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BB steps in to clear backlog of cases

Over Tk 75,000cr loans stuck in 55,500 cases

STAR BUSINESS REPORT
The central bank has agreed to sit with the Law Commission after top bankers called for steps to bail banks out of a huge backlog of court cases related to nonperforming loans.

Bangladesh Bank took the decision yesterday at a quarterly meeting with the Association of Bankers, Bangladesh (ABB), a forum of the managing directors of banks, at the BB headquarters.

"We will sit with the Law Commission within the shortest possible time and request it to take prompt measures to settle pending cases, both with the High Court and lower courts," SK Sur Chowdhury, banking reform adviser of the central bank, told reporters after the meeting.

The chief executives of all banks will be present at the meeting with the Law Commission, sources said.

As of June 2018, more than 55,500 cases involving Tk 75,000 crore in default loans are pending with the courts, according to BB data. The rising NPL also concerned BB Governor Fazle Kabir. He asked bankers to bring down the NPL to 10 percent by intensifying recovery efforts.

Data showed NPL increased to Tk 99,370 crore, which is 11.45 percent of the outstanding loans in September this year, up from 10.41 percent in June.

The amount will be much higher if loans written-off and rescheduled are taken into account, according to bankers.

Syed Mahbubur Rahman, chairman of ABB, said it would be a challenging task to cut NPL without resolving the court cases.

"A large amount of the loans is stuck in the legal battles. Habitual defaulters filed writ petitions with the courts in effort to avoid repaying the loans," he said, adding that banks require a strong support from the judicial system to bring the willful defaulters to book.

Rahman said the central bank also instructed banks to reschedule bad loans following the rules and regulations in a bid to reduce the NPL.

The central bank asked the banks, which faced provisioning shortfall against their disbursed loans, to take up a detail plan to manage the deficit, said Rahman, also the managing director of Dhaka Bank.

The BB ordered the lenders to increase use of electronic payment channels such as the Real-Time Gross Settlement and

Benefits elude workers with no job contracts

BILS study finds

STAR BUSINESS REPORT

People employed in the informal sector are deprived of benefits and social protection for the absence of employment contracts and identity cards, says a study of the Bangladesh Institute of Labour Studies (BILS).

Some 88 percent workers of the sector do not get appointment letters and 82 percent do not have ID cards, according to the study—titled "Decent work of informal sector youths: status and way forward"—conducted with support from ActionAid Bangladesh.

The informal sector comprises work such as windshield cleaning at traffic lights or manual construction work, for which income is not declared, tax is not paid and components of which are not included in GDP computations.

Mostafiz Ahmed, associate professor of Jagannath University, presented the research at a roundtable organised by BILS at The Daily Star Centre in Dhaka yesterday. Mojibur Rahman Bhuiyan, vice chairman of BILS, chaired the session.

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Mojibur Rahman Bhuiyan, vice chairman of the Bangladesh Institute of Labour Studies (BILS), speaks at a roundtable on "Decent work for youth in informal sector: status, challenge and way forward" organised by BILS with support from ActionAid Bangladesh at The Daily Star Centre in Dhaka yesterday.

GM seeds may face hurdles

US agency says in a report on Bangladesh

SOHEL PARVEZ

A lack of purchasing power in the farming sector dominated by small and marginal people may restrict the wider use of genetically modified (GM) seeds in Bangladesh, said the US Department of Agriculture recently.

Farmers believe GM seeds are higher priced in comparison to non-GM varieties, according to the USDA Foreign Agricultural Service's Bangladesh Agricultural Biotechnology Annual 2018 report.

"GM seeds for planting may also experience difficulty gaining market acceptability unless apprehensions about multinational seed companies are addressed."

The report was released on December 12.

However, Md Jahangir Hossain, country project director of Feed the Future Biotech Project (potato and Bt brinjal) of USAID, said Bangladesh Agricultural Development Corporation (BADC) sells both GM and non-GM brinjal seeds at the same price at Tk 700 per kilogram.

He said the price of Bt eggplant seeds of Bangladesh Agricultural Research Institute (BARI) is Tk 5,000 per kilogram. But it will not affect farmers as BARI does not sell directly to growers, he said.

The USDA said there was a general recognition within Bangladesh's scientific and policy community that agricultural biotechnology offered a tool to provide food security to the country's growing population.

Nevertheless, some local advocacy

groups publicly question GE technology, it added.

"Because there is a dearth of reliable information, many Bangladeshi citizens are not well-informed. The quality of publicly disseminated information is not always accurate or supported with sound science. Gaining future market acceptance will greatly depend on education efforts," said the report.

Since 2013 Bangladesh has released four GE eggplant varieties infused with genes that are resistant to fruit and shoot borer (FSB) disease, the most devastating pest in South and Southeast Asia.

