STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES (STANDARD CHARTERED BANK)	USD	EUR	GBP	JPY
DSEX	CSCX	Gold ▲	Oil ▼	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	BUY TK	82.70	96.61	110.42	0.73
▼ 0.57%	▼ 0.17%	$1,291.70 (per ounce)	$78.68 (per barrel)	▼ 0.88%	▼ 1.18%	▼ 1.32%	▼ 1.41%	SELL TK	83.70	100.21	114.02	0.77
5,361.09	10,046.02			34,344.91	22,689.74	3,496.27	3,168.96					

Star BUSINESS

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LOAN RESCHEDULING

National, Islami in desperate bid

AKM Zamir Uddin

National Bank and Islami Bank Bangladesh went on a loan rescheduling spree in 2017, in what can be viewed as a stunning example of financial engineering to cover up their ailing financial health.

Of the Tk 19,120 crore rescheduled by the 57 banks in 2017, the two first-generation banks accounted for 39 percent. National Bank rescheduled Tk 4,333 crore and Islami Bank Tk 3,099 crore.

In a brazen move, National rescheduled Tk 4,011 crore in the final quarter of 2017 without following Bangladesh Bank instructions properly.

As per BB rules, to reschedule a loan a bank must take 5 to 15 percent as down payment for the outstanding loans. The down payment requirement will increase to 50 percent if the defaulted loan is rescheduled for the second or third time.

In case of a waiver from down payment or relaxing the repayment period, a bank must take prior approval from the BB for rescheduling the loan.

National had taken the BB's permission to reschedule a maximum of Tk 500 crore, meaning it rescheduled an additional Tk 3,511 crore in the final quarter of last year, according to BB officials.

But in so doing, National was able to slash its total default loans down to Tk 1,611 crore from Tk 3,027 crore a quarter earlier. And with it, its provisioning requirement also lessened.

Still it was not enough to prevent National from logging in a 14.44 percent decline in net profits from a year earlier: Tk 479.82 crore.

Furthermore, National Bank did not even provide the central bank with the data on rescheduled loans even when a detailed inspection of the bank's financial health was conducted in December last year.

"We are completely in the dark," said the central bank official. The Daily Star could not contact Choudhury Moshtaq Ahmed, managing director of National Bank, as he is in Singapore for treatment.

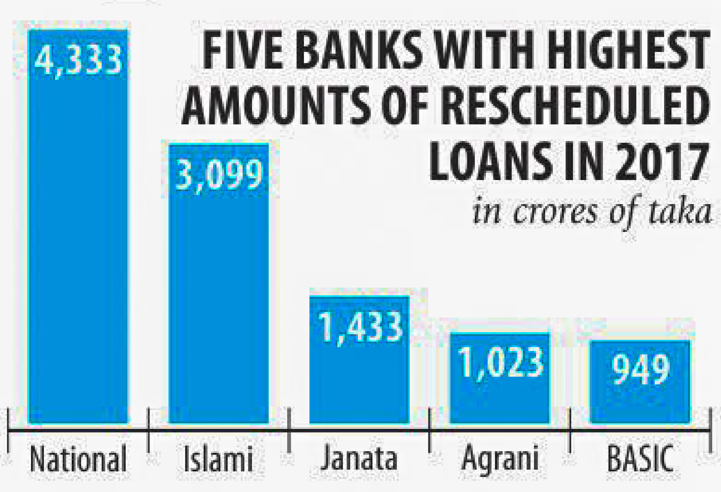
Later, the correspondent contacted ASM Bulbul, the bank's deputy managing director, but he declined to comment on the matter.

Islami Bank usually reschedules non-performing loans in the last quarter of a year to book higher profit by averting provisioning against bad loans, said Abu Reza Md Yeahia, deputy managing director of the bank.

"We have rescheduled the loans following the central bank's rules," he said.

In 2016, all 57 banks operating in Bangladesh had rescheduled NPLs amounting to Tk 15,417 crore.

Despite huge loan rescheduling, NPLs in the banking sector surged 19.51 percent year-on-year to Tk 74,303 crore last year.



Efforts on to clear Eid pay on time: BGMEA

Refayet Ullah Mirdha

The government and factory owners are taking steps to ensure timely payment of salaries and festival bonuses of 44 lakh garment workers to avert any unrest ahead of Eid-ul-Fitr.

"We are getting ready to clear the payments ahead of Eid like previous years," said Mahmud Hasan Khan, vice president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

As in previous years, the garment makers will soon hold zonal meetings to identify factories which may struggle in clearing the payments, he said.

There are 15 zonal crisis management committees for workers in different areas, including Dhaka, Gazipur, Ashulia, Chittagong, Savar, Narayanganj and Narsingdi.

"We did not receive any complaint or any news of dispute regarding the salary payments yet as Eid is still a way off," said Khan.

"Firstly, we will identify the vulnerable factories and warn the owners so that they pay in time."

