

STOCKS		COMMODITIES		ASIAN MARKETS		CURRENCIES	
Week-on-week		As of Friday		Friday closings		As on Thursday STANDARD CHARTERED BANK	
DSEX	▲ 1.12%	CSCX	▲ 1.34%	MUMBAI	▲ 0.75%	USD	82.75
5,467.74		Gold	\$1,181.20 (per ounce)	TOKYO	▲ 0.35%	EUR	93.85
		Oil	\$65.92 (per barrel)	SINGAPORE	▼ 0.08%	GBP	104.87
				SHANGHAI	▼ 1.34%	JPY	0.73
						BUY TK	83.75
						SELL TK	97.45
							108.47
							0.77



BUSINESS

DHAKA SUNDAY AUGUST 19, 2018, BHADRA 4, 1425 BS ●starbusiness@thedailystar.net

Tax cuts to cheer up apparel exporters

SOHEL PARVEZ

The government is going to cut withholding tax and corporate tax for garment exporters in what can be viewed as yet another pull-back by the revenue authority from its intent to collect higher tax from the sector.

Last fiscal year, the sector earned \$30.61 billion, which is 83.5 percent of the total export receipts for the year.

With a view to boosting collections the source tax for garment manufacturers was increased to 1 percent from 0.7 percent and corporate tax raised to 15 percent in the budget for fiscal 2018-19.

But now a decision has been taken to slash the source tax for garment makers to 0.6 percent, said a senior NBR official requesting anonymity. A notification would be issued in this regard soon.

The corporate tax rate is likely to be

reduced to 12 percent from 15 percent. And for those manufacturing clothes in green buildings, the corporate tax rate is likely to be 10 percent, as in the previous fiscal year.

"This will provide relief to the factories that are struggling to survive amid the rising costs of doing business and production," said Mohammed Nasir, vice-president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

Asked from where the government will collect tax to meet its increased collection goals to develop public infrastructure, he said the garment sector contributes to the economy and helps in poverty alleviation.

"Instead of measuring its direct contribution only, its indirect contribution to the nation should also be noted," he said, adding that the garment makers had demanded complete waiver from source tax.

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STAR/FILE

Tax cuts will provide relief to the factories that are struggling to survive amid rising costs of doing business and production, BGMEA says.

Written-off loans reach Tk 48,053cr

AKM ZAMIR UDDIN

The amount of loans written off by banks increased six times year-on-year to Tk 141 crore in the first quarter of 2018 as the lenders used a central bank policy to clean up their books.

This took the total written-off loans figure to Tk 48,053 crore since January 2003 when the policy was introduced.

Tk 24.76 crore was written off in the January-March quarter last year, according to Bangladesh Bank data.

Of the six banks that used the facility to clean up their balance sheets, Premier Bank topped the chart as it removed bad debts worth Tk 64 crore from its book. Eastern Bank wrote off Tk 55.42 crore.

State-owned banks wrote off Tk 22,618 crore and private banks Tk 23,825 crore in the quarter.

Two state-run specialised banks—Bangladesh Krishi Bank and Rajshahi Krishi Unnayan Bank—wrote off Tk 555 crore and foreign commercial banks Tk 1,055 crore.

Between January 2003 and March 2018, Tk 48,053 crore were written off. Of the amount, 78 percent remained outstanding, meaning banks' efforts to recover the bad loans haven't paid off.

Banks prefer to avoid writing off bad loans as it is their primary assets and source of future revenue.

However, toxic loans that cannot be collected or are difficult to recover reflect very poorly on a bank's balance sheets and can divert resources from more productive activity. This leads banks to remove bad loans from their balance sheets and thus reduce tax liability.

A central banker, however, said banks usually do not write off bad loans in the first quarter as there is no rush to clean the balance sheets at the beginning of a year.

The banking sector wrote off Tk 1,875 crore in the October-December quarter last year.

As per BB rules, loans are written off after making adequate provisions to take advantage of tax benefits. But banks are obligated to continue their recovery efforts.

In order to write off, banks have to file lawsuits with the money loan court against defaulters and keep 100 percent provisioning.

The process to write off was not transparent as it was an attempt to prevent people from knowing the actual figure of default loans, Khondkar Ibrahim Khaled, a former deputy governor of the central bank, told The Daily Star yesterday.

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Biman to increase flights to London



BIMAN

Biman is scheduled to receive this 787-8 Dreamliner jet today. It will be used on the Dhaka-Singapore and Dhaka-Kuala Lumpur routes from September 1.

SOHEL PARVEZ

Biman is set to increase flights to London by the end of this year after taking delivery of its second Boeing 787-8 Dreamliner in November, said a senior official of the state-run carrier.

The airline wants to operate six weekly flights to London, up from four at present, said Shakil Meraj, Biman's spokesperson, ahead of taking delivery of the aircraft from Boeing.

In 2008, Bangladesh's flag carrier signed a \$2.5 billion deal with the American aircraft manufacturer for ten planes: four 777-300ERs, two 737-800s and four 787-8 Dreamliners.

