STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES (STANDARD CHARTERED BANK)				
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI		USD	EUR	GBP	JPY
▲ 0.22%	▲ 0.26%	▲ $1,331.60 (per ounce)	▼ $62.10 (per barrel)	▼ 0.42%	▼ 0.43%	▼ 0.36%	▲ 0.46%	BUY TK	82.40	101.30	113.56	0.75
6,102.30	11,388.57			34,155.95	21,154.17	3,402.86	3,199.48	SELL TK	83.40	104.90	117.16	0.79

Star BUSINESS

DHAKA THURSDAY FEBRUARY 15, 2018, *FALGUN 3, 1424 BS* • starbusiness@thedailystar.net

Bank savers can smile again

Returns on deposits rise after three years

SAJJADUR RAHMAN

Though the recent rise in interest rates has become a bane for borrowers, it is a boon for savers, especially for retirees and others who live off their savings.

The rate hike was a side-effect of a Bangladesh Bank policy meant to push down the loan-deposit ratio to 83.5 percent by June from 85 percent.

Over a dozen banks with higher LDR are now scuppering for deposits to bring down their ratio, and in the process, have pushed up the interest rates on deposits by two percentage points to 9 percent.

Some troubled institutions, which are in acute liquidity crisis, are offering double digit rates for deposits.

"Thanks to the rate hike, now I will get a return that is higher than the inflation rate," said Harunur Rashid, who retired from government service two years ago.

Rashid wanted to park all his retirement benefits at government savings schemes, but he managed to invest only 25 percent.

Dejected, he then deposited his remaining amount at a private commercial bank for 6 percent interest rate -- which was lower than the inflation then.

The interest rate had been on a descent since January 2015 -- when the weighted average deposit rate was 7.26 percent. In July 2017, it stood at 4.8 percent.

The low returns on deposits have discouraged savers to put their money in banks. Deposits grew by less than 9 percent in 2017 against more than 18 percent private sector credit growth, according to data from the Bangladesh Bank.

But the sudden liquidity crisis that began in December last year has bucked the downward trend and in the last two months the rate started looking up, again.

A third-generation private bank now offers 9 percent for a 3-month tenure deposit of Tk 5 crore or above, up from just 5.25 percent two months ago.

For deposits of up to Tk 25 lakh, the bank now gives 8 percent return, which was just 5 percent in November last year.

Similarly, a second generation private bank offers 7.5 percent for deposit, up by 2 percentage points two months ago.

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Govt moves to plug capital deficit of state banks

REJAUL KARIM BYRON

Capital-strapped state-run banks could get a chance to charge a huge number of no-frills services they provide to the public.

The finance ministry has taken a move to help Sonali, Janata, Agrani, Rupali, BASIC, Bangladesh Krishi Bank, and Rajshahi Krishi Unnayan Bank meet their swelling capital deficit.

Presently, these banks have capital shortfall of about Tk 20,000 crore.

As per the plan of the banking division, the state banks will charge fees for 43 services it now provides mostly at free of cost.

Yesterday, the seven state lenders discussed the issue with the banking division with its Senior Secretary Eunusur Rahman in the chair. The meeting discussed how the banks could overcome the capital deficit.

A senior official of the division said it would soon send the proposal to the Bangladesh Bank after consulting the finance minister.

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No reason to reject China consortium's proposal: BSEC chief

STAR BUSINESS REPORT

There is no basis for turning down the Chinese consortium's proposal to buy 25 percent stakes in Dhaka Stock Exchange and become a strategic partner, said M Khairul Hossain, chairman of the Bangladesh Securities and Exchange Commission.

At the same time, the proposal from the National Stock Exchange of India will also be considered as they have successfully handled demutualisation of its bourse, he told The Daily Star yesterday. "It will be better if we can engage both the investors."

Hossain's comments come amid reports of the BSEC and DSE being at loggerheads over the winning bidder.

