

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
▲ 0.03%	▼ 0.09%	\$1,164.70 (per ounce)	\$48.59 (per barrel)	▼ 0.07%	▼ 0.64%	▲ 0.41%	▲ 1.45%	BUY TK 77.25	83.52	116.93	0.62
4,649.29	8,635.85			27,287.66	18,435.87	3,038.11	3,368.74	SELL TK 78.25	87.52	120.93	0.65

**এসআইবিএল রিটেইল ব্যাংকিং**  
জীবনের জন্য, জীবন যাপনের জন্য

এসআইবিএল ইসলামিক কনজুমার ফাইন্যান্স  
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\* ফ্রি অনলাইন সেবা  
যে কোন প্রয়োজনে ০৯৬৬২০০৯২২



# Star BUSINESS

DHAKA MONDAY OCTOBER 26, 2015

## India may ease terms for \$2b credit

REJAUL KARIM BYRON

India has hinted that it would relax the terms and conditions tagged with its fresh \$2-billion credit for Bangladesh, which will mostly be used to further enhance connectivity between the two countries.

When India sent the draft agreement to Bangladesh in August this year, it stipulated that at least 75 percent of the credit must be utilised to import goods and services from India. It even included consultancy services under the project.

But the neighbouring country now considers cutting the size of the import content of the credit line to 65-75 percent of overall procurement. For some cases, India is ready to bring it down further.

"Relaxation on the minimum Indian content may be done on a case-to-case basis and not for the entire line of credit. The same practice is being followed in the first line of credit," said the Exim Bank of India, which is responsible for disbursing the loan.

The bank agreed to offer the flexi-

### MAJOR PROJECTS UNDER SECOND CREDIT SCHEME

Buying 500 trucks: \$48.19m

Building hi-tech parks in 12 districts: \$201m

Barapukuria-Bogra-Kaliakoir 400 KV line: \$366m

Developing Ashuganj-Akhaura road: \$274m

Setting up Ashuganj inland container port: \$59m

Establishing 4 medical colleges and National Institute of Burn and Plastic Surgery: \$320m

bility while commenting on the opinions about the draft agreement from Bangladesh's side.

India also agreed to cede more control to Bangladesh over establishing joint ventures aimed at providing consultancy services. Now, a Bangladeshi firm can have 49 percent

stake in a JV, with an Indian firm being the lead partner.

It came after the Economic Relations Division of Bangladesh took opinions from different ministries about the Indian government's plans and forwarded their opinions to Exim Bank.

When contacted, ERD Secretary Mohammad Mejbahuddin said the import content would remain flexible. It will also be possible to increase the use of local content to higher level on a case-to-case basis.

He said locally available goods such as sand and rocks would not be imported.

"The negotiation is almost complete. We hope we would be able to ink the deal this year," Mejbahuddin said.

He said the projects that would get financing from the second Indian credit line have almost been finalised, with the preparation work for the projects already on way.

As a result, the implementation of the projects would get pace this time, he added.

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## NBR starts drives to curb VAT evasion

STAR BUSINESS REPORT

The National Board of Revenue launched drives early this month to rein in the evasion of value-added tax, now the second biggest revenue source for the state.

The audit, intelligence and investigation directorate for value-added has already detected VAT evasion by seven firms since it embarked on its drive on October 8.

The firms are engaged in manufacturing of cement, furniture, ice cream, electric fans, and bicycle parts, according to a statement yesterday.

The investigation team checked goods transport vehicles at Tejgaon, Moghbazar, Doyaganj, Postagola and in the Dhaka-Chittagong road's Signboard area and found that the firms were supplying goods without VAT invoice, said Margoob Ahmed, director general of the directorate.

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## Seven banks post negative credit growth

SAJJADUR RAHMAN

Seven banks out of the total of 56 posted negative year-on-year credit growth in August -- a manifestation of the central bank's growing compliance requirements.

"We don't want to go for aggressive lending. Rather, we have emphasised recovery to make the bank strong," said Ahmed Kamal Khan Chowdhury, managing director of Prime Bank, the only local private financial institution to have registered negative credit growth.

Its credit growth in August from a year earlier was a negative 4.92 percent, according to data from Bangladesh Bank. Yet, Prime Bank is not worried as it has become extremely cautious about its lending activities.

State-owned BASIC is the other local bank with negative credit growth.

