

Star BUSINESS

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Banks asked to speed up loan recovery

AKM ZAMIR UDDIN

Bangladesh Bank yesterday expressed dissatisfaction over banks' sluggish recovery rate given the surge in non-performing loans in the first nine months of 2017.

At the end of September last year, the banking sector's total classified loans stood at Tk 80,307 crore, up from Tk 62,172 crore in December 2016.

During the period, the banks managed to recover Tk 10,340 crore.

Subsequently, the central bank yesterday sat down with the managing directors of 24 banks that showed underwhelming performance in recovering default and written-off loans in the first three quarters of 2017 as their negligence had a negative impact on the banking sector.

BB Deputy Governor SK Sur Chowdhury presided over the meeting that took place at the central bank headquarters in the capital.

Of the 57 banks, the recovery rate of state-owned BASIC Bank was the lowest at 0.37 percent, followed by Rupali at 0.77 percent, Agrani at 1.54 percent, Pubali at 2.01 percent and Sonali at 2.79 percent.

At the meeting, the central bank instructed the banks to take initiatives to annul the writ petitions filed by habitual defaulters with the High Court, according to Chowdhury. The writ petitions have held up a large sum of money.

The central bank also asked the banks to resolve the pending cases with the money loan court, Chowdhury said.

"The banks have been asked not to give any relief to defaulters and try to realise the non-performing loans without giving any break," said Syed Mahbubur Rahman, chairman of Association of Bankers, Bangladesh, a forum of bank CEOs.

They were also advised to resolve legal tangles with habitual defaulters at the earliest, said Rahman, also the managing director of Dhaka Bank.

The recovery rate of written-off loans was

BANKS WITH MOST DEFAULT LOANS

Jul-Sep 2017 (in crores of taka)

BANKS	CLASSIFIED LOANS	RECOVERY
Sonali	11,964	319
Janata	8,187	127
BASIC	7,703	27
Agrani	5,437	76
Rupali	4,444	37

dismal as well: the 57 banks manage to recoup only 0.66 percent of the total bad debt between July and September last year.

As of September 2017, the banking sector's total written-off loans stood at Tk 35,983 crore.

MA Halim Chowdhury, managing director of Pubali Bank, said the central bank had asked the banks to stop the upward trend of default loans at any cost. "Every bank will have to take separate strategic measures to recover the default loans in line with the central bank directives," he added.

Give supporting documents for VAT exemption

NBR asks Premier Bank

STAR BUSINESS REPORT

The National Board of Revenue has asked Premier Bank to furnish documents in favour of its sale of products and services totalling Tk 5,483 crore that have been claimed to be exempt from value-added tax.

In the letter on January 29 from NBR's field office, Large Taxpayers Unit, the private bank has been instructed to furnish the documents within three days.

"The bank did not deposit VAT claiming that the sales of products and services were exempt from VAT and have zero VAT rate. VAT will be payable if the bank fails to submit the proof," said LDU Commissioner Md Matiur Rahman.

Premier Bank, in its submitted returns between January 2013 and October 2017, claimed sale of Tk 5,121 crore worth of products and services as VAT-exempt and Tk 362 crore worth of products and service as having zero rate of VAT, the LDU said.

The bank did not attach any document in favour of its claim, said the field office.

Officials said the bank did not provide proof when the LDU asked for it twice in December last year.

Instead of submitting documents, Premier Bank went to the High Court, Rahman said.

The High Court stayed the effectiveness of the LDU letter asking for evidence for six months, said Deputy Attorney General Israt Jahan. Last week, the chamber judge of Appellate Division of Supreme Court vacated the High Court's stay for two weeks.

"Following the chamber judge's order, there is no bar on asking for documents. The bank will have to submit documents," Jahan added. Officials said 15 percent VAT will be applicable on the claimed sales of products and services if the bank fails to furnish documents.

"We will settle the issue through our legal adviser," Moshfque Alam Khan, head of accounts and senior vice president of Premier Bank, told The Daily Star yesterday.

Ensure ease of doing business: DCCI

STAR BUSINESS REPORT

The Dhaka Chamber of Commerce and Industry yesterday proposed that the government form a high-powered monitoring cell to ensure ease of doing business.

Commerce Minister Tofail Ahmed may head the cell, Abul Kasem Khan, president of the apex trade body, said in a meeting with the minister, at the latter's secretariat office in Dhaka.

Khan said private investment needs to be scaled up to 29 percent of the gross domestic product from the current 23.1 percent.

Bangladesh achieved 7.28 percent economic growth and the size of its GDP touched \$250 billion in 2016-17. Even then the country's rank in the World Bank's Doing Business 2018 Index has gone one notch down to 177 in 2017, he said.

The country needs at least \$15 billion of annual investment in infrastructure development to attract foreign and local investment, he said.

Bangladesh will require \$320 billion by 2030 to develop a reliable, sustainable and affordable infrastructure, Khan said.

He said a new export policy for 2018-21 should focus on product diversification, new market development and export growth.

He also proposed for reducing the corporate tax and individual tax rates to give a boost to investors.

The signing of a free trade agreement between Bangladesh and Sri Lanka will be a "learning case" for future bilateral deals with bigger trading partners, he said.

He also urged the government to take up initiatives to integrate Bangladesh with the Association of Southeast Asian Nations (Asean) as well as the Regional Comprehensive Economic Partnership.

The partnership comprises the 10 existing members of Asean and China, India, Japan, South Korea, Australia and New Zealand.

