

আপনার বিআরটিএ ফি এবং সকল ইউটিলিটি বিল এসআইবিএল এর যে কোন শাখার মাধ্যমে জমা দিন

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BUSINESS

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Three airlines leave Bangladesh for good

SAJJADUR RAHMAN

Three foreign airlines -- Oman Air, Bangkok Airways and Thai Smile -- shut down their Bangladesh operations last year as they found the route to be commercially unsustainable.

The move has not only caused job losses of about 50 Bangladeshis but also revenue losses for the civil aviation authority and Bangladesh Biman that conducts the ground handling works at Hazrat Shahjalal International Airport, industry insiders said.

Oman Air operated on Dhaka-Chittagong route for nearly a decade, but the Middle Eastern carrier suspended its operations from Chittagong in May last year and from Dhaka five months later.

Bangkok Airways that spread its wings to Dhaka in 2011 suspended operations in November last year, and Thai Smile, the lower cost version of Thai Airways, in July, just after four months of operations.

"Oman Air shut down its operations in Bangladesh and some other places due to commercial reasons," said Ashrafur Kabir, the former country manager of the national carrier of the Sultanate of Oman.



Rising oil price in recent months has made the business difficult, he said.

Kabir, however, said Oman Air will introduce a low-cost flight from Bangladesh soon.

There are about 30 foreign airlines operating from Bangladesh. All the carriers are from Asia; no European or American airlines have operations here.

Kazi Wahidul Alam, an aviation expert, said the shutting down of any foreign airline's operations gives a wrong message to the rest of the aviation world.

He gave the example of KLM, the royal Dutch airline that wound up its operations from Bangladesh several years ago.

Lufthansa, which is the largest German airline, was thinking of entering the Bangladesh market, but KLM's decision made them change their mind.

"More airlines mean more competition, which gives price benefits to passengers," said Alam, a former director of state-run Biman Bangladesh Airlines.

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Build Laldia terminal in shortest possible time Ctg port users say

STAFF CORRESPONDENT, Ctg

Shortest possible construction time and use of modern equipment for an output of international standard should be the prime criteria for selecting a private entity to build a multi-purpose terminal in Laldia, Patenga.

This is to ease the pressure on the Chittagong port which is already facing vessel and container congestion, both of which are continually increasing.

The suggestion came from users of the Chittagong port at a views-exchange meeting organised yesterday by the Chittagong Port Authority (CPA) to frame terms and conditions to get the terminal constructed and run for 25 years before taking it over.

This is the port's first public-private partnership project, approved by the cabinet committee on economic affairs in March 2013.

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BB may raise private sector credit growth Banks' loan-deposit ceiling to be lowered; central bank unveils monetary policy today

AKM ZAMIR UDDIN

Bangladesh Bank is set to raise the private sector credit growth target to about 17 percent for the second half of the fiscal year as it looks to help the government achieve 7.4 percent GDP growth.

The target for the first half of fiscal 2017-18 was 16.2 percent and it was expected that the target will be raised slightly to 16.30 percent in the second half's monetary policy, due to be announced today.

At the end of last month, private sector credit growth stood at 18.13 percent -- way past the target set for the period.

Subsequently, for the next six months, the central bank has decided to raise the target a little more to 17 percent in keeping with the higher demand for money supply in the market, a BB official told The Daily Star yesterday.

In another development, the central bank is likely to bring down the loan-deposit ratio ceiling to rein in the runaway loan growth rate, much to the disappointment of banks. The loan-deposit ratio will be 83 percent for conventional banks and 89 percent for Shariah-based banks, according to the BB official.

At present, commercial banks are not allowed to lend out more than 85 percent of

their deposits and Islamic banks and the Islamic wings of commercial banks 90 percent of their deposits.

The BB may issue a notice today instructing banks to implement the revised ratio from July this year, the official said.

Earlier on January 14, the Association of Bankers, Bangladesh wrote to the BB urging it to pull out of the planned move, which will hurt the banking industry and the economy at a time when it is on a high growth trajectory.

Additional deposits of Tk 20,000 crore to Tk 25,000 crore would be needed if the BB revises the ratio downwards, the letter said.