The country's premier bourse's hunt for a strategic partner comes as part of its conditions for demutualisation in 2013, which transformed it from an entity owned by mostly brokerage-owning members into a for-profit company owned by shareholders.

Earlier on Saturday, the DSE board unanimously chose a consortium of the Shanghai Stock Exchange (SSE) and the Shenzhen Stock Exchange (SZSE) as the strategic partner of the premier bourse.

Upon sensing that their offer will not be selected, Vikram Limaye, managing director and chief executive of the NSE, rushed in to Dhaka on Sunday and got straight into lobbying with BSEC, which will have the final word on the winning proposal.

Soon after, BSEC called the DSE's Chairman Abul Hashem and Managing Director KAM Majedur Rahman and asked them to further scrutinise both the proposals -- a move that was viewed by many as the stock market regulator doing the bidding for the Indian party.

"The Chinese consortium offered a much higher price than the Indian party but the former has no demutualisation experience. At the same time, NSE will not be allowed to buy DSE's shares at a lower price," Hossain said.

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Katalyst project benefits farmers

STAR BUSINESS REPORT

As much as 47.50 lakh farmers of the country's remote areas have benefitted from a Katalyst project that promoted farming.

The project has been mainly focusing on the development of the market system over the last 15 years so that farmers can sell their products to retailers and get high-quality seeds.

Farmers have been trained under the project, which built a network between the farmers and retailers.

The project will end on March 31, generating $729 million in income for the farmers following its inception in 2003.

Katalyst shared the project's achievements with various stakeholders at the Radisson hotel in Dhaka yesterday. The daylong event comprised a knowledge dissemination session followed by a roundtable in partnership with The Daily Star.

Katalyst is the brand name for the Agri-Business for Trade Competitiveness Project (ATC-P) which facilitated farmers of more than 30 agriculture and service sectors, including fish, vegetables, maize and information communication services, said GB Banjara, general manager of Katalyst.

He said the project played a strong role in expanding contract farming, popularising high yield variety of fish and nationwide expansion of training for farmers and retailers.

More than 100 companies are now producing seeds, but the number was only five to six some 15 years ago, he said.

The project played a role in reducing poverty by raising the income of farmers, especially women, Banjara said.

He said the project's overall objective was to increase the income of financially insolvent people in rural areas by working closely with public and private sector organisations, the media, academia and NGOs through an inclusive market systems development approach.

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Discussants are seen at a roundtable on "Agri-business for inclusive growth: prospects and challenges for Bangladesh" organised by Katalyst in partnership with The Daily Star at Radisson Blu Dhaka Water Garden yesterday.

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Another 300MW on way from India

PALLAB BHATTACHARYAA, *from New Delhi*

The cross-border power trading arm of India's state-owned National Thermal Power Corporation has won a contract for supplying 300 megawatts to Bangladesh for fifteen years.

The power supply is expected to start from June this year, said a statement from the NTPC, the country' largest power generation firm.

As per rough calculations, the estimated tariff of the power to be supplied to Bangladesh is pegged at Rs 3.42 per unit. The deal will help the NTPC earn Rs 900 crore every year, the statement said.

NTPC Vidyut Vyapar Nigam Ltd (NVVN) will supply the power to the Bangladesh Power Development Board in both short-term and long-term categories, it said.

At present, India supplies 660MW to Bangladesh through two separate cross-border grids -- one in West Bengal and another in Tripura -- under government-to-government deals. NTPC is already a partner in the controversial 1,320MW thermal power plant in Rampal.

The NVVN won the contract by beating two leading power trading companies of India. This is the second time a state-owned Indian power entity has won a contract to supply electricity in Bangladesh.

In 2013, Power Trading Corporation of India secured a similar cross-border supply contract in West Bengal.

Meanwhile, Indian Power Minister RK Singh has said the government is planning to send teams to neighbouring countries like Bangladesh, Sri Lanka and Myanmar to assess the demand for "cheaper" export of power where per unit of generating electricity is "very high".