Bangladesh will lose the Generalised System of Preferences from the European Union -- which contributes 54.2 percent of the country's total export earnings -- as soon as the Asian nation graduates from being a least developed country.

Bangladesh will later be eligible for GSP plus benefits in the years to come.

The country needs to take rigorous preparation to qualify for the EU's GSP plus facility by complying with core international standards in the areas of human and labour rights, environmental protection and good governance, Khan said.

He also requested the government to consider providing subsidy in order to match the price of liquefied natural gas with that of household gas.

Because of slow progress, the cost and time for implementation of mega projects are increasing, he said.

Govt should form a high-powered monitoring cell to gauge progress in ensuring ease of doing business, the chamber says

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Commerce Minister Tofail Ahmed poses with the winners of Entrepreneurs Award 2017 presented by the Bangla newspaper Bonik Barta and the Bangladesh Institute of Development Studies at the Pan Pacific Sonargaon hotel in Dhaka on Monday.

Bonik Barta, BIDS honour entrepreneurs

STAR BUSINESS REPORT

Three entrepreneurs have been honoured by the Bonik Barta newspaper and the Bangladesh Institute of Development Studies (BIDS) for their contribution to job creation and the economy.

They are Maliha M Quadir, managing director of online service provider shohoz.com, Afroza Begum, managing director of Khan's Kitchen, and Faruk Hossen, proprietor of Madina Metal Industries.

Commerce Minister Tofail Ahmed gave away the Entrepreneurs Award 2017 to the winners at a ceremony at the Pan Pacific Sonargaon hotel in Dhaka on Monday.

Speaking on the occasion, KAS Murshid, director-general of the BIDS, said the winners attained success in their respective businesses thanks to their innovative ideas. "Innovation is a must for economic development."

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Outline of private sector pension in next budget: Muhith

STAR BUSINESS REPORT

The government will present a detailed outline of the private sector pension scheme in the next budget but it will be implemented by the next government, Finance Minister AMA Muhith said.

"I will give the outline of the universal pension scheme in the next budget," he told reporters after the first pre-budget meeting at the Padma guest house on Monday night.

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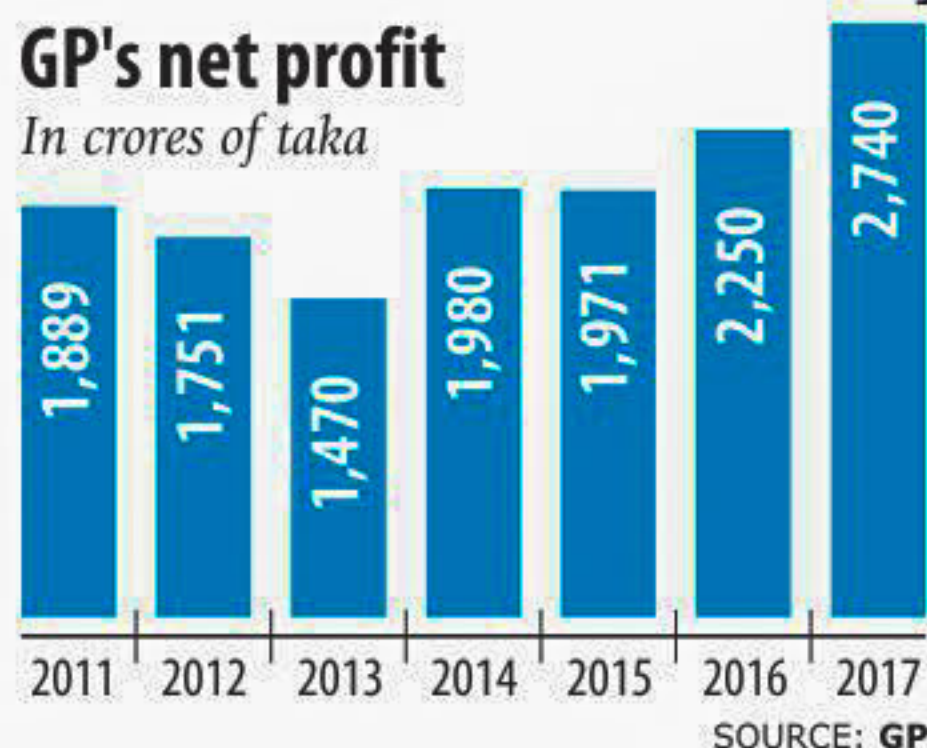
FLATS AVAILABLE AT PREFERRED LOCATION

GP profit rises 21.4pc

STAR BUSINESS REPORT

Grameenphone's net profit rose 21.4 percent year-on-year to Tk 2,740 crore in 2017 -- the highest in its 21 years of operations in Bangladesh -- thanks to rising data revenue and subscribers.

"In 2017, we delivered a strong business performance amid a very competitive environment," said Michael Patrick Foley, chief executive of the mobile operator, while disclosing the fourth quarter and full-year financial results at their headquarters



in Dhaka yesterday. "We were able to achieve this growth through the focus on the strategic ambitions and solid execution in the market," he said in a statement.

GP's revenue grew 11.8 percent year-on-year to Tk 12,840 crore in 2017. Data revenue rose 46.4 percent and voice revenue 9.5 percent. In the fourth quarter, total revenue went up 8 percent.

The operator acquired 74 lakh new subscribers in the year, registering 12.7 percent growth.

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