle-class and the rich alike.

The poor and the low-income groups had to adjust their expenditures because they have little savings to draw from.

Even those whose income was not hit cut back on expenditures because they restricted themselves to staying at home.

Overall, private consumption expenditure was hit badly leading to the fall in VAT collection.

The functioning of the NBR was also disrupted during a period when tax collection usually reaches its peak in any fiscal year -- the last quarter, according to the economist.

However, revenue collection was weak even before the pandemic arrived on the shores of Bangladesh.

READ MORE ON B2

The future of lending is here. And it is thanks to City Bank and bKash.

AKM ZAMIR UDDIN

City Bank and bKash are possibly on to revolutionising the lending landscape in Bangladesh after the two yesterday announced rolling out digital lending on a pilot basis.

A select group of bKash users will now be able to get a loan of up to Tk 10,000 collateral-free on an instant.

To take a loan, banks require consumers to visit a branch, open an account first and then start the cumbersome process of applying for the loan. And there is no surety that the loan would be sanctioned.

Often, applications get rejected for a minor glitch in the form or documents provided, meaning the customer have to return to the branch and go through the entire cycle all over again.



But the digital lending model that harnesses the power of technology, loan seekers no longer need to under a completely physical process to procure a loan. The whole process is presence-less and paperless and the service delivery cashless. And all this is done in just a few minutes.

The lending model is immensely popular in neighbouring India, and the Bangladesh Bank has warmed to the idea as it stands to expedite the financial inclusion agenda in the country.

In Bangladesh, people are often compelled to take loans from informal sources at high interest rates to meet emergency needs -- such as health crisis or financial loss caused by natural disasters -- or even to engage in small trade.

In many cases, people find it difficult to fulfil the terms and conditions set for availing the loans.

Due to the high cost and onerous terms and conditions, unbanked people find it difficult to repay those loans and are in turn overburdened with even higher debt.

But this initiative by City and bKash will help clients sweep aside the roadblocks.

Upon successful completion of the pilot, the product would be rolled out on a wider scale.

“The journey of this digital loan starts with the idea of how we can deliver money on an urgent basis to the right people with more convenience so that they can use it according to their needs,” said Mashrur Arefin, managing director of City Bank.

Many people in the country, especially the small traders, often need money on an emergency basis.

“We hope that our experimental initiative will be successful. We are always trying to get closer to the customers,” he said, adding that a good number of African nations have already introduced this component of the digital financial service.

The credit ceiling may be increased if the ongoing pilot project is completed successfully, he said.

The digital loan project of City Bank exemplifies how banks can bring new and creative services to improve the lives of the common people, said Kamal Quadir, chief executive officer of bKash.

It broadens the scope of financial inclusion by using bKash’s platform and leveraging its robust customer base, he said.

“We believe the collateral-free, instant digital loan will bring transformative impact among marginalised people, micro entrepreneurs and students to meet their emergency personal or business needs,” Quadir added.

Under the project, customers will have to pay back the loan within three months by way of three equal monthly instalments (EMI). The EMI will be deducted automatically from the user’s bKash account on fixed due dates.

The user will also be able to pay the EMI before their due dates and save money as the bank will associate early repayment with lower interest costs.

Interest on the loan will be charged on a daily basis.

READ MORE ON B2

Project implementation delays draw PM’s ire

STAR BUSINESS REPORT

Prime Minister Sheikh Hasina expressed serious disappointment over delays in the implementation of development projects, which are often designed without proper planning or feasibility studies.

Her latest displeasure was aimed at two projects that were taken up in 2013 and 2017 respectively. They were up for revision at the meeting of the Executive Committee of the National Economic Council (Ecne) yesterday.

The projects are: Widening and Improvement of Khulna Shipyard Road (1st revised) project and the Land Acquisition for Road widening of Nangalbandh-Minar Bari part of Langalbandh-Kaikartek-Nabiganj district highway (1st revised) project.

“The prime minister has expressed deep disappointment. We are trying to find out why projects are being delayed. There is a lack of coordination,” Planning

Minister MA Mannan told reporters after the meeting.

The Khulna Shipyard Road Widening and Development Project was taken in 2013 at an estimated cost of Tk 98.91 crore. The cost has now gone up more than two times to Tk 259.21 crore.

The Khulna Development Authority is the implementing agency of the project, which has been initiated by the housing and public works ministry.

According to the project document, the cost of land acquisition rose as the district administrator fixed the price of 6.277 acres of land and properties at 1.5 times higher under previous rules and 1.026 acres at 3 times higher after the publishing of the gazette.

The design of the road has also changed. The road submerges by one foot to two feet during rainy seasons and tides for the last four to five years, the document said.

READ MORE ON B3

Khulna Shipyard Road Widening & Development project

- » Taken in Jul’13 at cost of Tk **98.91**cr
- » Cost now goes up to Tk **259.21**cr
- » New deadline Dec’22
- » Implementing agency: Khulna Development Authority

Road widening from Langalbandh to Minarbari project

- » Project taken in Feb’17 for Tk **121.57**cr
- » Cost now goes up to Tk **260.41**cr
- » New deadline Dec’21
- » Implementing agency: roads and highways department

BB’s helping hand towards cottage, micro and small firms

STAR BUSINESS REPORT

Bangladesh Bank yesterday relaxed loan classification and provisioning for the cottage, micro and small businesses under the small and medium enterprise (SME) sector as part of its efforts to revive the economy.

