

## Govt vows to address private sector's woes

Finance minister and prime minister's key adviser meet business leaders



AHM Mustafa Kamal, finance minister, speaks at a meeting with the top business leaders at the NEC Auditorium in the capital yesterday. Salman F Rahman, private industry and investment adviser to the prime minister, was also present.

STAR BUSINESS REPORT

The finance minister and a key adviser of the prime minister yesterday came up with big promises to improve the business climate, reduce the interest rate on lending, bring down bad loans, boost revenue income and develop the capital market.

They vowed to carry on the promises for boosting economic growth and to live up to the expectations of the private sector.

"We have to reduce the interest rate or else doing business will be tough," Finance Minister

AHM Mustafa Kamal told reporters after a meeting with prominent business leaders at the NEC auditorium in the capital.

Prime Minister's Private Industry and Investment Advisor Salman F Rahman accompanied the minister at the meeting, which had more than two dozen business leaders. The business leaders placed their problems at the meeting.

"We will not impose any tax target on the National Board of Revenue. Rather, they will let us know what they can achieve," said Kamal, also a chartered account.

Tax office will be set up at 492 upazilas across the country to increase revenue, he said. "But that will be done without hiking the rates."

The finance minister also vowed to reduce the non-performing loans. "Otherwise, the banking sector will be weakened."

More such meetings will be held between the government and the private sector in the days ahead.

"No one will go empty-handed. We will work in a win-win partnership."

But, they have to help the government to achieve its revenue target of Tk 296,000 crore for this fiscal year in exchange of the government's initiatives.

"A frustration is observed amongst the businesses as we assured every year that we would fulfil their demands, but those are yet to be implemented."

Their core demands are to bring down the existing high interest rate on lending and decrease the tax rates to a sensible level, he said.

The business leaders said there were some problems in doing business in the steel, cement, pharmaceuticals and some other sectors.

"Salman F Rahman has already started working with the Bangladesh Investment Development Authority to improve the ease of doing business and you will see within three months what the outcome will be," the finance minister added.

The government wants the economy to flourish by increasing the periphery of investment that will generate employment, said Md Shafiq Islam Mohiuddin, president of the Federation of Bangladesh Chambers of Commerce and Industry.

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## BB eases loan write-off policy

STAR BUSINESS REPORT

In a divisive move the central bank has relaxed its write-off policy, at a time when the default loans in the banking sector hit an all-time high.

Banks are now allowed to write off the default loans that have been hovering in the bad category for three years from their balance sheet, down from five years previously, according to a notice from the Bangladesh Bank on Wednesday.

Furthermore, lenders do not have to file any case with the Artha Rin Adalat (Money Loan Court) to write off a delinquent loan worth Tk 2 lakh, up from Tk 50,000 previously.

Experts said the new policy would allow banks to show lower default loans on their books -- artificially.

The central bank should have taken a strict stance against the banks seeing the default loans are crawling up, said Salehuddin Ahmed, a former BB governor.

"But it went the opposite direction," he said, adding that the latest BB move would tempt banks to disburse loans without following the rules.

As of September last year, default loans in the banking sector accounted for 11.45 percent of all outstanding loans at Tk 99,370 crore -- the largest yet in

Bangladesh's 48-year history.

The central bank introduced the write-off policy in January 2003 with the view to putting the brakes on the rising default loans then.

But the move turned out to be a disappointment as banks failed to recover the majority of the written-off loans.

Between January 2003 and September 2018, banks wrote off Tk 49,745 crore. As of September last year, Tk 37,866 crore remained outstanding, which is 76 percent of the sum.

Finance Minister AHM Mustafa Kamal yesterday told reporters after a meeting with business leaders at the NEC Auditorium in the capital that the central bank had revised the policy by informing him.

He went on to reiterate his earlier comment on January 10 that the total non-performing loans would not be allowed to go up under his watch.

"This sends a bad signal to the global community about Bangladesh's banking sector," said Ahsan H Mansur, executive director of the Policy Research Institute.

The Association of Bankers, Bangladesh, a platform of private banks' managing directors, however, did not seem too enthusiastic about the revised write-off policy.

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## 11 firms to make VAT software

STAR BUSINESS REPORT

After a delay the National Board of Revenue (NBR) yesterday named 11 firms that will be eligible to develop software for businesses to help them maintain accounts and keep records of value-added tax.

