JAMUNA BANK

Adnan Mahmud Ashraf-uz-zaman, head of cards at Jamuna Bank, and Ahmad Raquib, general manager for sales and reservation of Fortis Group, attend a deal signing ceremony at Jamuna Bank Tower in Dhaka offering discounts for the bank's stakeholders at the group's resort in Gazipur.

Samsung launches exchange offer, cashbacks on home appliances

STAR BUSINESS DESK

Samsung recently launched a new "Get More" campaign on exchange offers of up to Tk 22,000 and cashbacks of up to Tk 30,000 on select models of television, refrigerator, air conditioner, washing machine and microwave oven till December's end.

The campaign also offers an equal monthly instalment facility of 12 months and free home delivery. The products are available at Samsung SmartPlaza, Fair Electronics, Transcom Digital, Electra and Rangs Industries.

Every 55" or above Samsung model UHD TV provides a chance at winning a luxury stay at The Westin Dhaka, says a statement.

For refrigerators, the cashbacks could be up to Tk 25,000 while those on air conditioners, washing machines and microwave ovens Tk 2,000 to Tk 5,000.

The exchange offers carry benefits from Tk 4,000 to Tk 22,000, depending on the original price and model of products.

"Our constant efforts to uplift the consumer experience in Bangladesh have been meeting very positive results for many years," said Shahriar Bin Lutfor, head of business for consumer electronics at Samsung Bangladesh.

"We have introduced this new campaign to honour the loyalty and love that we receive from our customers," he said.

"Nothing is more pleasing for us than having a consumer-base who wish to decorate their lifestyles with Samsung products for every need," he added.

Oil shrugs off US inventory gain amid sustained vaccine rally

REUTERS, *London*

Oil rose for a fourth straight session on Wednesday as the market shrugged off an industry report showing US crude stockpiles rose more than expected, extending a rally driven by hopes that a COVID-19 vaccine will boost fuel demand.

Brent crude was up 53 cents, or 1.1 per cent, at $48.39 a barrel by 0956 GMT, having risen almost 4 per cent in the previous session.

West Texas Intermediate crude gained 38 cents, or 0.8 per cent, to $45.29, after rising more than 4 per cent on Tuesday.

"Crude oil prices are trading at their highest levels since early March, supported by positive market sentiment as a result of vaccine news and strong oil demand in Asia," said UBS oil analyst Giovanni Staunovo.

"We maintain our bullish outlook for next year and target Brent to hit $60 per barrel at the end of 2021," he added.

AstraZeneca said on Monday its COVID-19 vaccine was 70 per cent effective in trials and could be up to 90 per cent effective, providing another weapon in the fight to control the pandemic.

The formal start of US president-elect Joe Biden's transition to the White House has also improved the global outlook.

A weak dollar has also provided support for crude prices as a lower dollar makes oil less expensive for buyers.

"The recent depreciation of the US dollar has helped temper the impact of surging oil prices for some of the world's largest consumers of energy," said Stephen Brennock of broker PVM.

The market seemed shrug off latest data from the American Petroleum Institute (API) on Tuesday that showed US crude stocks rose by 3.8 million barrels in the week to Nov. 20 to around 490 million barrels.

Official US government crude inventory data will be released later on Wednesday.

Analysts also said that a viable vaccine was not likely to be ready for mass use in the next few months, meaning lockdowns and travel restrictions will be in place into next year.

That makes it likely that OPEC+, made up of the Organization of the Petroleum Exporting Countries (OPEC) and allies including Russia, will continue production cuts into 2021 after a meeting set to start on Nov. 30 following technical talks this week.

OPEC+ producers have been withholding supplies to support prices after pandemic lockdowns earlier this year caused an evaporation in demand.

They are currently due to increase production by 2 million barrels per day -- about 2 per cent of global demand before the pandemic -- from January.

EU chief says no-deal still possible despite progress in UK trade talks

REUTERS, *Brussels*

The head of the European Union's executive on Wednesday reported "genuine progress" in Brexit talks but said the risk of Britain leaving the EU without a new trade deal on Dec. 31 remained, an outcome she said the bloc was prepared for.

