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BUSINESS

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Savings tools face reforms

Interest rates may be cut for institutional buyers

REJAUUL KARIM BYRON

The government plans to introduce two different interest rates on savings tools in order to rein in its growing reliance on the high-cost borrowings.

The government is considering to lower the interest rate on savings certificates for institutional buyers and keep the rate for individual buyers unchanged, said an official in the finance ministry.

The official said the rate for institutional buyers could be brought down to close to the rates offered by banks.

Hedayetullah Al Mamoon, senior secretary of the finance division, said the ministry is examining the matter, but no decision has been taken yet.

He said the savings scheme system would be remodelled keeping in mind the small savers.

Savings instruments are sold at about 17,000 outlets. "So, it is difficult to identify buyers," said the senior secretary, adding that the savings scheme system would go digital.

An official of the savings directorate said a major part of the savings instruments is bought by institutional buyers.

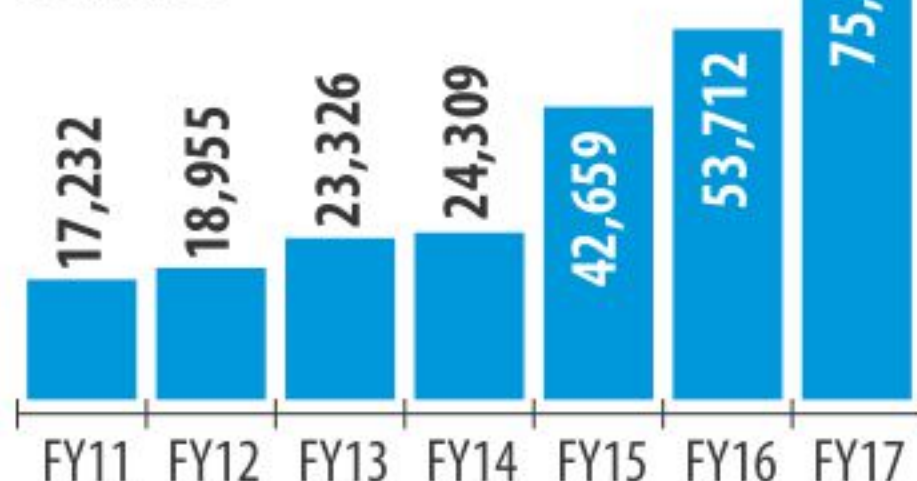
As savings instruments yield higher interest compared to banks, many private firms, government organisations, and financial institutions invest in the tools to make profits easily, said an official of the central bank.

The government currently offers 11.28 percent interest on five-year tenure savings tools to finance part of the annual budget.

SALES OF SAVINGS TOOLS

in crores of taka

SOURCE: BB



The rate is 5 to 6 percentage points higher than those offered by commercial banks on term deposits.

As a result, the government's borrowing from savings certificates is on the rise.

In the last fiscal year, the government had targeted to borrow Tk 19,610 crore from the sales of savings instruments. The amount was raised to Tk 45,000 crore in the revised budget. But, the government's net borrowing overshot to Tk 52,417 crore.

Gross sales of savings instruments grew 40 percent year-on-year to Tk 75,134 crore in the last fiscal year. The momentum has continued in the current fiscal year as well.

In July, net sales of savings certificates stood at Tk 5,053 crore, which is 44 percent higher than that in the same period in the last fiscal year.

On the other hand, the government's borrowing from banks showed a reverse scenario although the cost of funds is lower.

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Tanners offering low prices for rawhide, making excuses

REFAYET ULLAH MIRDHA

Tanners are offering merchants low prices for rawhides under the excuse of having borne high investment for machinery at the newly constructed Savar leather estate, running operations there on a limited scale, of having unsold stocks and falling international prices of leather goods.

The business cycle mainly centres around the Eid-ul-Azha sacrifices when over 50 percent of the annual sourcing occurs, with rawhides changing hands from seasonal retailers to merchants to tannery owners.

Tannery owners have started buying the rawhides, which merchants cure with salt, from the major markets such as those in Posta and Amin Bazar in Dhaka, Razarhaat in Jessore, Palashpur in Thakurgaon, Natore sadar market, Shambuganj in Mymensingh and Rangpur.