Subsequently, the ABB has sought 12 months from the BB to prepare for the lower ceiling.

More than 19 percent credit growth is unexpected for the private sector, so the central bank has decided to lower the ceiling to prevent banks from going for aggressive lending, BB Deputy Governor SK Sur Chowdhury told reporters earlier in January after a meeting at the central bank headquarters.

Earlier in December, the BB blocked Tk 76 crore of two banks with its account for the offence -- a move that sent a strong warning to all banks to curb their aggressive lending instincts.

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Govt opens warehouse in Payra port

OUR CORRESPONDENT, Patuakhali

Shipping Minister Shajahan Khan yesterday opened a warehouse built on a one lakh square metre of area at the Payra port.

Khulna Shipyard Ltd started constructing the Tk 20.97 crore warehouse -- one third of which is covered by a shed -- on April 20, 2016 that ended on January 19 this year, port officials said.

The minister also laid the foundation stone of a Tk 21.38 crore jetty, construction of which is scheduled to be complete by Mac Engineering Ltd by June 27. The jetty will help unload goods directly at the port from lighter vessels with draught of up to five metres.

The minister also visited other sites of infrastructure being constructed, including an administrative building and connecting roads, and later joined a meeting with the officials of Payra Port Authority. PPA Chairman M Jahangir Alam also spoke at the meeting.

Muhith warns banks of black money in election year

STAR BUSINESS REPORT

Finance Minister AMA Muhith yesterday said black money may come into the market in the election year and has subsequently advised banks to be cautious when granting loans.

"Money will be in circulation a bit more this year, especially black money, as it is the election year. So you have to be cautious," Muhith said at Rupali Bank's annual general meeting held at the capital's Osmani Memorial Auditorium.

In a parallel development, the Bangladesh Bank is likely to announce a lower ceiling for loan-deposit ratio of banks with a view to reining in the runaway loan growth rate in today's monetary policy statement.

At the end of last month, private sector credit growth stood at 18.13 percent, which is way past the target of 16.2 percent set by the Bangladesh Bank for the first half of fiscal 2017-18.

Banks' loan-deposit ratio too is grazing dangerously close to the ceiling of 85 percent for regular banks and 90 percent for Shariah banks.

"The loan-deposit ratio is higher than normal. It might have to be brought under control," Muhith said, adding that the central bank will look into the matter.

At the conference, Md Ataur Rahman Prodhhan, Rupali's managing director, requested the finance minis-



AMA Muhith

ter to give the state bank Tk 900 crore to strengthen its capital base.

The bank's costs of opening letters of credit and providing guarantees are increasing due to its capital adequacy problem.

In response, Muhith said below-par capital adequacy is a banking sector problem.

Every year, the government provides funds to state banks to raise their capital adequacy ratio, much to the criticism from many quarters.

"Many raise questions that giving people's money to banks as capital is not right. No, it is right, because we cannot allow disaster to happen in a single bank in the sector."

If any bank, even a small one, faces problem, it will destroy the entire banking sector.

"No government will let that happen and neither will this government."

Next year too, funds will be kept aside for state banks' capital injection, he said, while assuring Rupali of funds.

In 2016, Rupali incurred a loss of Tk 87 crore but in 2017 it made a profit of Tk 537 crore, Prodhhan said.

The bank's loss-making branches were brought down to 130 last year from 144 the previous year.

"Last year, our slogan was 'This was the year of turnaround'. And we have done that."

Rupali's target this year was to become the number 1 bank, Prodhhan added.

CPD to celebrate silver jubilee this year

STAR BUSINESS REPORT

The Centre for Policy Dialogue (CPD) will celebrate the silver jubilee of its operations in Bangladesh this year.

The board of trustees of the private think-tank shared the info at its 50th meeting on January 20, CPD said in a statement.

To mark the occasion, the centre will also organise the seventh South Asian Regional Meeting of the Think Tank Initiative, an annual lecture, a daylong programme on Bangladesh's graduation from the least developed countries category and a national youth conference.

The board recommended strengthening of outreach efforts of the organisation, emphasising research quality and capacity building and diversifying the portfolio of communication activities to meet emerging challenges in policy environment.

