**ASIAN MARKETS** 

**TOKYO** 

**2.21%** 

**V** 0.91%

MUMBAI

**V** 0.45%

\$73.73

এসআইবিএল ইহকালে সঞ্চয় পরকালে কল্যাণ এসআইবিএল এর ক্যাশ ওয়াক্ফ স্কিম স্থাবর সম্পত্তির পরিবর্তে নগদ টাকায় ওয়াক্ফ করার সুযোগ -66896

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# Deposit funds in private banks at 6pc interest

COMMODITIES

BB asks state banks

STAR BUSINESS REPORT

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The central bank yesterday asked stateowned banks to deposit their funds in private banks at 6 percent interest rate in a bid to bring down the lending rate to a single digit.

The development comes after two separate meetings -- one with the managing directors of the private banks and the other with the state banks -- at its headquarters in the capital. "Bangladesh Bank has assured the

to lower the interest rates," Abu Hena Mohd Razee Hassan, deputy governor, told reporters after the meetings. A number of banks had informed the central bank that they have already started

private banks of extending policy support

to implement the single digit interest rate for lending and the rest would follow the decision within the shortest possible time, he said. Standard Bank, a private commercial

lender, complained that Agrani, a state bank, had denied keeping the inter-bank placement (deposit) fund with them at the 6 percent rate.

Mamun-Ur-Rashid, managing director of Standard Bank, confirmed the episode with The Daily Star, but he declined to comment further on the matter. Agrani invested the fund in Standard

Bank three months ago at 10.5 percent interest and it matured yesterday.

Standard Bank yesterday requested

Agrani to keep the fund for another three months at 6 percent interest but the state

Mohammad Shams-Ul Islam, managing director of Agrani, said the bank would lend to private banks at 6 percent interest -in line with the central bank's directive.

bank refused to do so.

He, however, said he is now aware of his bank's move to withdraw funds from Standard Bank.

Syed Mahbubur Rahman, chairman of the Association of Bankers, Bangladesh, a platform of MDs and CEOs of private banks, told reporters that the interest rate on lending has started to come down to single digit from July 1 in line with the decision taken by the sponsors of private banks.

"We asked the central bank to provide policy support to private banks so that we can implement the single digit rate unilat-

The ABB also requested the central bank to deal with a soft hand any bank which fails to maintain the loan-deposit ratio and the liquidity coverage ratio while implementing the single digit rate, said Rahman, also the managing director of Dhaka Bank.

The state banks and private banks decided on June 21 to lower the lending and deposit rates to 9 percent and 6 percent respectively.

The move comes weeks after the government showered them with a raft of privileges, drawing criticism from different quarters.

#### Remittance rises 17pc

STAR BUSINESS REPORT

Inward remittance has bounced back strongly in the just concluded fiscal year, thanks to depreciation of the taka against the US dollar.

The country received remittances worth \$14.98 billion in 2017-18, up 17.31 percent from the previous year, according to Bangladesh Bank data.

source of foreign currency for Bangladesh and its descent since fiscal 2015-16 became a matter of concern for the government.

Remittance is a major

In 2016-17, the receipts were the lowest in six years -- \$12.77 billion.

The recovery of remittance has come up as a relief for the government when the financial sector is facing an acute shortage of dollar, a Bangladesh Bank official said. He said the depreciation

of the taka against the greenback played a major role to encourage migrants to send home more remittance in the last fiscal year. On June 30, the inter-

bank exchange rate was Tk 83.75, which was Tk 80.60 a year earlier.

Bangladeshis living abroad are remitting more money through formal channels because of higher rate offered by local banks, the BB official said.

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# Punish loan defaulters: FBCCI



FBCCI President Shafiul Islam Mohiuddin speaks at a press meet on the recent cut in bank interest rate, at FBCCI's office in Dhaka yesterday.

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**CURRENCIES** 

**BUY TK** 82.75

SHANGHAI

**2.52%** 

The FBCCI yesterday reiterated its demand that the government punish wilful loan defaulters who were putting a great strain on the banking sector.

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"The real defaulters should be punished. The justice should be done in a transparent manner," said Shafiul Islam Mohiuddin, president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

He was speaking at a press conference in the FBCCI's office in Dhaka on the recent cut in bank interest rates.

Reitering his views at a June 9 press meet, he said trials of some bad bank borrowers were ongoing while some were facing Anti-Corruption Commission (ACC) but the FBCCI would not lobby to save any defaulter.

The FBCCI also suggested that banks continue to fund good borrowers, who defaulted on valid reasons

such as sudden huge losses for political instability and a cut in production because of inadequate gas and electricity supply. "Unfortunately, these good bor-

along with the wilful defaulters," the president of the apex trade body said. Every bank should treat their borrowers according to their previous records, he said. "They should keep in mind that no injustice is done to the

rowers are also becoming victims

good clients." In the June 9 press meet, the FBCCI chief also called for exemplary punishment for bank defaulters. "It was no less than a robbery."

