

এসআইবিএল রিটেইল ব্যাংকিং  
জীবনের জন্য, জীবন যাপনের জন্য

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# Star BUSINESS

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## HSBC to shut half of its branches in Bangladesh

**STAR BUSINESS REPORT**  
British banking giant HSBC is set to shutter six of its 13 branches in Bangladesh as part of its global strategy to cut costs. The branches will be closed down in phases by the end of 2016 and the customers will be informed well in advance of the shutdown, said Talukdar Noman Anwar, head of communications at HSBC Bangladesh. The branches listed for shutdown are located in Anchor Tower on Bir Uttam CR Dutta Road, Banani and Lalbagh in Dhaka; Narayanganj; Mymensingh and Sylhet. The shuttered branch's customers will still be able to access the bank's services through its other branches in Dhaka and Chittagong and through telephone banking or online, Anwar said. There will be no job cuts: the affected 50 employees would be redeployed to HSBC's other branches in Bangladesh. The British Bank also plans to shut 24 of its existing 50 branches in India, reported Bloomberg quoting unnamed sources. In 2016, it has already closed 78



**KEY POINTS**

- Six of its 13 branches in Bangladesh will be closed
- Branches will be shut in phases in 2016
- There will be no job cuts
- The affected 50 employees to be redeployed to other branches
- The bank plans to shut 24 of its existing 50 branches in India

branches in its home country of the UK and has announced plans to shutter 53 more. HSBC had submitted four applications to the central bank between February 16 and May 4 to get the approval to close down the branches. Bangladesh Bank had initially refused to provide the approval on grounds that foreign investors might perceive the episode as an example of an unfriendly business

environment in Bangladesh. But on May 12, it finally gave HSBC the go-ahead, said an official of the central bank. BB officials said the British bank is shuttering the branches as part of its new strategy to pare back its sprawling network across the globe with the view to improving earnings hurt by high compliance costs, fines and low interest rates. It is unlikely that the bank would wind up its operations in

Bangladesh completely, they said. Anwar reassured that Bangladesh is an important market for the British bank. "Our goal is to continue to review and shape our business for long term growth and in line with customer needs," he added. HSBC logged in Tk 882 crore as operating profit in 2015 -- the fourth highest on Bangladesh's roster of 56 banks. In 2014, it made a profit of Tk 969 crore. Of the nine foreign banks operating in Bangladesh, HSBC is the only one with a presence in all the eight export processing zones. More than 10 percent of Bangladesh's \$70 billion annual global trade is channelled through HSBC, with the bank helping exporters ship products to more than 100 countries each year. HSBC is also the first bank in Bangladesh to offer low-cost financing solution to onshore apparel exporters and to facilitate trade settlement based in the renminbi. Bangladesh also recorded the highest 'trade confidence score' in HSBC's latest survey of 25 countries.

## BB governor fires warning shots at state banks

**REJAUL KARIM BYRON**  
Bangladesh Bank Governor Fazle Kabir yesterday cautioned four state-owned commercial banks and instructed them to grant loans maintaining due diligence so that their financial health improves. The warning comes as default loans in Sonali, Janata, Agrani and Rupali soared in the first quarter of the year. In a meeting with bankers yesterday, Kabir said the government will stop injecting capital into the state banks at some point to meet their deficits. So the banks must become self-reliant, he said, while advising them to refrain from giving out big funds and just concentrate on small loans. Observers appointed to the state banks will assess whether the loans are being granted in line with the rules. He went on to urge the banks to rise above political pressures when sanctioning loans. This was the first meeting of Kabir with the state banks after his appointment as the central bank governor in March. Prior to the appointment, Kabir was the chairman of Sonali Bank. Every year, the state banks are given about 12 performance targets on the basis of agreements signed between them and the central bank. At yesterday's meeting, Kabir evaluated how the banks fared with their targets in 2015.

As per the targets, the default loans of each bank are supposed to decline 20 percent in December 2015 from a year earlier. In reality, the banks' bad loans went up. They also failed to meet their realisation targets against their default loans. They had a target to retrieve Tk 975 crore from top 20 defaulters in 2015, but succeeded in recovering only Tk 187 crore. In the same year, the banks recovered only 43 percent of their target -- Tk 2,925 crore -- from other defaulters. At yesterday's meeting, the banks presented their side of the story to the central bank governor. Since the Hall-Mark scam, a central bank inspection team visits a number of branches each year. In qualitative judgement, many of the loans are classified. As a result, the amount of bad loans increased, the state bank officials said. As for realisation targets, the banks said that they have run into a wall in most cases. Not much progress was achieved even after filing cases against the defaulters. The governor also said the banks' expenditure will increase after the new payscale is implemented. Subsequently, he asked the banks to take steps such that their efficiency increases with the rise in costs. The governor also urged the banks to reduce the number of loss-making branches. As of December last year, the total number of loss-making branches of Sonali, Janata, Agrani and Rupali stood at 183.