The first of the four Dreamliners, a mid-size long-haul jet, is scheduled to arrive in

Dhaka today, buoying Biman's small fleet of 12 aircraft.

Biman said it will fly the 787-8 Dreamliner jet, which has 271 seats including 24 business class ones, on the Dhaka-Singapore and Dhaka-Kuala Lumpur routes from September 1.

The second 787-8 Dreamliner will arrive in November, after which the flight frequency to London will be increased.

But the increased frequency depends on the availability of slots at London's Heathrow airport, said the official of Biman, the lone airline offering direct flights between London and Dhaka.

It enjoys more than 90 percent cabin factor and 95 percent load factor on the route, according to Meraj.

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ABNORMAL PRICE HIKE

Regulator suspends trading of three stocks

STAR BUSINESS REPORT

The capital market regulator has suspended trading of stocks of Monno Jute Staffers, Bangladesh Autocars and Legacy Footwear with effect from today for 30 workdays due to their abnormal price hike.

Price of Monno Jute's share jumped 5.7 times to Tk 4,639 in six months while Legacy Footwear rose four times to Tk 272 and Bangladesh Autocars three times to Tk 457 in only four months.

On Thursday, the Bangladesh Securities and Exchange Commission (BSEC) gave the order in line with the Securities and Exchange Ordinance, 1969.

The regulator also formed a two-member committee and asked it to find in 30 workdays the reasons behind the abnormal price hike of Bangladesh Autocars and Legacy Footwear.

Another investigation was conducted for Monno Jute's rise and the regulator would disclose the report soon.

However, the authorities of all the three companies denied having any price sensitive information which could have fuelled the prices.

The stockmarket watchdog also decided to send five companies—Monno Ceramic Industries, Kay & Que (Bangladesh), Aziz Pipes, Stylecraft,

and Dragon Sweater—to "spot trading" due to their abnormal price hike.

In spot trading, an investor is allowed to purchase shares of a company only when his account has cash money. No one is allowed to purchase shares against sales of shares or loan.

Normally, the BSEC sends a company for spot trading to rein in its trading.

Monno Ceramic's price doubled to Tk 387 while Kay & Que soared 66 percent to Tk 233, Aziz Pipes 89 percent to Tk 269, Stylecraft 126 percent to Tk 2,995 and Dragon Sweater 177 percent to Tk 50.

CONTINENTAL'S FIRE INS LICENCE

HC stays IDRA's suspension

STAR BUSINESS REPORT

The High Court has extended its stay order by another three months on the insurance regulator's decision to suspend Continental's fire insurance licence.

Earlier in June, the Insurance Development and Regulatory Authority suspended the fire insurance business of Continental Insurance for three months for its failure to settle claims worth Tk 24.46 crore of Khulna-based Jute Textile Mills.

Subsequently, Continental Insurance filed a petition and on June 27 the HC bench of Justice Md Ashfaqul Islam and Justice Mohammad Ali passed a stay order for three months.

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আমরা শোকাহত

এম. মনিরুজ্জামান খন্দকার
(১৯৪০-২০১৮)

মিডল্যান্ড ব্যাংক লিমিটেড এর সম্মানিত প্রতিষ্ঠাতা চেয়ারম্যান ও মাননীয় প্রধানমন্ত্রীর আয়কর উপদেষ্টা এম. মনিরুজ্জামান খন্দকার আর আমাদের মাঝে নেই। গত ১৭ই আগস্ট ২০১৮ শুক্রবার বিকেলে রাজধানীর এ্যাপোলো হাসপাতালে চিকিৎসাধীন অবস্থায় তিনি ইন্তেকাল করেছেন। (ইমালিল্লাহি ওয়া ইন্না ইলাইহে রাজিউন)। মৃত্যুকালে তিনি স্ত্রী, এক পুত্র ও এক কন্যাসহ অসংখ্য গুনগ্রাহী রেখে গেছেন।

শ্রদ্ধেয় চেয়ারম্যান মহোদয়ের মৃত্যুতে মিডল্যান্ড ব্যাংকের সম্মানিত পরিচালক মন্ডলী, স্পন্সর শেয়ার হোল্ডারবৃন্দ এবং মিডল্যান্ড ব্যাংক পরিবারের সকল সদস্য গভীরভাবে শোকাহত। আমরা পরম করুণাময় আল্লাহর কাছে মরতুমের বিদেহী আত্মার মাগফেরাত কামনা করছি এবং তার শোক সন্তপ্ত পরিবারের প্রতি গভীর সমবেদনা জ্ঞাপন করছি।

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bank for inclusive growth

2018 HSBC Export Excellence Awards

As the leading international bank, HSBC seeks to promote trade by recognising exporters who have made great contributions to Bangladesh's economy by growing the 'Made in Bangladesh' brand across the globe.

Nominations for the 8th HSBC Export Excellence Awards are now open across five categories:

- Ready Made Garments
- Supply Chain and Backward Linkage (Apparel)
- Traditional and Emerging Sectors
- Small and Medium Enterprise
- Import Substitution

Nominations close on 31 August 2018, we look forward to receiving your entries.

For more information, visit business.hsbc.com.bd/eea or call 01711295060

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