"The tanners are offering us low prices," said Mohammad Ali, a trader at Posta, the country's largest rawhide market.

Merchants on an average paid retailers between Tk 1,400 and Tk 1,500 for each rawhide and afterwards spent Tk 300 to Tk 350 behind the salt, labour, transport and warehouse rent, Ali said.

However, tanners are now offering between Tk 1,800 and Tk 2,000 for each rawhide, he said.

The merchants have no option but to give in as the tanners act in



STAR/ FILE

A tanner gives the finishing touch to cowhides in the capital's Hazaribagh. Tanners are offering low prices for rawhides this year while coming up with excuses, such as having unsold stocks.

unison, he added.

Ali Hossain, former chairman of Bangladesh Hide and Skin Merchant Association, also stated that the prices were relatively lower this year and that tanners were reasoning the same.

The tanners are paying Tk 80 per square feet of premium quality

rawhide and between Tk 50 and Tk 60 per square feet for those of lower grades. Rawhide quality falls for reasons such as delayed and inadequate application of salt, poor transportation and inefficient skinning.

This year there is a possibility of 20 percent of rawhides depreciating in quality for the application of

inadequate salt, said Shaheen Ahamed, president of Bangladesh Tanners Association.

Every 75-kilogramme bag of salt sold between Tk 1,400 and Tk 1,500 centring Eid whereas it was between Tk 800 and Tk 900 even two to three months ago.

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Artificial intelligence holds bright prospects: experts

STAR BUSINESS REPORT

The use of artificial intelligence (AI) can help a country increase domestic production, reduce costs and ensure security to a great extent, experts said yesterday.

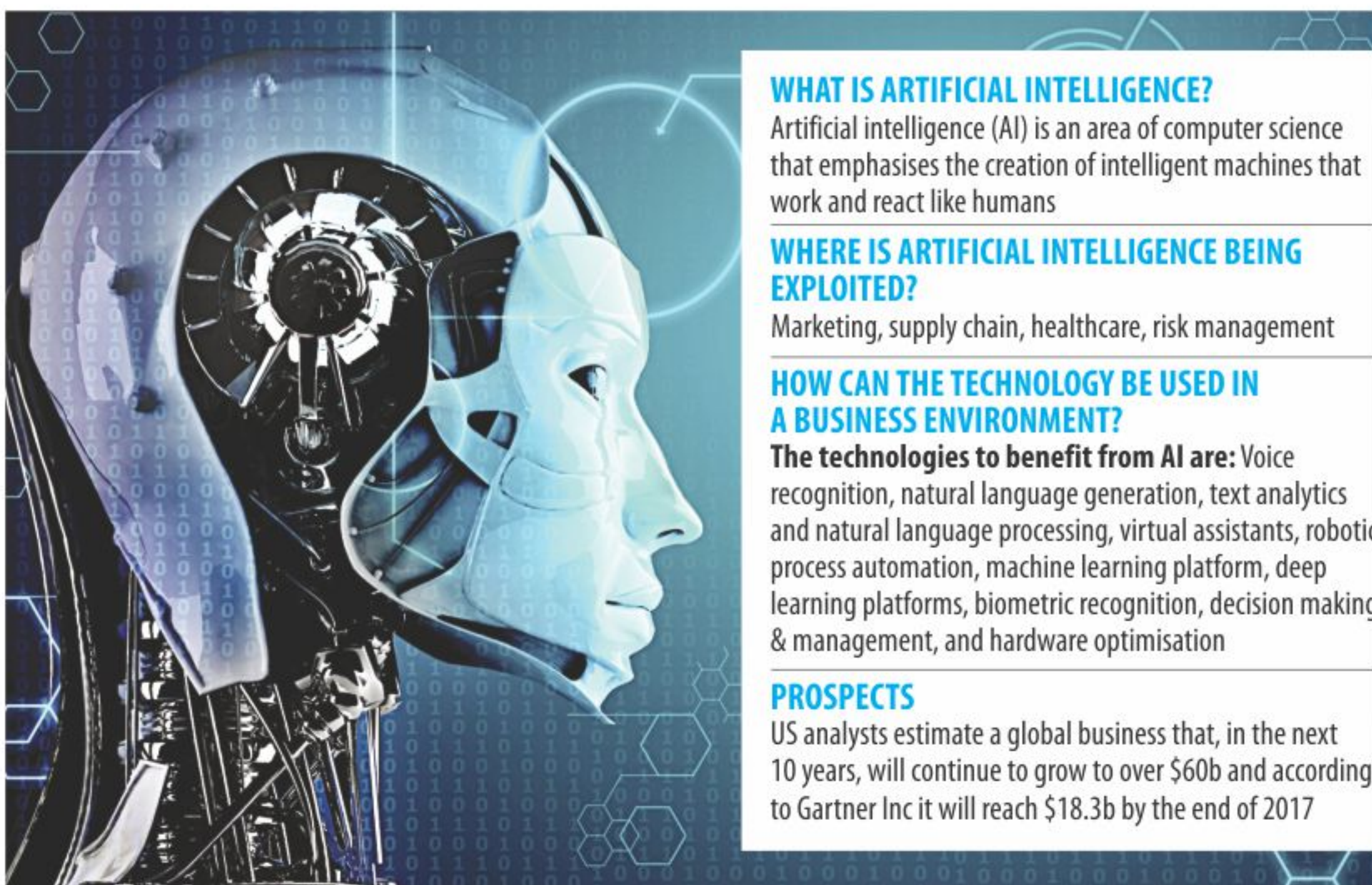
The countries in the developed world are using AI widely to boost their growth, said Shehzad Noor Taus, a Bangladeshi born expert and a deep learning software engineer at NVIDIA, a global leader in visual computing technologies.