## Trade with Canada crosses \$2b

**STAR BUSINESS REPORT**  
Bilateral trade between Bangladesh and Canada has crossed the \$2-billion mark for the first time, with Bangladesh's shipment of apparel leading the way. Businessmen and diplomats also expect the volume of trade to cross \$5 billion by 2021. Trade between the two countries stood at \$2.48 billion in fiscal 2014-15; Bangladesh's export to Canada was recorded at \$1.48 billion, while it imported goods worth \$900.12 million, according to Canada Bangladesh Chamber of Commerce and Industry (CanCham). Higher export to Canada would significantly help Bangladesh achieve its target to export garments worth \$50 billion by 2021 as 95 percent of Bangladesh's exports to

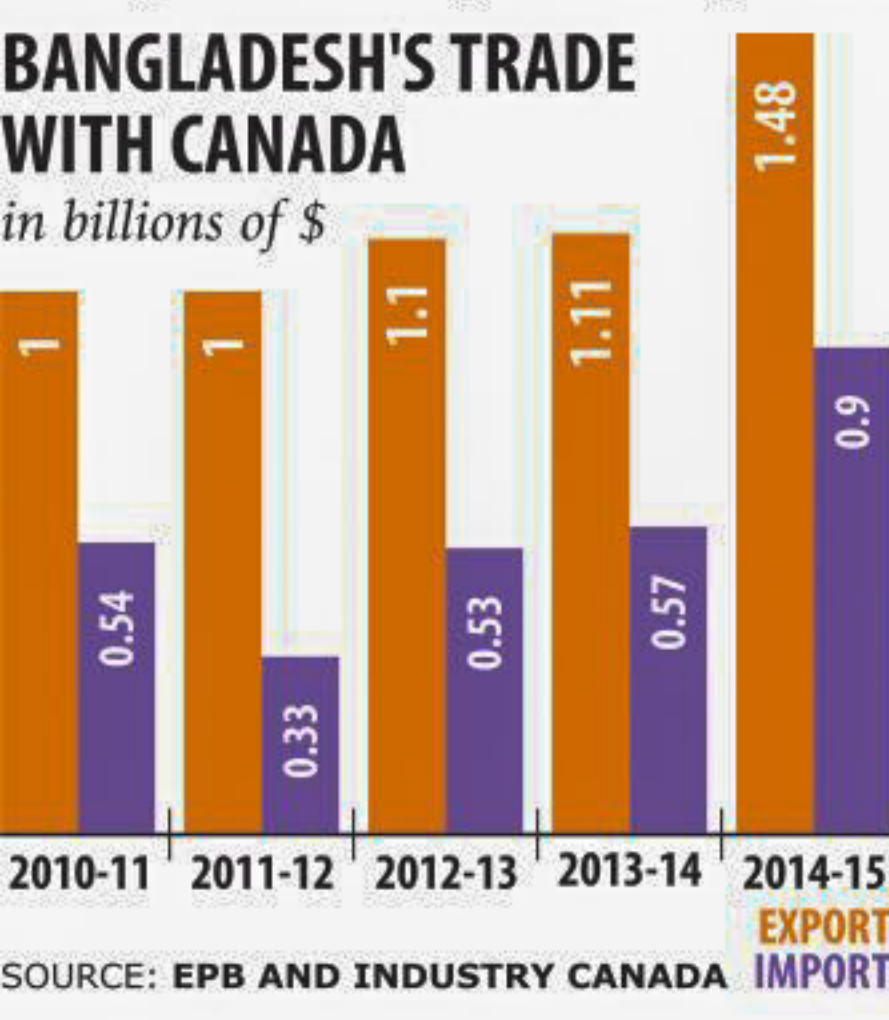
Canada are apparel items, said Masud Rahman, president of CanCham. "We are optimistic that the new wave of opportunities and the growth momentum will energise our private sector to add new success stories in the coming years -- opportunities that clearly mark the export vision for 2021," Rahman said at a discussion on Canada Bangladesh trade at the Dhaka Chamber of Commerce and Industry's (DCCI) office in the capital. Garment exports to Canada have been increasing rapidly for the zero-duty benefit under its least developed countries (LDCs) quota. The other export items to Canada include leather and leather goods, jute and jute goods and ceramics. CanCham and DCCI jointly organised the discussion on the occasion of bilateral trade crossing the \$2-billion mark. Businessmen, trade body leaders, exporters, diplomats, importers and traders attended the discussion. One of the key pillars of the relations between the two countries is the garment sector, said Benoit-Pierre Laramee, Canadian high commissioner to Bangladesh. Many of the largest Canadian apparel retailers source products from Bangladesh, Laramee added. Recognising the importance of this sector for Bangladesh and for bilateral ties, Canada is actively supporting efforts to increase worker rights and safety, he said. Canada contributes eight million Canadian dollars to the International Labour Organisation to help the



**Second from left, Hossain Khaled, president of Dhaka Chamber of Commerce and Industry, presents a book on the history of trade and commerce of Dhaka to Benoit-Pierre Laramee, Canadian high commissioner to Bangladesh, at a programme at the DCCI office yesterday. Extreme right, Masud Rahman, president of Canada Bangladesh Chamber of Commerce and Industry, is also seen.**