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No headway in new VAT law implementation

Sohel Parvez

No notable progress has been made in narrowing down the differences between businesses and the revenue authorities on the VAT law 2012 although one year has passed since the government deferred its implementation by two years.

The plan to automate the VAT system under the existing law is yet to take off as the National Board of Revenue could not finalise the revised rules owing to opposition from the Federation of Bangladesh Chambers of Commerce and Industry.

As of now, there has been some headway in only two areas.

The government has revised upwards the cost and tenure of the VAT Online Project (VOP) that it took in 2013 to implement the new VAT and Supplementary Duty Act 2012 through automation of the VAT system.

The cost of the scheme has increased 25.11 percent to Tk 690 crore. Its tenure has been extended until 2020.

And the NBR formed a joint panel with representatives from the FBCCI to review the Act and resolve the standoff related to the new VAT law.

Since April 30, the panel has held two meetings, where it was decided that a study on the impact of the much-talked about Act on business and the economy would be recommended.

It was also decided to make forms under the existing VAT law 1991 compatible with the online system, incorporate good provisions of the new law in the incoming fiscal year, according to minutes of the first meeting held on April 30.

Contacted, NBR Member VAT Policy Md Rezaul Hasan said digitisation of the VAT system did not go as planned because of the delays in finalisation of rules under the present law.

"We are going to include provisions to facilitate online registration and online return submission under the 1991 law in fiscal 2018-19."

Registration and return submission forms are different between the two laws, said Hasan, also the project director of VOP.

The online system was developed based on 2012 VAT law and forms were prepared in line with the latest legislation.

Since the implementation of the law was deferred, the forms will now be incorporated in the 1991 law so that firms can submit returns online from next fiscal year.

"We want to start piloting the online return submission at the Large Taxpayers Unit VAT from July," he added.

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Banglalink's revenue falls for 7th quarter

Muhammad Zahidul Islam

Once a spirited mobile operator, Banglalink is progressively becoming a bit-part player, with its revenues declining for the seventh consecutive quarter now.

At the end of March, Banglalink's revenue stood at $129 million, in contrast to $157 million at the end of September 2016, according to Veon, the operator's parent company.

Its average revenue per customer a month now stands at Tk 109, down from Tk 133 in the third quarter of 2016.

The operator's customer growth has been declining in the last few quarters too, according to the report, which was published last week.

At present, the operator's market share is about 22.17 percent, which was 24.75 percent at the end of the third quarter of 2016.

Banglalink entered the market in 2005 as the fourth player and within a few years' time jumped to the second riding on its aggressive marketing.

Now, it is languishing in the third spot with some distance between the first and second positions.

Banglalink's struggles coincidentally comes at a time when the industry observed the big merger of Robi and Airtel, the third and fourth largest operator at that time. Besides, the telecom regulator also shut down the country's oldest operator's operations.

When a nimble response was needed, Banglalink was caught napping.

"It is true that we have had some challenging few quarters," said Taimur Rahman, chief corporate and regulatory affairs officer of Banglalink.

He went on to blame the intense competition for Banglalink's present state.

But to come back as a strong competitor Banglalink said it has made huge investments, such as the acquisition of 10.6 MHz of spectrum in February along with 4G licence and conversion of its entire spectrum to technology neutral.

"Through this, we have nearly doubled our capacity in terms of spectrum. Furthermore, through these activities, we reconfirm our commitment to provide better service to our customers."

Market analysts said the operator might face new challenge with the introduction of the mobile number portability service, which will enable customers to switch to any operator while keeping their existing 11-digit number.

The service will be launched at the end of July, according to the telecom regulator's plan. After the launch of MNP service, mobile users might be interested in joining large networks such that they can enjoy on-net benefit with a wider pool of people.

At the end of March, Grameenphone's active connections stood at 6.75 crore, Robi's 4.56 crore and Banglalink's 3.33 crore.

Banglalink said some regulatory changes are required before the MNP service is launched.

To make MNP successful, the issue of the difference between on-net and off-net price floors need to be addressed, Rahman said.

There could be a confusion among users on whether they are making an off-net or an on-net call as they would not be able to tell by looking at the 11-digit number, as they can now.

"This may further help the dominant players. We have requested the regulator and the government to look into this matter."

Rahman though remains optimistic about Banglalink's future.

"There is an indication that our turnaround plans for this market is on track and are likely to show operational improvements towards the back end of the financial year," he added.

In its long journey in Bangladesh, the operator or its parent company never disclosed if they are making any profit from the market or not.

Gold import made easier

Businesses welcome new gold policy

Star Business Report

The government yesterday approved the draft gold policy, much to the delight of businesspeople in the sector, as it will make the import of the precious metal easier.

The cabinet committee on economic affairs gave its nod to the Gold Policy, 2018 at a meeting at the cabinet division chaired by Finance Minister AMA Muhith.

After the meeting, Muhith said the policy would allow the country to import gold. "Till date, gold was not imported; rather it was smuggled into the country."

Usually, policies are not sent to the cabinet. But as it is an important policy, it will be sent to the cabinet seeking consent, said the minister.

