

Ecneec okays 9 projects worth Tk 16,433cr

STAR BUSINESS REPORT

The Ecneec in a meeting yesterday approved nine new and revised projects worth Tk 16,433 crore, with Prime Minister Sheikh Hasina directing that no structure could be built on haors and land which yields three crops a year.

The meeting of the Executive Committee of the National Economic Council (Ecneec) was held with the premier in the chair.

After the meeting, Planning Minister MA Mannan informed of the directives. He said Hasina had laid emphasis on haors reasoning that those were resourceful areas.

The meeting approved a revised project to expand rural electrification where the cost was increased by 26 percent to Tk 8,691 crore to bring an additional 4.5 lakh subscribers under the programme.

Ecneec approved the project in March 2016 with a target of bringing 15 lakh subscribers under electricity network by December 2018.

Under the revised project, the total number of subscribers in rural areas will reach 19.5 lakh and the timeline has been extended to June 30, 2020.

Moreover, electricity lines would be set up on an additional 15,000 kilometres, taking the project's reach to a total of 59,000 km.

Ecneec also approved a project to establish a 150 megawatt power plant at

Sayedpur at a cost of Tk 1,001 crore by June 2021. A power division official said China-based Dongfang Electric Corporation would construct the plant.

Power Development Board signed an agreement with the company earlier this month. Ecneec approved two other projects on setting up and rehabilitating electricity distribution lines, one centring Rangpur division at a cost of Tk 1,124 crore and another Rajshahi division at a cost of Tk 1,091 crore.

It also approved a revised project for establishing a 99 Composite Brigade for ensuring overall security for Padma multipurpose bridge. The project cost was raised by 33 percent to Tk 1,320 crore and completion deadline extended from June 2015 to June 2021. According to the planning ministry proposal, delays in land acquisition and increase in project components raised the cost and tenure.

Ecneec also approved a project to elevate a stretch of road from Cox's Bazar link road to Laboni crossing to four lanes at a cost of Tk 288 crore and construction of a 103-metre bridge with girders on the Aricha-Gheor-Daulatpur-Tangail road.

It okayed improving switching and transmission networks for strengthening digital connectivity at a cost of Tk 155 crore and increasing the tenure of a project for purchasing 70 train engines at a cost of Tk 2,659 crore from June 2017 to June 2024.

Guardian Life appoints new DMD



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Mohammad Shazzadul Karim has recently been promoted from the post of senior executive vice president (SEVP) to deputy managing director of Guardian Life Insurance.

Shazzad had joined as chief operating officer and SEVP in 2014, the insurer said in a statement yesterday.

He started his insurance career at Alico Bangladesh as a management trainee in 1998.

He attained an MBA with a major in management following post-graduation with honours in accounting from the University of Dhaka.



Mofizur Rahman, managing director of Novoair, attends a roundtable on "Role of Media, Promoting Airline Safety" at a hotel in Dhaka yesterday. Rahman said the media can play a significant role to promote the flight safety in the aviation sector of Bangladesh.

Food, hospitality expo begins Feb 14

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A three-day Food and Hospitality Bangladesh Expo 2019 will be organised in Dhaka starting February 14.

Bangladesh International Hospitality Association (BIHA) and Wem Bangladesh Limited under the supervision of Bangladesh Parjatan Corporation will organise the fair at International Convention City Bashundhara.

Around 70 exhibitors from seven countries, including India, Thailand, Malaysia, China, Italy and Spain, 150 brands and 200 international delegates will take part, organisers told a press conference at the

Radisson hotel in Dhaka yesterday.

The participants are representatives of hotels, restaurants, cafés, importers, distributors, housekeepers, spa specialists, architects and interior designers, hotel suppliers, chefs and government employees.

The fair is also going to have live shows such as chef challenges, workshops on food of different countries, roundtables with CEOs and job fairs.

Akhtaruzz Zaman Khan Kabir, the Parjatan chairman; HM Hakim Ali, the BIHA chairperson, and Khandakar Ruhul Amin, chairperson of Bangladesh Restaurant Owners Association, attended the press conference.

Citi sees stronger China wealthy client base in 2019

REUTERS, Hong Kong

Citigroup expects its China wealth management client base to grow faster in 2019 than last year, at more than 30 percent, the bank's country chief said, despite the world's second-largest economy slowing and feeling the pain of a trade war. Citi's total number of wealth management clients in China grew 21 percent last year.



Social Islami Bank Limited (SIBL) Chairman Md Anwarul Azim Arif, Vice Chairman Belal Ahmed and CEO Quazi Osman Ali attend the launch of the bank's internet banking mobile app "SIBL NOW" at its head office in Dhaka yesterday. The app provides facilities including fund transfers, mobile top-ups and utility bill payments.

Shri Somanatha Sridharan, CEO of Ceylon Biscuits Bangladesh (PVT) Ltd, receives "The Fastest Growing Brand in Bangladesh 2018" award on behalf of its brand CBL Munchee Bangladesh at a programme organised by United Research Services and Asia One magazine at a hotel in Singapore yesterday. Sridharan also received "Fastest growing leader of Bangladesh 2018" award at the event.

CBL MUNCHEE



High NPLs to slow growth

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The PRI, using Bangladesh Bank data, said state-run banks have the highest level of NPLs. Gross NPLs at the state-run commercial banks (SCBs) rose 28.24 percent as of June 2018 from 26.8 percent a year ago.

Sattar said Bangladesh does not need so many SCBs. "Turn the state-owned banks into deposit banks, except one or two and stop lending by them for the time being," he said, adding that a couple of SCBs are needed for the treasury functions of the government.