From now on, continuous, demand and term loans of the three arenas will be considered to be of the substandard category under the classified loans if the borrowers fail to pay back the fund within a timeframe of six months to less than 18 months.

A substandard loan had earlier been

those that had not been paid by borrowers within three months to less than nine months.

A loan will be treated in the doubtful category if clients do not pay back any instalment of the loan within the timeframe ranging from 18 months to less than 30 months. The previous tenure for doubtful loans was between nine months and less than 12 months.

If clients do not pay any instalment of a loan for 30 months or beyond, the entire fund will become bad or go under loss category of classified loans. Bad loans had earlier been those against which clients had not paid any instalment for 12 months and

above.

Lenders will be allowed to keep provisioning against 5 per cent of their sub-standard category of classified loans to the cottage, micro and small borrowers against the previous ratio of 20 per cent.

For doubtful category loans, banks will have to ensure provisioning against 20 per cent of it against the previous ratio of 50 per cent.

The central bank, however, kept unchanged the provisioning ratio for bad category loans as lenders have to continue to keep 100 per cent provisioning for the loans.

Banks consider a client to be under the cottage arena when he/she borrows less

than Tk 10 lakh from lenders, as micro from Tk 10 lakh to less than Tk 75 lakh and as small businesses from Tk 75 lakh to Tk 15 crore in the SME sector.

The latest initiative will help lenders lower provisioning compared with that in previous times, which will encourage them to give out more loans to the SME sector.

The majority of banks now show a reluctant attitude as the central bank has imposed a 9 per cent cap on all lending products since April 1.

The regulator of the banking sector has repeatedly asked lenders to speed up their loan disbursement to the SME sector, but they hardly bothered.

Digital Bangladesh held back by service delivery bottlenecks: Robi CEO

MUHAMMAD ZAHIDUL ISLAM

There is a very big gap between the reality and vision declared by the government on digitalisation as a huge number of bottlenecks lie behind service delivery processes, said a top executive of a Bangladeshi mobile carrier yesterday.

The number of fourth-generation (4G) service users is not more than 21 per cent in Bangladesh as of June, Mahtab Uddin Ahmed, chief executive officer of Robi, told a panel discussion organised by the Groupe Speciale Mobile Association (GSMA).

Meanwhile, the coverage has reached 80 per cent of the country and smartphone penetration is about 40 per cent, he said at the session where a “Mobile Economy Asia Pacific 2020” report was placed for discussion.

Synchronisation needs to be brought in with the political vision of Digital Bangladesh and the policies to get the maximum benefit out of it, he said.

“We remain in the past in lots of parameters, though the country has a huge opportunity and the government has a very clear vision.”

READ MORE ON B2

Tech platforms solving the problem of Qurbani amid pandemic

MAHMUDUL HASAN

Panic gripped Sultana Ahmed of the capital’s Mohakhali DOHS the moment she learnt that live slaughtering and meat processing of cattle was barred in her neighbourhood this Eid-ul-Azha to minimise coronavirus transmission.

A devout Muslim, she never missed this ritual in her life and was getting worked up about how she would manage this year.

But her fears were assuaged when she stumbled upon a Facebook page by the name of Tarzan Box that was providing complete Qurbani service.

That establishment was only dealing with cows and she sacrifices one cow and two goats every year to accommodate the names of all her family members. She was again fretting about where would manage the goats.

But she breathed a sigh of relief when she received a text message on Monday evening from food delivery platform HungryNaki informing of its latest product: goat for



Qurbani.

HungryNaki is providing the option of both farm-to-doorstep and farm-to-table.

Ahmed wasted no time in ordering two 18-25 kg goats with the platform complete with processing. “It is a handy service. I hope it lives up to my expectations,” she said.

One can take a good look at the goat before buying it through a live video call,

said AD Ahmad, chief executive officer of HungryNaki.

The weight of the goat will be measured and the price will be determined in front of the customers in the video call.

“We have received a tremendous response from customers. Because people now don’t want to go outside and our services are designed to reduce the hassle of the customers,” he said.

On the total weight of the goat, customers have to pay Tk 550 per kilogramme and another Tk 1,200 for Eid day delivery after processing or Tk 1,000 for delivery on the second or third day of Eid.

The platform launched the service on July 15 and it has so far received upwards of 400 orders for goats. Of the orders, more than 80 per cent have sought the full Qurbani service.

The full Qurbani service is not new in Bangladesh as meat processor Bengal Meat has been providing it for more than five years.

READ MORE ON B3

BB makes lending easier to foreign companies

STAR BUSINESS REPORT

Banks and non-bank financial institutions have been allowed to give out local currency loans to foreign companies against overseas guarantees without taking prior approval from the central bank.

The central bank eased the rule yesterday given the ongoing coronavirus pandemic, according to a notice. The new rule will be in force until June 30, 2021.

The rule relaxation aims at facilitating easy access to loans against external guarantees, a central bank official said. No fees will be payable against the guarantees.

The central bank would have to be informed immediately in case of encashment of guarantees due to the payment default by borrowers.

Permission from the central bank will be required in case of payment abroad of the amount encashed by lenders.