Under the draft policy, only authorised dealers of the Bangladesh Bank will be allowed to import gold.

Mustafizur Rahman, additional secretary of the cabinet division, said the policy has been formulated to regulate gold trade.

"Under the policy, imported gold can be exported. There will be a regulatory framework to oversee the purchase and the sale."

The policy aims to make import and export of the precious metal easier and ensure transparency and accountability in the local trade.

Under the existing rules, import is allowed, albeit subject to permission from the BB. But in reality, gold has never been imported through legal channels.

Pranesh Ranjan Sutradhar, additional secretary to the commerce ministry, told The Daily Star that steps would be taken soon following vetting by the law ministry to make the policy effective.

Anwar Hossain, president of the Bangladesh Jewellery Manufacturers and Exporters Association, said they have been trying since 1995 for the policy to be formulated. "Finally, it has been done. We will be able to trade gold legally now."

"We have been doing business of gold for long. Recently, we have come to know that this business is illegal as we don't have a policy."

He said there was a huge demand for hand-made ornaments abroad and exports could go up thanks to the policy.

According to the policy, the country's annual demand for gold ranges between 20 tonnes and 40 tonnes. Almost 80 percent of the demand is met with smuggled gold and the rest from recycled gold, depriving the government of a huge amount of tax.

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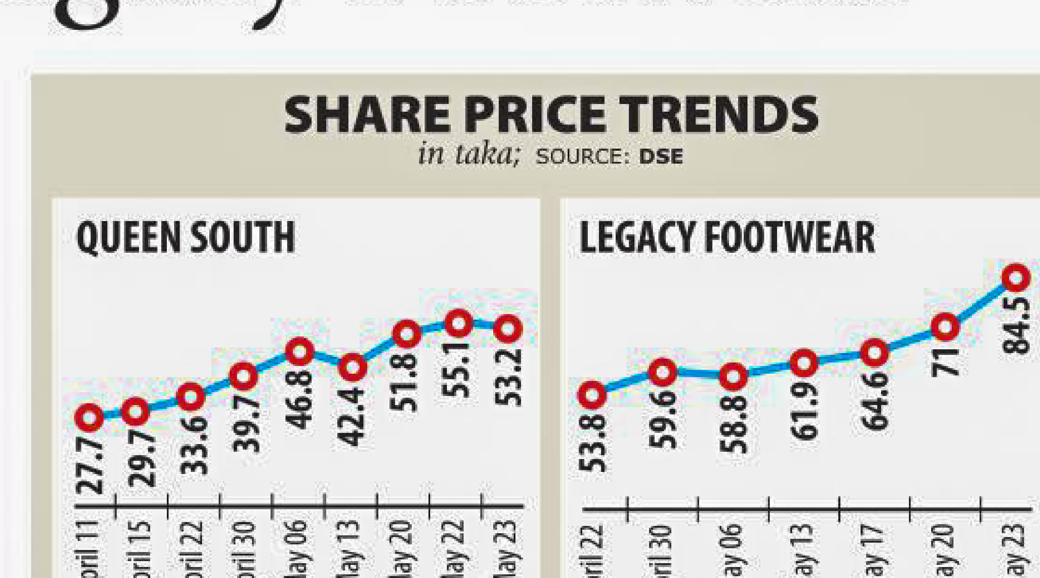
Rumours stoke up stocks of Queen South, Legacy Footwear

Ahsan Habib

The share prices of Queen South Textile and Legacy Footwear almost doubled in the last one month for no apparent reason, in a puzzling development given the ongoing bear run in the market.

The DSEX, the benchmark index of the Dhaka Stock Exchange, fell 452 points, or 7.77 percent, to 5,361.09 in the last one month.

And yet, Queen South Textile's share price more than doubled to Tk 55.10, though it saw a trivial correction yesterday.



Probed by the DSE about the unusual price hike, Queen South Textile informed that there is no undisclosed price-sensitive information.

But market insiders said there is a rumour going round that directors of Queen South Textile are Chinese, so when the Chinese institutional investors eventually enter the market by way of DSE's new strategic partners, this company would be chosen by them for investment.

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Korean EPZ's exports gain momentum

Mohammad Suman, *Ctg*

Exports earnings of the Korean Export Processing Zone (KEPZ) are gaining momentum as investment flow brings factories in the Chittagong-based industrial zone to shape and enable them to optimise production.

South Korea's Youngone Corporation, which established the country's first private EPZ, alone shipped products worth $200 million in 2017, a stark contrast to the five initial years since production started in 2012 when $197 million was brought in.

With $100 million already earned in the past four months, it hopes to rake in $220 million this year and double that in 2021.

That's not a far-fetched idea as nine new factories will go into operations this year, joining the existing 25 in the zone located in Anwara upazila.

By 2021, Youngone plans more than 36 factories to be up and running and the foundations ready for 100 in total.

On the export earnings, Mohammad Shahjahan, executive director of the Kepz, credited the rise in the number of clients by some 10-15 to reach 25.

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