Britain and the EU are in a last-ditch effort to agree terms to keep trade flowing without tariffs or quotas from the start of 2021, after London's current standstill transition out of the 27-nation bloc ends.

"The next days are going to be decisive," said European Commission president Ursula von der Leyen. "The European Union is well prepared for a no-deal-scenario, but of course we prefer to have an agreement."

"With very little time ahead of us, we will do all in our power to reach an agreement. We are ready to be creative. But we are not ready to put into question the integrity of our single market," she added.

BD opposes Indonesia's move to slap safeguard duty

FROM PAGE 'B1

"Therefore, resorting to safeguard measures is unwarranted," said BTTC Member Mostafa Abid Khan.

The WTO agreements provide its members with the scope to take safeguard actions, such as temporarily restricting the imports of a product to protect a specific domestic industry from any potential threat, according to the WTO.

Such measures, which in broad terms take the form of the suspension of concessions or obligations, can consist of quantitative import restrictions or duty increases to higher than bound rates, said the organisation.

The Indonesian authority initiated an investigation into its apparel imports for the period between 2017 and 2019.

The BTTC said it made an effort to determine whether apparels were exported to Indonesia in increased quantities, absolute or relative terms to domestic production along with the trends in the rates and amounts of increase in imports, during the period.

It then said the number of garments shipped dropped in 2019 compared to the previous year and that the downward trend was going to continue this year.

Therefore, the upward trend in the cost and amount of the products under investigation does not satisfy the conditions outlined in the WTO Agreements on Safeguard, the BTTC said.

The BTTC also said Indonesia cut its tariff rates in line with free trade agreements with countries such as China. It said due to a 10 per cent reduction in tariff for China, imports from the country would likely increase.

"This is actually what happened," the BTTC added.

Therefore, the commission said, it may be deduced that an increase in the import of the product shown in the petition is not a result of any unforeseen development, a prime prerequisite of taking safeguard action as per the global trade agreement.

The BGMEA said the claim in the petition filed by the Indonesian Textiles Association, regarding the decline in production, did not match data from the large and medium manufacturing industries or micro and small manufacturing industries that produced apparels for the same period.

Indices clearly show the production of micro, small, medium and large manufacturing industries maintained a positive growth between 2017 and 2019, according to the BGMEA.

While the petition was lodged on the grounds of injury to the domestic industry, Indonesia's apparel export has also been confronted with losing competitiveness, said the BGMEA.

It cited falling exports of apparel and increasing producers' prices, unit prices and the rising minimum wage in the southeast Asian nation.

"Since all the data related to price and wages are suggesting that Indonesia's apparel industry may be suffering from erosion in competitive advantage, the temporary safeguard measure is neither appropriate as per the agreement on safeguards, nor is it sufficient to protect the local industry."

The trade body also cited the trade imbalance between Bangladesh and Indonesia, showing that it favours the latter. Bangladesh brought over $1.94 billion worth of goods from the southeast Asian country and exported that of $57 million in the fiscal year of 2018-19.

Of the garment items, Dhaka imported $187 million worth of textile articles and shipped $30 million worth of apparels.

"The import of textile by Bangladesh, which goes to the production of export-oriented garments, is allowed to enter duty-free here," said BGMEA President Rubana Huq.

In its submission, the BGMEA cited that Bangladesh's apparel items face duties as high as 25 per cent to enter Indonesian markets while Chinese products get duty benefits.

Indonesia's local industry might be facing the impact because of the zero-tariff access in favour of giants like China and Vietnam.

Therefore, imposing additional duty would simply harm Bangladesh, said Huq.

BKB, Rakub asked to reduce default loans, boost capital base

FROM PAGE B1

The central bank asked the lenders to take the initiative to recover these loans quickly, according to a Bangladesh Bank official, who attended the meeting.

The two lenders' capital shortfall also worsened between January and June.

The capital shortfall in BKB widened by 12.35 per cent year-on-year to Tk 10,318 crore as of June. It rose 96 per cent to Tk 1,338 crore for Rakub.