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Uber launches service for longer trips inside Dhaka

STAR BUSINESS DESK

Uber yesterday announced the launch of uberHIRE in Dhaka to cater to trips of longer duration for daylong meetings, shopping or to simply explore and travel around the city.

This is the fourth Dhaka-based product from the world's largest on-demand ridesharing company.

Hiring a vehicle for two hours alongside 25 kilometres (km) of travel will cost a minimum Tk 850. For four hours and 40km, it will be Tk 1,500, the company said in a statement.

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Govt eases conditions of trade unionism

STAR BUSINESS REPORT

The percentage of workers whose consent is required for forming trade unions in garment factories will be brought down from 30 to 25, a government move apparently resulting from pressure from international communities.

"We have already made the draft of the amendment and sent it to International Labour Organization for its observation with the provision of 25 percent requirement instead of 30 percent to ease the formation of unions," said Md Mojibul Haque, state minister for labour and employment, at his secretariat office in Dhaka yesterday.

He said the labour law would be placed in the parliament's next session to finalise it as a law.

Haque was speaking to reporters after a meeting with leaders of a parliamentary delegation of the European Union.

The 11-member delegation led by Jean Lambert met Haque to know about the progress of the amendment of the labour law, something pending for a couple of years. The revision aims to ensure more labour rights mainly to sustain the trade privileges on garment export to the EU markets.

The EU is Bangladesh's main export destination, accounting for 54 percent of the country's national exports and 60 percent of garment exports.

Bangladesh amended the labour law in July 2015 after the Rana Plaza building collapse, allowing full freedom of association to form unions with the requirement to get the consent of 30 percent of workers.

However, workers in many factories can not form the unions because of the obligation.

Getting signatures of 30 percent of workers in a factory is an uphill task for union leaders, as many workers do not want to participate in the process out of fear of getting sacked.

The impasse prompted the EU, the ILO, and international rights groups to put pressure on the government to amend the labour law again to bring down the requirement as well as bring changes to the labour law governing the country's eight export processing zones (EPZs).

Also, the EU, on several occasions, has threatened it would temporarily suspend the generalised system of preferences benefit Bangladesh enjoys as a least developed country if the labour rights do not improve further.

The benefit grants duty-free, quota-free access for all exports, except arms and ammunition.

Haque said if necessary the government would relax the rules further to ensure equitable practice of the law.

He said if the number of workers in a factory is 1,000, the management will have to follow the 25 percent requirement since the number is low.

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Four operators get govt nod for 4G services

STAR BUSINESS REPORT

The government yesterday approved the telecom regulator's recommendations to provide licences to four operators for the fourth-generation (4G) mobile service.

The nod from the high-ups came after the Bangladesh Telecommunication Regulatory Commission (BTRC) suggested the government award the licences to the four operators.

After the approval, the regulator sent letters to Grameenphone, Robi, Banglalink and Teletalk in the evening and asked them to pay the licence fees amounting to Tk 10 crore before the award ceremony.

The licences will be formally handed over on February 19 at a ceremony at Dhaka Club, said Shahjahan Mahmood, chairman of the commission. Each operator will also have to pay Tk 150 crore in bank guarantee to fulfill the 4G rollout obligation.

As per the 4G guideline, the operators will have to offer the service in all the divisional headquarters within nine months of the awarding of the licence. They will have to bring all the districts under the coverage by 18 months and upazilas by three years.

Also yesterday, market leader GP paid $51.33 million as technological neutrality fees. It will pay an additional $93 million, which is 60 percent of the total spectrum fee, within a day or two, said a top official of the regulator.

During the auction on Tuesday, GP bought 5MHz spectrum in 1800 band at $155 million.

Banglalink, the third-largest operator, will pay $185.16 million as spectrum charge today for the two blocks it bought in 10.6 MHZ.

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