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BUSINESS

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Banks reschedule Tk 18,552cr under relaxed rules

REIAUL KARIM BYRON

Banks regularised Tk 18,552 crore until June under relaxed loan rescheduling rules that were introduced in December last year to help businesses affected by political unrest.

Eight state-owned and specialised banks accounted for almost half of the amount or Tk 9,174 crore, according to central bank statistics.

Although the banks took advantage of the relaxed rules, their classified loans rose during the period.

Under the scope that expired in June, businesses were allowed to reschedule their loans by fixing their down payment and time limit for repayment, and restructure loans by setting up a rational repayment period.

Banks had to obtain a no-objection certificate (NOC) from the central bank before

KEY POINTS

Loan rescheduling rules were relaxed to help businesses affected by political unrest

Eight state and specialised banks rescheduled Tk **9,174**cr

Rupali rescheduled the highest amount: Tk **3,137**cr

Despite the offer, banks' classified loans rose during December-June

the rescheduling facility became effective.

However, many of the loan rescheduling proposals were rejected, a central bank official said.

For example, he said, Janata Bank had sent proposals to reschedule loans worth Tk 4,487 crore under the relaxed policy, but could finally regularise Tk 2,057 crore during the period.

The official said the central bank gave the NOCs after scrutinising the proposals carefully. The BB also opened a cell at its headquarters to monitor the loans.

Central bank inspection teams, during their regular visits to different banks, took with them a list of the loans rescheduled by the banks under the special facility and checked their status.

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Tax returns deadline to be extended by a month

STAR BUSINESS REPORT

The deadline to submit income tax returns for the current year is likely to be extended by another month from September 30 in the face of demands from the country's apex trade body.

Preparations for two major religious festivals, Eid-ul-Azha and Durga Puja, which fall early next month, mean that taxpayers might be unable to complete all formalities before the September 30 deadline, officials of the National Board of Revenue.

The move means it would be yet another year that the NBR has given more leeway to individual taxpayers to comply with tax rules such that it raises the state's capacity to finance annual expenditures.

Last year, the tax authority extended the deadline several times due to political unrest and to give people time to get electronically generated taxpayer identification numbers (TIN).

The tax administration introduced online TIN to clean up its database of TINs that were issued manually earlier.

Some 3.91 lakh taxpayers signed up for TINs for the first time following the introduction of the online system, while 9.65 lakh of the old TIN holders re-registered.

However, the total number of taxpayers who furnish income tax and wealth statements remains lower than the registered TIN holders.

Last year, 10.38 lakh taxpayers submitted their tax returns, down 10.82 percent year-on-year, according to NBR.

Taxmen blamed the sluggish economic pace owing to political instability for the reduced submission of returns.

7pc growth possible

StanChart upbeat on Bangladesh economy

STAR BUSINESS REPORT

Bangladesh has to address infrastructure deficit, productivity gap and diversification of export base if it wants to move to a higher growth trajectory, Standard Chartered Bank said in its latest report.

The country has the potential to grow at more than 7 percent over the next decade if it can plug the infrastructure deficit alone.

The four-lane Dhaka-Chittagong highway is critical as this route links the main industrial zone to the country's main port, Radhika Kak, SCB's South Asia economist, said in the report, adding that congestion stretches the duration of the 260 kilometre-journey to 20 hours.

Only 49 percent of the work on the project has been completed since 2010, said the report, 'At a glance Bangladesh -- primed for growth'.

It also called upon the government to improve rail infrastructure. Only 12 percent of freight is transported by rail against 30 percent in India, which, it said, is a testament to the "poor state" of rail infrastructure.

As a result of the infrastructure deficiencies, the country's export costs are almost double those of other garment-exporting nations, it said.

BANGLADESH LESS PRODUCTIVE THAN OTHER ASIAN ECONOMIES

IN % OF PRODUCTIVITY IN CHINA, 2009



Export cost is \$1,025 per container in Bangladesh as opposed to \$600 per container on average in other garment-exporting economies.

The report also found that the country lags behind other Asian economies when it comes to productivity -- and this gap must be closed at the earliest as the country's comparative advantage by way of wage will eventually wane.

It particularly highlighted Vietnam, which is poised to eat into the country's share of garment exports to the US.

The report also suggested the country diversify its export basket, which has seen next to no change over the past decade.

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FOR TRADE VISITORS ONLY

Formia demands compensation from Biman for scrapping order

STAR BUSINESS REPORT

Formia Airline Supplies Ltd yesterday demanded \$230,000 in compensation from Biman Bangladesh Airlines, as the national flag carrier cancelled an order for purchasing hajj kits from the foreign firm.

But Biman said the supplier company failed to provide the kits as per specifications in the purchase order.

"The purchase order to Formia is valid and cannot be cancelled without a valid good reason and without a prior notice. Biman will have to pay the amount," said Barrister Jennifer Ashraf, senior partner of Legacy Legal Corporate, the legal adviser for Formia.

"We are also requesting the government to carry out an investigation into the entire procurement process of Biman," she said at a press conference at Sonargaon Hotel in Dhaka.

The goods supplied were in line with the specifications, she added. Ricky Li, supply chain director of Formia, which is based in Hong Kong, was also present at the briefing.

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