The move comes four months after the revenue authority asked businesses with more than Tk 5 crore in annual turnover to use software on a compulsory basis in a bid to automate the VAT system. At that time, the NBR had directed companies to comply with the directive from January 1, 2019.

Since the software developers were not selected, businesses were unable to comply with the directive.

It took time to finalise the names of the software developers and enlist them, said Syed Mushfequr Rahman, project director of the NBR's VAT Online Project.

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## DITF 2019

## Surge in last-minute sales



People throng Dhaka International Trade Fair at Sher-e-Bangla Nagar yesterday.

JAGARAN CHAKMA

Exhibitors at this year's Dhaka International Trade Fair (DITF) have not only met their marketing and branding targets but also nearly doubled sales as visitors showed up in droves throughout the month.

The participating companies have credited the stable political situation as well as the good management by the organisers for one of the successful editions of the annual show in recent years.

"We have sold huge amount of products during the fair," Md Ashequr Rahman Rumel, pavilion in-charge of Karupannya, told The Daily Star.

"The sales have the highest in our 18 years of participation in the annual event." Karupannya produces different types of handicrafts, floor mites and door mites which carry the local heritage.

According to Rumel, participation in the DITF has a long-term impact on the business.

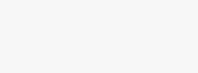
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## Festivals boost online sales in February

MUHAMMAD ZAHIDUL ISLAM

Online sales will see a 30 percent rise in February on the occasion of four successive festivals, namely Saraswati Puja, Pahela Falgun, Valentine's Day and International Mother Language Day, industry insiders said.

On an average, around Tk 3 crore to Tk 4 crore worth of products are sold online every day, said Ashish Chakraborty, chief operating officer of SSL Wireless, a digital commerce market research firm.

"The sales may go up by another Tk 1 crore, thanks to the festivals."

He said e-commerce slows down in January but it picks up from the beginning of February.

"We are observing the same trend this year as well," he told The Daily Star.

Nearly 25,000 online orders a day were placed in the last few months and 3,000 of the orders were carried out online or through digital financial services, Chakraborty added. "The number will rise in the first two to three weeks of February."

The average amount per order is Tk 700.

Online sales will spiral in the first two to three weeks of February.

Offers include cashback and discounts as high as 70pc

wrist watches, saris and panjabis along with different kinds of gift items, he said.

"These products accelerate the growth of our business. The orders for black and white clothes and products will spiral from the second week onwards," said Mashroor, also a former president of Bangladesh Association of Software and Information Services.

Ajkerdeal is offering 20 percent cashback on payments made through mobile financial service provider bKash and is expecting 30 percent sales growth in February.

"We are offering discounts on a wide range of products on the eve of Pahela Falgun and Valentine's Day," said Mirajul Huq, CEO of bagdoo.com, another e-commerce venture.

"Not only on saris, panjabis and gift items, we are offering price cuts on mobile phones, home appliances and bikes also."

"I believe an occasion provides an opportunity to go on a shopping spree, whether someone buys something for their loved ones or for themselves," said Huq.

As the cashback partner of bagdoo.com for Valentine's Day, Eastern Bank is offering 10 percent discount for its cardholders on every online purchase.

On the backdrop of the festivals, the demand for mostly fashionable products and gift items increases, prompting e-commerce platforms to offer discounts and cashback along with free delivery.

AKM Fahim Mashroor, founder of ajkerdeal.com, one of the leading local e-commerce ventures, said his company has come up with a "combo" offer for couples.

Under the offer, the couples can use matching designed products like t-shirts, 70 percent.

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## REHAB FAIR

## Realtors target middle-income group



STAR BUSINESS REPORT

Real estate companies have come up with small and affordable apartments

which may cost people nearly Tk 80 lakh in populous zones to Tk 1.2 crore in posh areas.

The housing companies have changed their strategy and are now giving more focus on the growing middle-income group, according to the participating members of the Real Estate & Housing Association of Bangladesh (REHAB).

The four-day housing fair organised by the association at the Bangabandhu International Conference Center in Dhaka began on February 6.

Anwar Landmark Ltd is displaying eight projects located in different parts of the city for the middle and higher-income groups, Golam Moin Chowdhury, deputy manager for sales and marketing of the company, told The Daily Star.

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