Taus, who is also a former machine learning developer of IBM, spoke at a roundtable on "Artificial intelligence: the next big thing for Bangladesh" organised by eGeneration Ltd, at Janata Tower Software Technology Park in Dhaka.

One cannot imagine how widely international companies and agencies are now using AI to boost their production and ensure security, he said.

Machines equipped with AI, which is also called intelligent agents, collect information of its users and generate a new kind of data to solve a problem.

Artificial intelligence is now used extensively for medical



WHAT IS ARTIFICIAL INTELLIGENCE?

Artificial intelligence (AI) is an area of computer science that emphasises the creation of intelligent machines that work and react like humans

WHERE IS ARTIFICIAL INTELLIGENCE BEING EXPLOITED?

Marketing, supply chain, healthcare, risk management

HOW CAN THE TECHNOLOGY BE USED IN A BUSINESS ENVIRONMENT?

The technologies to benefit from AI are: Voice recognition, natural language generation, text analytics and natural language processing, virtual assistants, robotic process automation, machine learning platform, deep learning platforms, biometric recognition, decision making & management, and hardware optimisation

PROSPECTS

US analysts estimate a global business that, in the next 10 years, will continue to grow to over \$60b and according to Gartner Inc it will reach \$18.3b by the end of 2017

science and harvesting and it also helps in ensuring autonomous surveillance and establishing smart cities, experts said.

Around 58 percent of the businesses in the US have considered AI technologies, but only 12 percent of them are actually using these systems nowadays, the

organisers said at the roundtable, referring American market research company Forrester.

This will create a huge opportunity for the early adopters to pull ahead of their competitors, eGeneration said.

Success of a business largely depends on knowledge and arti-

cial intelligence finds out new knowledge for the entrepreneurs, said Mohammad Mahfuzul Islam, professor of computer science and engineering at Bangladesh University of Engineering and Technology.

"Most of the countries in the developed world are now using AI

to increase their productivity," said Islam, who is also the president of Bangladesh Computer Society.

According to different technological studies, no doctors will be required after 2040, as machines will then be able to predict diseases and give treatment, he said.

"In some cases, people in Bangladesh are using different data generated by machines with AI for treatments and getting success."

AI is undeniably the future of information technology and changing the world for the better, said Mustafa Jabbar, president of Bangladesh Association of Software and Information Services.

Even global companies now purchase users' data from Bangladesh, to utilise them to increase their production, said ABM Hamidul Mishbah, a Supreme Court lawyer.

In 2018, there will be 6 crore devices connected with artificial intelligence in the world, said Shameem Ahsan, chairman of eGeneration group, who chaired the roundtable.