Sometimes some small borrowers-owners of small and medium enterprises—have to go through tough legal processes after failing to repay loans of small amounts, although they are not wilful defaulters, Mohiuddin said.

"Now, every bank defaulter in the country has to face the trial where the political or any other kind of identity of the person does not add any value. It's a very good culture."

The banking sector has been going

through a tough time in recent months. Banks' non-performing loans (NPLs) hit Tk 88,589 crore as of March this year, which is 10.78 percent of the total outstanding loans. The chronic inefficiency and mis-

management in state banks can now been seen in private banks too. Even some first-generation banks are in serious trouble now, including liquidity crisis. The probes into some of the scams

that have plagued BASIC and Farmers banks have not gone well to say the least. Even the High Court called in the ACC investigators of BASIC Bank scams last month and reprimanded them.

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#### Govt mulls Tk 519cr jute textile mill

The government is going to set up a specialised jute textile mill at a cost of Tk 519 crore although public sector textile and jute mills are counting losses every year.

The proposal for setting up the factory named Sheikh Hasina Specialised Jute and Textile Mill may be placed at a meeting of the Executive Committee of the National Economic Council (Ecnec) today. The mill is planned to be set up in Jamalpur district's

Madarganj upazila by 2020. The planning ministry proposal said the mill would earn

additional foreign currency producing exportable lowpriced garments, including denim trousers, jackets and shirts, using a mix of jute and cotton. One of the three prerequisites of availing trade prefer-

ence to the US through the Generalised System of Preferences is use of mixed cotton and environmentfriendly manufacturing facilities. A planning ministry official said Prime Minister Sheikh

Hasina during a visit to the textiles and jute ministry in 2014 had directed making Bangladesh Jute Mills Corporation (BJMC) profitable by producing multi-pronged jute products. Data shows that the BJMC mills and factories suffered losses of Tk 385 crore to Tk 724 crore in the last six years.

According to a finance ministry provisional estimate, the BJMC loss was Tk 489 crore in the just concluded fiscal year and Tk 481 crore in the previous year.

The BJMC started its journey after the country's independence with 82 jute mills. Now only 26 remain.

Every year the government gives Tk 500 crore to Tk 1,000

crore in subsidies to the BJMC from the budget. Bangladesh Textile Mills Corporation (BTMC) has also been counting losses for years. In the just concluded fiscal

year, it suffered a loss of Tk 17 crore. Sources at the BTMC said they have invited various coun-

tries, including India, Japan and Turkey, to invest in mills under them. The government has planned to take up a project worth

\$350 million or Tk 2,800 crore for balancing, modernising, rehabilitating and expanding the mills, where China would invest about \$280 million or Tk 2,240 crore.

Though China has pledged to provide loans, it is yet to sign a loan agreement.

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## Tech upgrades will create new jobs: Unilever HR head

A new set of jobs will be created for expansion of automation, digitalisation and artificial intelligence, contrary to what people think, said a top Unilever official.

"I do still feel optimistic that more jobs can be created," said Leena Nair, chief HR officer of Unilever, while addressing the chief executives of multinational companies and foreign banks at a session styled Thriving in an Upside-down World'.

Unilever Bangladesh organised the event at The Westin hotel in Dhaka on Sunday to mark Nair's visit.

She is the first female, the first Asian and the youngest ever chief HR officer of Unilever. At present, she is responsible for the human capital of Unilever, which operates in 190 countries.

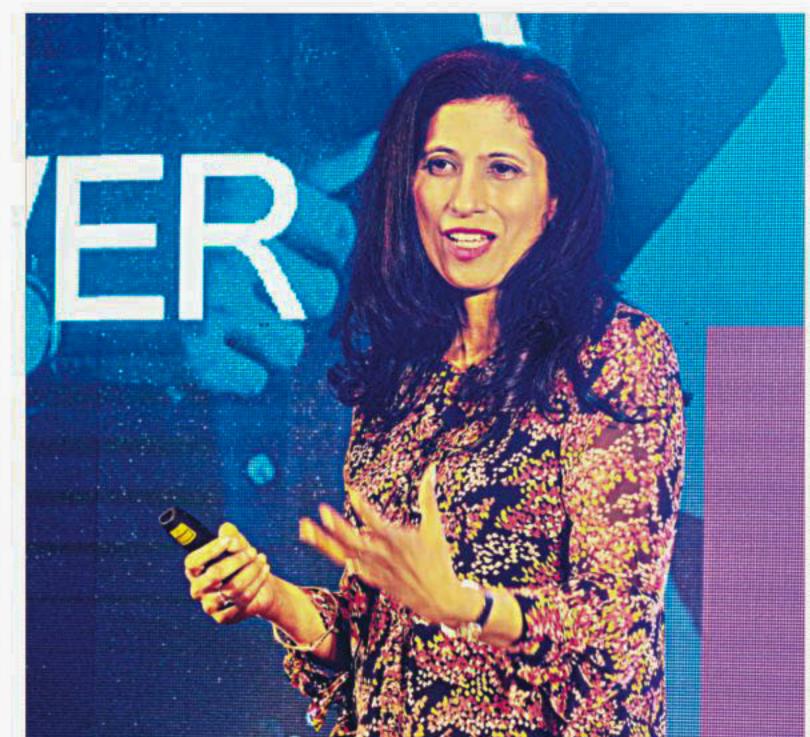
In her address, Nair said the world and the organisations are going through an unprecedented pace of change.