Bangladesh government build its capacity to ensure that workplaces are safe. Earlier this year, Canada joined the Sustainability Compact, which Bangladesh had signed with the EU after the Rana Plaza building collapse, committing to responsible business behaviour. "As Bangladesh develops, our bilateral relationship is shifting from aid to trade. Canada remains a significant provider of

development assistance to Bangladesh, but increasingly this assistance is focused on strengthening Bangladesh's ability to compete in the global economy," Laramee said. Roger Hubert, regional head of Swedish retail giant H&M for Bangladesh and Pakistan, said the export trend of garments from Bangladesh to Canada shows that it would be able to cross \$5 billion by 2020.



## Young entrepreneurs demand low-cost loans

**STAR BUSINESS REPORT**  
Young entrepreneurs yesterday demanded collateral-free loans at a single-digit interest rate so that they can run their businesses smoothly. "If women entrepreneurs can get collateral-free loans at simple interest rates -- why not us? We are the next generation," said Shakhawat Hossain Mamun, president of Junior Chamber International (JCI), Bangladesh. "The government should patronise the young entrepreneurs by identifying them at the district and upzila levels," he said, addressing a seminar on 'budget perspectives of young entrepreneurs'. The standing committee on youth entrepreneurship development of the Federation of Bangladesh Chambers of Commerce and Industry organised the seminar, which was moderated by Amzad Hossain, chairman of the standing committee. Mamun also urged the government to engage the young entrepreneurs while preparing the budget proposals. "The youth account for one fourth of the population, but the government never discusses the issues with us prior to budget preparation." FBCCI Director Harun-Ur-Rashid also proposed the government arrange loans for young entrepreneurs at an interest rate of 7 percent and provide a 10-year tax holiday. Discussants said if they get the benefits, they would contribute to the country's economic development through industrialisation. In response to the demands, Shahriar Alam, state minister for foreign affairs, asked JCI and FBCCI to come up with a set of recommendations so that he can request the relevant ministries to consider those. Bangladesh is one of the few countries in the world that maintained more than 6 percent economic growth over the last seven years despite many challenges including political instability and natural calamities, said the state minister.

## Yeakin Polymer gets nod for Tk 20cr IPO

Regulator approves appointment of Chittagong bourse's MD

**STAR BUSINESS REPORT**  
Bangladesh Securities and Exchange Commission yesterday gave a green light to Yeakin Polymer to raise Tk 20 crore from the public. The Khulna-based polypropylene (PP) woven bag manufacturer will float two crore ordinary shares worth Tk 10 each, the stockmarket regulator said in a statement. The company will use the funds from the initial public offering to purchase machinery and construct a factory and administration building. The company's earnings per share stood at Tk 1.41 with a net asset value per share of Tk 14.61 in June 2015. Imperial Capital and FAS Capital Management will jointly manage the IPO. BSEC also approved the appointment of M Saifur Rahman, a chartered accountant, as the managing director of Chittagong Stock Exchange. The post of the managing director of the port city bourse remained vacant after Wali-ul-Marooof Matin stepped down from the post in February, two years ahead of his tenure's expiry, due to internal conflict.

## Analysts oppose universal 15pc VAT

Economist Wahiduddin Mahmud and others speak at discussion on budget

**STAR BUSINESS REPORT**  
The government should not apply a universal 15 percent VAT on all items, considering the prevailing situation in Bangladesh, as it will hurt the small and medium enterprises, analysts said yesterday. Imposing a universal value-added tax rate at this time will be quite dangerous, said Prof Wahiduddin Mahmud, a leading economist. Instead of imposing 15 percent VAT for all, the indirect tax should be applied fully for those businessmen who maintain records and accounts and can claim rebate on previously paid VAT on input. Those who do not have adequate papers should be allowed to pay VAT based on value addition in that stage, he suggested. It will rather be good to have two systems in place, said Mahmud at a discussion on the national budget for fiscal 2016-17. The Institute of Chartered Accountants of Bangladesh and Prothom Alo jointly organised the event at the newspaper's office in Dhaka. However, Mahmud, a former adviser to the caretaker government, said the benefit should be given in a way that those businessmen who do not maintain records and accounts feel encouraged to do that in future. There should be a disincentive for not maintaining records and accounts; but they should be given scope, he added. His recommendations came after participants in the discussion said small and medium enterprises will face difficulties if 15 percent VAT is applied from the next fiscal year under a new law. It is told that businesses will get input tax credit or rebate under the new law that envisages 15 percent, said Mahmud. But relatively small businesses do not have that level of accounting systems based on which they can claim rebate on the VAT paid previously on input, he said. "This will create a huge discrimination." Presently, the extent of discrimination is not very high as a small amount of VAT has been paid at different stages, he added.



**Analysts participate in a discussion on the national budget for fiscal 2016-17 at the office of the Prothom Alo in Dhaka yesterday.**