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Agent banking accounts soar 60pc

JEBUN NESA ALO

About 3.3 lakh agent banking accounts were opened in the first half of the year -- an increase of 60.18 percent -- thanks to the growing popularity of this new form of banking service aimed at those living in remote areas across the country.

So much that some banks are giving higher priority to developing their agent banking infrastructure than to building their mobile banking platform.

Agent banking means providing limited scale banking and financial services to the underserved population through engaged agents under a valid agency agreement, rather than a teller/cashier. It is the owner of an outlet who conducts banking transactions on behalf of a bank.

The Bangladesh Bank has decided to promote this complementary channel to reach the poor segment of the society as well as existing bank customers with a range of financial services, especially to geographically dispersed locations.

It had issued the agent banking guideline in 2013 but it was not until last year that banks rolled out their full-fledged operations.

At the end of June, the total number of agent banking accounts stood at 8.73 lakh, in contrast to 5.45 lakh at the end of December last year, according to data from the BB.

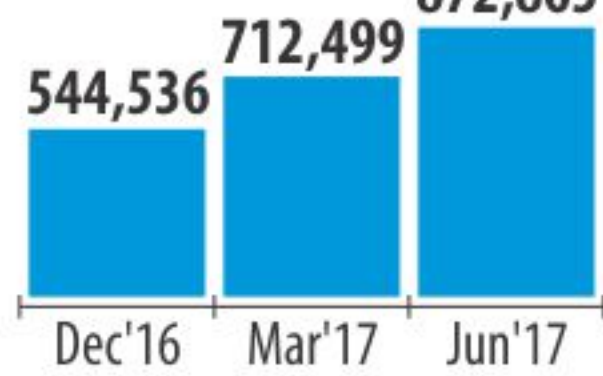
This channel is increasingly becoming the medium of choice for migrant workers to send money home because there is no additional fee to withdraw money from accounts. In contrast, there is a 2 percent charge for taking money out from mobile banking accounts.

Between the months of January and June, Tk 890.19 crore of remittance was sent, which is almost treble that in the preceding six months.

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NUMBER OF AGENT BANKING ACCOUNTS

SOURCE: BB



That's It Fashions to buy 1.1cr shares of Pubali Bank

STAR BUSINESS REPORT

That's It Fashions Ltd, one of the corporate directors of Pubali Bank, announced yesterday that it wants to buy 1.1 crore shares of the bank within next 30 working days.

That's It Fashions, a concern of Ha-Meem Group, will buy the shares from the block market through stock exchanges, according to a posting on the Dhaka Stock Exchange website.

The garment-maker will have to spend nearly Tk 30 crore to buy the shares at the present market price. A Pubali Bank share traded at Tk 26.5 yesterday.

"Basically, shares will be transferred from one concern of Ha-Meem Group to another concern of the group," said Abdur Razzak Mondal, who represents That's It Fashions in Pubali Bank's board.

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BATB seeks quick end to tax dispute with NBR

SOHEL PARVEZ

British American Tobacco Bangladesh has sought an out-of-court settlement for a VAT dispute amounting to Tk 1,924 crore as it looks to close the episode that has dragged on for four years and the UK Foreign Office into a major lobbying controversy.

The British multinational company in July wrote to the revenue authority's Large Taxpayer's Unit about its intent to resolve the value-added tax wrangle through the Alternative Dispute Resolution method.

This was followed by a letter from

Alison Blake, the British high commissioner to Bangladesh, to Finance Minister AMA Muhith early last month on the matter.

"I understand you have advocated that the NBR arrange meetings with the law minister and attorney general to discuss the possibilities of an out-of-court settlement, but somehow these meetings have not been held," she said in the letter.

ADR is the procedure for settling disputes without litigation. ADR is usually less formal, less expensive and less time-consuming than a trial.

The National Board of Revenue

though said it cannot do anything on the matter as long as the case remains pending with the Supreme Court.

"Out-of-court settlement through the ADR is not possible right now," said LTU Commissioner Md Matiur Rahman.

"The matter in question is sub judice and should be settled in the court of law," said NBR Chairman Nojibur Rahman, while acknowledging that BATB is a good taxpayer, one that provides a substantive amount of revenue to the public exchequer every year.

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