The central bank ordered the banks to take adequate measures to fortify their capital base by curbing non-performing loans.

A large number of loss-making branches also points to their financial health.

However, the number of unprofitable branches of BKB slightly went down to 311 as of June in contrast to 330 one year ago. Still, this figure is far too high as it has a total of 1,038 branches.

The number of unprofitable branches for Rakub jumped 323 per cent year-on-year to 195 in June. This means 51 per cent of the lender's 311 branches have fallen into a loss.

This led the BB to ask both BKB and Rakub to reduce the number of loss-incurring branches by following a useful cost-cutting model.

Poor corporate governance is the main reason for the deteriorating financial health of the two banks. Also, the central bank does not have full authority to control the lenders as per the Bank Companies Act 1991. So, the central bank frequently fails to force the state lenders to follow the MoU goals.

The two lenders have also been asked to speed up loan disbursements from the stimulus packages to accelerate economic recovery.

Govt dialogue on stimulus packages begins today

FROM PAGE B1

For sectors like the export-oriented ones and large industries, the disbursement was quick. As of September, banks lent 48 per cent of a Tk 76,000 crore fund to large industries.

The export-oriented sector, mainly garments, is ahead of all so far. Initially, they were given Tk 5,000 crore. When the industry demanded more after the funds were exhausted, the government allocated another Tk 3,000 crore. The second tranche has also been distributed.

There are sectors where the disbursement of the stimulus fund has been very slow.

The special refinancing scheme worth Tk 5,000 crore for the agricultural sector can be a case in point. Some 78,526 farmers or farms received Tk 1,892 crore from 43 banks, which was less than one-third of the allocation.

Higher GDP growth fails to translate into lower NPL: BIBM

FROM PAGE B1

Strong internal management and good governance by banks can reduce the NPLs, said SM Moniruzzaman, a deputy governor of the Bangladesh Bank.

There is a sense of satisfaction over Bangladesh not being in a very bad position among the countries of the South Asian Association for Regional Cooperation, but still, there is enough scope for the betterment of the NPL level to a tolerable level, he said.

As banks give out term loans from short-term deposit, they tend to fall into problems, for which they need to enhance their deposit base, Moniruzzaman said.

Banks also need to assess borrowers properly to avert the NPLs as much as possible, the deputy governor added.

Banks' strong monitoring and assessment of borrowers are very important to reduce the NPLs, said Md Akhtaruzzaman, director general of the BIBM.

The lenders may make adverse selections in lending due to the presence of fake documentations, but with continued monitoring they can reduce the amount of money being siphoned off by the defaulters, he said.

Another big problem for the rise in the NPLs is delays in the judicial process for the sale of mortgages, he said, adding that whenever a bank initiates the process, defaulters tend to go to courts and get a stay order issued.

Md Ataur Rahman Prodhan, CEO and managing director of Sonali Bank, said a case was filed in 1985 but it was yet to be settled. So, the bank still cannot materialise the mortgage and bring money into its books.

In most of the cases, banks cannot sell mortgaged assets for the lengthy legislative processes, he said, adding that many good borrowers do not even have anything to show as mortgage and avail a loan but their ideas and potential were immense.

"So, security or mortgage is not the solution for the NPLs," he said.

Many good borrowers end up getting finance in excess due to unethical competition between lenders, resulting in them also becoming defaulters, he said.

Due to a lacklustre performance of capital markets, banks lend for longer terms and it creates mismatch in fund mobilisation. The Sonali Bank managing director recommend strengthening the capital market.

Banks need to maintain due diligence in lending money, said Syed Waseque Md Ali, managing director of First Security Islami Bank.

But it might not be possible in cases where political pressure is involved and these are the types of loans that become the NPL in most cases, he said.

Monitoring is very important because a good loan can turn bad due to the absence of monitoring, he said, recommending that the central bank form a database so that lenders can get authentic data about borrowers.

Ali also recommended finding ways to provide loans at lower interests as an incentive for good borrowers, reasoning that the interest rate for a good customer should not be the same as that for bad customers.