The remaining five banks that have posted negative credit growth are foreign commercial banks: Bank of Ceylon, Citibank, HSBC, National Bank of Pakistan and State Bank of India.

The average credit growth of the industry was positive, 11.62 percent. The local private banks' credit grew nearly 15 percent and the state banks' 4.48 percent.

Prime Bank is focusing on corporate

banking, which is going through challenging conditions for the past two years, according to Chowdhury.

The unpredictable fall in prices of commodities in international markets has hit hard some local conglomerates and halted their business expansion plans, according to Chowdhury.

The rising compliance issue in the readymade garment industry and the BB's increasing regulations on the banking industry have further tightened the banks' hands for lending.

"It is time to become compliant and Prime Bank will benefit from these moves next year," Chowdhury added.

Rashed Maqsood, country officer of Citi, which posted 18 percent negative credit growth year-on-year in August, echoed Chowdhury's words on the sluggish corporate banking scenario. Citi lends only to corporates in Bangladesh.

"The segment where we do business is not expanding. We have little to do with the small and medium enterprises, where lending is increasing slowly," Maqsood said.

Earlier, many companies expanded their businesses by diverting the working capital they took from banks, but it is not possible now, he said.

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## Strong institutions key to lasting development

Analysts say at Bangladesh Economists' Forum

STAR BUSINESS REPORT

Bangladesh must develop sound, accountable and functioning institutions to achieve its growth aspirations and become a poverty-free nation, economists said.

"It is true that growth will be sustainable if institutions are strong. Then you achieve your goals easily and your life is nicer, more peaceful and more satisfying," said Mohiuddin Alamgir, a former president of Bangladesh Economic Association.

"So, we need to get our act together for sound policies and institutions," he said at a programme organised by Bangladesh Economists' Forum at the Bangladesh Bank Training Academy in Dhaka on Saturday.

Prof Wahiduddin Mahmud, a former caretaker government adviser, said: "Without improving institutions, it is not possible to achieve sustainable development."

Sadiq Ahmed, vice-chairman of the Policy Research Institute of Bangladesh, said there is clear evidence that without strong institutions only the powerful will enjoy the benefits of growth and development.

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## Widen reach of mobile financial services

Analysts say proposed amendment will create hurdles

STAR BUSINESS REPORT

The government should widen the reach of mobile financial services, analysts said at a discussion yesterday.

Users are yet to find optimum benefits from such services as the industry faces many challenges; the government's plan to amend the guideline has also created hurdles for the sector, said bankers, telecom operators and industry experts.

Speakers criticised the central bank's draft guideline on MFS that proposed forming a platform consisting of multiple players with no single party having more than a 15 percent stake.

The government will not do all the work for the sector, rather it will facilitate, said MA Mannan, state minister for finance, at the discus-

sion organised by Dhaka Chamber of Commerce and Industry at its office.

"We will look into the matter so that the facilitator never creates a hurdle."

It is mandatory to disseminate the benefits of MFS at all levels to realise the dream of a Digital Bangladesh, he added.

DCCI President Hossain Khaled recommended distributing salaries of government employees and safety net allowances through MFS, which he said will reduce cost and time.

Multiple equity partnerships with no single party having more than a 15 percent stake may discourage many banks that have already invested to develop this service delivery system, he added.

Abul Kashem Md Shirin, deputy managing director of Dutch-Bangla Bank, said they have already invested more than Tk 300 crore for mobile banking services. They have created their own distribution channels and according to the proposed guideline, they need to sell out their other stake, which will not be viable, he added.

The central bank implemented the existing MFS guideline four years ago and that is robust enough to run the mobile banking system in a competitive manner, speakers said.

Bankers said if the regulator wants to introduce an inclusive approach to the MFS business, it can do so under this current policy; mobile operators can play a part in the MFS business under the existing policy.

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## Indian weavers urged to invest in Bangladesh

STAR BUSINESS REPORT

Textile millers yesterday urged Indian businesses to invest in Bangladesh's weaving sector as the local weavers cannot meet the demand for fabric due to inadequate production capacity.

Spinners are able to supply 90 percent of the yarn needed for the knitting sector, while weavers can meet only 40 percent of the demand for fabric in the garment sector.

Indian entrepreneurs can invest in the weaving sector as there is an opportunity for growth, said Fazlul Hoque, vice-president of Bangladesh Textile Mills Association.

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