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Stocks hit 3-month low on jitters over monetary policy



STAR BUSINESS REPORT

Shares on the Dhaka Stock Exchange fell sharply yesterday because of huge selling pressure amid worry that the central bank's new monetary policy could seek to curb money supply.

The prime index -- DSEX -- declined 71 points or 1.14 percent to close at 6,144. This is the steepest single-day fall since October 9, according to the DSE data.

The central bank will announce the monetary policy for January-June today.

The BB could take measures to push up deposit rate that will interrupt the flow of fresh funds to stocks, said a senior executive of a merchant bank.

So, investors were in a selling mode fearing a further fall after the announcement of the monetary policy, he said. The deposit rate already went up to 9 percent as banks are offering higher rates to pull depositors, which has put a negative impact on the price indices, said the merchant banker.

The BB has recently instructed banks to strictly follow the advance deposit ratio ceiling, said a top executive of a private bank.

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Diversify exports, bring in more FDI EU envoy prescribes for Bangladesh's sustainable economic growth

UNB, Dhaka

Bangladesh must put serious effort in finding ways to diversify exports and attract more foreign direct investment to sustain its "very admirable and amazing" economic growth, says the European Union (EU).

Bangladesh has maintained 7 percent growth over the last couple of years, it said. "It's still a challenge and progress in these areas will depend on domestic reforms agenda," EU Ambassador in Dhaka Rensje Teerink said.

In an interview with the news agency, she said Bangladesh really needs to look at how it can attract businesses and give confidence to investors that there would be ease of doing business.

"Bangladesh isn't performing well at all in terms of ease of doing business," she said.

Bangladesh has gone one notch down in the World Bank's ranking of ease of doing business, mainly

due to the hurdles businesses face at the start of operations.

The country holds the 177th position among 190 economies, according to the WB's Doing Business report 2018.

The ambassador said despite this huge impediment, Bangladesh was growing "so fast" that becoming a better host for those businesses held great prospects for the economy "because this (growth) is happening despite challenges".

About the government's plan to set up 100 economic zones, she referred to a female speaker from the private sector at Bangladesh Development Forum (BDF).

The government should take steps to establish one or even five economic zones at first properly and learn lessons from that, because the plan for 100 economic zones sounds good and very ambitious at the same time, Teerink said.

In terms of democratic space, she hopes all contenders will come



Rensje Teerink

on board for the national elections and "the whole exercise will be free and fair".

She said they closely followed

democracy, governance and human rights worldwide and emphasised addressing concerns in these areas.

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Asean pushes for liberalised trade pact with India

New Delhi seeks a mutually beneficial deal

PALLAB BHATTACHARYA, from New Delhi

The members of the Association of Southeast Asian Nations have mounted pressure on India for clinching a liberalised pact in goods and services also involving six other countries, including China, by this year.

New Delhi, however, remained wary and continued to press for a balanced and mutually beneficial agreement.

The pact, known as the Regional Comprehensive Economic Partnership (RCEP) involving ten Asean and six East Asian countries, has been under negotiations for the last few years.

The agreement is aimed at carving out an integrated market comprising nearly half the world's population and one-third of the global GDP.

The differences between India and Asean were apparent in the summit-level meeting between the two sides here on Thursday.

Many Asean leaders, including Singapore Prime Minister Lee Hsien Loong, termed the RCEP as "a historic opportunity to create the world's largest trading bloc".

"This pact represents a historic opportunity to establish the world's largest trading bloc, enabling our businesses to harness the region's true potential," Loong said.

Preeti Saran, external affairs secretary of India, told a media briefing after the summit that the RCEP was a common refrain of the Asean leaders who wanted to move forward with the negotiations on the pact. However, Indian Prime Minister Narendra Modi expressed the hope for a balanced outcome that will be mutually beneficial to all parties, Saran added.

Indian officials acknowledge they expected major gains from India's engagement with Asean countries, which have 644 million in total population and a combined GDP of \$2.7 trillion. Taken together, India and Asean have a \$5 trillion economy, the third largest in the world after the US and China.

From this point of view, India and Southeast Asia are very crucial for each other, said Arvind Panagariya, a professor of Columbia University.

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