BARI released the GM vegetable and is seeking approval from the government to release three more varieties of eggplants.

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Trade top priority: US envoy



Earl R Miller, third from left, newly appointed US ambassador, and Nurul Islam, third from right, president of the American Chamber of Commerce in Bangladesh (AmCham), attend a luncheon meeting of AmCham at The Westin Dhaka yesterday.

STAR BUSINESS REPORT

Increasing the US trade in Bangladesh will be the top priority of future bilateral relations, said newly appointed US Ambassador Earl R Miller yesterday.

"I intend to make US business one of the mission's top priorities," he said at addressing a group of businesspeople at a regular luncheon meeting of American Chamber of Commerce in Bangladesh (AmCham) at The Westin Dhaka.

Bangladesh is a significant market for America as the export of the US to the country of 170

million people has been increasing rapidly, he said.

The ambassador said US companies and businesses were doing well in Bangladesh and could do much better.

"So, I look to work with the people of Bangladesh and the government of Bangladesh to bring in more trade delegations, more trade missions and more CEOs. In the next three years, I hope to see more American companies engaging in Bangladesh and more Bangladeshi companies engaging in the US."

The US is the single largest export destination for Bangladesh. The value of two-way trade is

more than \$7 billion a year and the balance of trade is heavily tilted towards Bangladesh, which exported goods worth more than \$6 billion last year.

The two-way trade is projected to be higher in the future. US exports to Bangladesh rose 100 percent year-on-year in 2017, Miller said.

He said he would work to remove unnecessary or arbitrary regulations and cumbersome customs procedures. Corruption affects the economic growth of Bangladesh, he added.

Miller said Bangladesh was making great efforts in strengthening workplace safety with the help of the Accord and the Alliance, but it needs to do more, especially in the area of labour rights.

Promoting labour rights and workers' safety is not only the right things to do as it is also the foundation for freedom of association, the envoy said, adding that corporate social responsibility had a bright future in Bangladesh.

On politics, he said the US wanted the upcoming general elections of Bangladesh to be free, fair, participatory, peaceful and credible involving all political parties and avoiding any kind of violence.

"One of the messages that I continue to pronounce is the need that the upcoming election will be free, fair, credible, participatory and peaceful."

"You must assure, you must avoid and you must condemn violence. Violence only undermines the democratic process," he said, suggesting that the government use democratic processes during and after the election.

Nurul Islam, AmCham president, moderated

Economy to accelerate

PM tells Nikkei Asian Review

UNB, Dhaka

Bangladesh's strong economic growth will not just continue, but accelerate, said Prime Minister Sheikh Hasina.

"In the next five years, we expect annual growth to exceed 9 percent and, we hope, get us to 10 percent by 2021," she told the Nikkei Asian Review in an exclusive interview in December.

Nikkei Asian Review published an article on Bangladesh's booming economy titled "The rise and rise of Bangladesh; The economy is booming. Does Sheikh Hasina deserve the credit?"

For the article, the Asia-focused English-language publication interviewed Hasina, experts and top officials of garments, pharmaceuticals and IT sectors.

Nikkei Asian Review brings insights about business, finance, economic and political news, comments and analysis for Asia.

"Exiting LDC status gives us some kind of strength and confidence, which is very important, not only for political leaders but also for the people," Hasina said in the interview.

"When you're in a low category, naturally when you discuss terms of projects and programmes, you must depend on others'



Prime Minister Sheikh Hasina

mercy. But once you've graduated, you don't have to depend on anyone because you've your own rights," said Hasina.

"I always shoot for a higher rate," she laughed. "Why should I predict lower?"

Hasina said the government is taking a more proactive role in the financing alongside international partners such as China, Japan and international financial institutions.

"We've undertaken [steps] to establish our own sovereign wealth fund, worth \$10 billion, to bankroll long-term physical infrastructure development.

This is possible because our foreign exchange reserves stand at more than \$32 billion now, from \$7.5 billion 10 years ago," she told the interviewer.

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Assess impact of new VAT law first: FBCCI

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The Federation of Bangladesh Chambers of Commerce and Industry has urged the revenue authority to conduct an impact assessment study before implementing the new VAT law.

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NEWSIN brief

Silco Pharma receives go-ahead for IPO

The stockmarket regulator yesterday approved an initial public offering of Silco Pharmaceuticals, which plans to raise Tk 30 crore by issuing 3 crore shares at a face value Tk 10. The company will use the IPO proceeds to buy machinery, delivery van and build a factory building. The weighted average earnings per share of Silco is Tk 1.46.

Stock dealers get more time to keep provision

Stock dealers and stock brokers will get one more year to keep provision against the unrealised loss of their margin accountholders. Yesterday, Bangladesh Securities and Exchange Commission decided to extend the optional provisioning period to December 31 of 2020, in response to appeal from the DSE Brokers' Association.

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