The rise of digital, decreasing barriers of entry, new business models and changing needs of the newer generations are some of the factors contributing to the change.

"These changes do not only affect our consumers but employees as well."

She urged leaders to keep pace with the dynamic world inside and outside for thriving in the upsidedown world. Growing skills gap calls for a

new era of lifelong learning, she said, adding that there is a huge need for it.



Leena Nair, chief HR officer of Unilever, addresses the chief executives of multinational companies and foreign banks at an event at The Westin hotel in Dhaka on Sunday.

vant today," she said, while highlighting the need for diversity as

She emphasised on increasing the need to focus on talent development, up-skilling and re-skilling and being 'more human' in the digital era.

Companies with purpose last and brands with purpose do better and people with purpose thrive.

Unilever focuses on ensuring gender balance in the organisation; 46 percent of the managers in the Resources Director Kunal Sharma "What I learnt yesterday is irrele- organisation are women.

On any day, 2.5 billion people use products from Unilever's 400 brands, giving them the opportunity to touch billions of lives, according to the company. In Bangladesh, Unilever is the

leading fast-moving consumer goods company: 8 out of the 9 households here use Unilever products every day.

At the event, Unilever Bangladesh CEO and Managing Director Kedar Lele, and its Human also spoke.

### Operators yet to cut VAT on internet use

MUHAMMAD ZAHIDUL ISLAM

No internet service provider, including the mobile operators, has lowered the value-added tax at the end user level even though the government has slashed the tax burden by about 66 percent for customers from July 1.

In contrast, when the government imposed supplementary duty on mobile services two years ago the operators scuppered to implement it, with the levy taking effect within hours.

In the budget for fiscal 2018-19 the government lowered the VAT on internet usage to 5 percent from 15 percent to meet a longstanding demand of the ICT sector.

This means, the operators were legally obliged to apply the reduced VAT from the early hours of July 1.

The reason for the delay in implementing the new tax structure is that ISPs are complaining that it will increase their cost of doing business by about 10 to 12 percent; they will request the government to reconsider the move.

In the previous structure, the service providers used to collect 15 percent VAT from customers and simultaneously got about 10 percent rebate, said MA Hakim, president of Internet Service Providers Association Bangladesh (ISPAB).

"But under the new structure we will not get such facility. And that's why we are not offering customers any rate cut

ISPAB will meet with Telecom Minister Mustafa Jabbar tomorrow, he added. Jabbar was not available for comment on the issue.

Meanwhile, the mobile operators said they are not reducing the VAT at the end user level yet as the order is not clear.

The Association of Mobile Telecom operators of Bangladesh on Sunday also sent a letter to the National Board of Revenue to get a clarification from them.

In its letter they said the order is applicable for internet organisations; they are proving internet service by using SIM cards with a different service code.

No mobile operator went on record about the matter.

However, a senior official of the NBR said there are no confusions and nothing to clarify about the order.

"We know the operators will try to find out ways to avoid taxes. This was a good revenue source and the users were

also habituated to paying this sum," he added.

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#### Prices of junk shares continue to rise performing companies declined made the debut yesterday, it faced no STAR BUSINESS REPORT

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Prices of junk stocks continue to rise on the Dhaka Stock Exchange whereas prices of quality stocks have fallen significantly.

companies were the top gainers on and Jute Spinners, a Z category share. the premier bourse yesterday. On the other hand, the stocks of the well- Mills soared 63.5 percent. Since it

drastically.

The top five gainers on the DSE were

Bashundhara Paper Mills, an N category share; C & A Textiles, a Z category share; Savar Refractories, a Z category The shares of the worst-performing share; Aziz Pipes, a B category share; The shares of Bashundhara Paper

falling more than 10 percent in a single day. The shares of the remaining four companies rose by almost 10 percent. In fact, Z category shares have been

rising in the same pace in the last few days against the fall of the blue-chip shares.

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