While giving out a loan, it is very important to figure out the actual reason for the borrower availing it, said Syed Mahbubur Rahman, managing director of Mutual Trust Bank.

But the banking sector lacks qualified manpower, which hinders proper assessment and monitoring, he said.

The central bank should monitor the boards of directors of banks to see if they have the banking knowledge to run the establishments properly, he said.

On the other hand, banks need to start giving out more working capital but they are doing the opposite and giving out more term loans. So, entrepreneurs sometimes face problems in running their businesses due to a lack of working capital.

A high interest rate does not always result in an NPL, he said, citing the example of Brac Bank.

The MTB CEO sought permission to run their own audits on companies before providing loans, reasoning that now there were so many credit rating companies that their valuations were not credible all the time.

Due to the spread of the Covid-19, businesses will be affected and the amount of the NPLs will increase once the pandemic ends, the report says.

Banks must remain vigilant so that the facility provided by the central bank withholding classification of loans this year is not misused, it added.

The report recommended stopping a borrower from being able to take loans from many banks, strengthening management efficiency and having bank agent monitor borrowers from within the latter's enterprise.

It also recommended proper assessments, ensuring effective corporate governance, and reducing unhealthy competition.

Towards a more conducive tax system: reform strategies and priorities

FROM PAGE B4

The latter would, of course, need a significant change in the formation and working practices of the NBR. Examples of private-sector representation in the revenue governance body abound, including in Canada, the United Kingdom, New Zealand, Malaysia and Singapore. Sadly, over a fairly lengthy period of time, the NBR has not been able to make the alternative dispute resolution (ADR) mechanism for the resolution of tax disputes effective.

A firm political commitment is necessary for making perhaps the boldest yet the most critical tax reform measure necessary- separation of tax policy and administration. Setting policies and collecting taxes through the same institution not only creates a conflict of interest, but it also makes it impossible to have objective revenue targeting and necessary adjustments reflecting evolving economic conditions, and enforcing tax compliance.

The objectives of the tax system should not be just to collect and meet revenue targets. It should aim to increase the positive effect of the tax system on economic efficiency and growth. It should consider the impact of current taxation on future economic activity, and it should consider the impact of current taxation on future tax revenue generation. All of this also needs to be informed by the implications of international trade policies, as well as the taxation and trade policies specifically of our competitor countries. Needless to say, all this requires the capacity for data collection, analysis and research, which is not present in any significant measure in the current structure.

One of the key steps would be to increase the analytical capacity in order to provide solid data analytics to lay the ground to inform and prioritise both policy imperatives and decisions, as well as the necessary institutional and process-oriented reforms. Efficient revenue forecasting and the use of third-party information effectively would enhance the capacity to target sources of revenue fruitfully.

Change, as always, will not be easy since there is at least as much vested resistance as there is support. However, realising this vision, and the overall reform of the revenue regime, will require the strongest of political commitment with resolute follow through. At the end of the day, a good tax system is simple, equitable, transparent, accountable and responsive to the development goals of the country.

The authors are respectively the chairman of the Policy Exchange of Bangladesh and the president of the Metropolitan Chamber of Commerce and Industry, Dhaka.

Tesla plans to produce electric car chargers in China, document shows

REUTERS, *Beijing*

Tesla Inc plans to start manufacturing electric vehicle (EV) chargers in China in 2021, according to a document submitted to the Shanghai authorities by the US firm which is seeking to expand sales in the world's biggest car market.

Tesla, which now sells its Model 3 electric cars in China and plans to deliver its Model Y sport utility vehicles in 2021, plans to invest 42 million yuan ($6.4 million) in a new factory to make the chargers, also known as charging piles, near its car plant in Shanghai, the document seen by Reuters said.

China, which offers hefty subsidies for electric vehicles as it seeks to cut down on pollution from petrol or diesel cars, has been expanding its nationwide network of charging points, one of the biggest challenges to encouraging adoption of EVs.

The factory, which Tesla expects to complete in February, will have capacity to make 10,000 chargers a year, according to the document submitted by Tesla.

It now imports the chargers, usually installed in charging stations or car parks, from the United States.