The PRI said there are uncertain balance-sheet risks at several state-owned and private commercial banks. Recent changes in the tenure and family membership of bank boards have weakened oversight, it added.

"The banking sector is not just about money as there is the issue about confidence," said PRI Director Ahmad Ahsan, calling for reforms in the banking sector.

Gulam Rahman, president of the Consumers Association of Bangladesh, said depositors are deprived of fair interests on their deposits owing to the high NPLs.

He said realisation of Tk 75,000 crore has been stuck for cases in courts. Reforms and expediting trials are needed. AB Mirza Azizul Islam, a former finance adviser to a caretaker government, said there is no competition in the banking sector regarding interest rate fixing.

There is collusive oligopoly in the case of fixing interest rates and this creates the scope for mis-governance, he said. Planning Minister MA Mannan said Bangladesh has done well, but there are some gaps.

On NPLs, he said there has been a suggestion to set up a banking commission to carry out monitoring and some supervisory works over loan operations. "But Bangladesh Bank is doing the work. If it fails, then we can look at it," he said.

The PRI recommended reforms in the tax administration to increase domestic revenue collection.

"Reforms are needed and the status quo is not an option," said PRI Executive Director Ahsan H Mansur.

The think tank called for revamping the trade policy for exports and giving priority to education, labour skill, urban and infrastructure development.

Infrastructure loans to be cheaper: AIIB

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Furthermore, the significant cost and time overruns for projects reduce cost efficiency, it said. The cost of construction materials is likely to rise in line with the projected depreciation of the taka as well as inflationary pressures due to expansionary policies.

The weakening of the taka against major currencies is due to the trade deficit, resulting from the significant imports needed to support the government's plans for infrastructure development.

The bulk of costs in Bangladesh relate to material costs, and the market for construction materials is less stable due to the country's high dependence on imports of items such as paving materials, aggregates, stones and structural steel.

Although Bangladesh is self-sufficient (or close to it) in cement and

billets, it still requires imports of raw materials for these products, according to the study.

The prices of industrial raw materials globally are projected to remain flat year-on-year but the projected depreciation of the taka is likely to lead to increased costs for construction materials in Bangladesh.

Subsequently, this called for improvement in construction costs and project implementation to further accelerate government activities.

Bangladesh is a fast-growing economy and its improving economic conditions present a great opportunity to address infrastructure shortfalls," said Joachim von Amsberg, AIIB's vice-president for policy and strategy.

The country will continue to be a priority market for the China-led multilateral lender in 2019, in what can be viewed as further endorsement

of the country's growing stature on the global stage.

The infrastructure-focused lender, which began its journey in 2016, has so far approved three projects amounting to \$274 million in Bangladesh's energy sector and is set to approve four more projects involving \$640.60 million in transport, energy and water sectors. The projects under review include the Mymensingh-Kewatkhali bridge and the Sylhet-Tamabil road upgradation.

AIIB's interest rate on loans for public sector projects is priced according to consensus among multilateral lenders: the lowest is 0.75 basis points over LIBOR (London Interbank Offered rate) and the maximum is 1.45 basis points for 35-year tenure, Naseeb Haider, its investment operations manager, told The Daily Star in June last year.

The credit growth for private banks fell to 14 percent in September from 19 percent in April, according to BB data.

The 11 private banks whose ADR remained above the authorised limit were AB, Exim, Farmers, First Security, Modhumoti, Mercantile, National, NRB, Social Islami, Shahjalal Islami, and Union Bank.

The major portion of deposits has remained with state-run banks whereas private banks are in the driving seat when it comes to lending, according to Khan. The liquidity pressure had eased for several months from June last year due to the availability of funds after the CRR relaxation.

But the market has been facing a tight liquidity from the beginning of January, said Rahel Ahmed, managing director of Prime Bank. "Maintaining the new ADR will be a challenge for banks this year as the credit demand

BB to guard against inflation in first half

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The country's foreign trade may reach \$100 billion this year, which will play an important role in helping the BB take a cautious monetary policy for the first half of the year, said a BB official.

In the first four months of the fiscal year, exports soared 16.75 percent year-on-year to \$16.77 billion. During the period, imports increased 6.64 percent to \$23.43 billion.

Remittance, too, increased during the period by 9.03 percent to \$6.28 billion.

"That's why caution is being exercised," the BB official said, adding that the repurchase agreement (repo) and reverse repo policy rates and cash reserve requirement will be kept unchanged.

The central bank reduced its repo rate by 75 basis points to 6 percent and slashed the CRR by one percentage point to 5.5 percent on April 15 last year in the wake of huge pressure from the sponsors of private banks.

Majority of the banks are now keeping their attention to adjust their loan-deposit ratio by March this year in line with the central bank directive, which has subsequently put a negative impact on the private sector credit growth in recent months.

The private sector credit growth stood at 13.20 percent in December last year, after being on the slide since May.

As per the central bank's instruction, conventional banks will have to bring down the loan-deposit ratio to within 83.50 percent from their existing ceiling of 85 percent and Shariah banks to 89 percent from 90 percent.

"Only disbursement of quality credit can ensure sustainable development and create more jobs in the productive sector. So, the upcoming MPS will focus on the issue," the BB official added.

Advance-deposit ratio now within regulatory limits

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"We have requested the central bank to extend the time as it will be difficult for us to maintain the new limit amid a huge liquidity pressure," said Anis A Khan, managing director of Mutual Trust Bank. He said the lending rate has moved upward after the December 30 election due to the rising credit demand amid expanding business activities.

"Private banks are now in a liquidity crunch because of an imbalance in deposit distribution," he said.

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Ahmed said the ADR came down because of a sharp fall in the credit demand before the election.

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