

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
▲ 0.08%	▼ 0.10%	\$1,284.00 (per ounce)	\$65.78 (per barrel)	▲ 0.05%	▼ 0.44%	▼ 0.52%	▲ 0.88%	BUY TK 83.20	93.26	108.63	0.73
5,687.48	10,543.51			36,442.54	21,726.28	3,234.07	3,054.25	SELL TK 84.20	97.06	112.43	0.77

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DHAKA WEDNESDAY MARCH 6, 2019, *FALGUN 22, 1425 BS* ● starbusiness@thedailystar.net

Peoples Bank hits a snag

Licensing stuck over money laundering allegation; Bengal, Citizen banks get nod

AKM ZAMIR UDDIN
 The central bank has stalled the process to provide licence to the proposed Peoples Bank following allegation of money laundering against its Chairman Abul Kashem. But Kashem has vowed to bounce back, saying that he will manage the Bangladesh Bank's licence within the shortest possible time.

As per a decision taken on February 17, the central bank yesterday gave the approval to two other proposed banks – Bengal Commercial and Citizen – and asked them to prepare to roll out banking services as per their boards' decision.

"We have recently received a money laundering allegation against the chairman

of the proposed Peoples Bank. We will take decision on the bank after settling the complaint," said a senior official of the Bangladesh Bank (BB).

The BB has forwarded the complaint to the Bangladesh Financial Intelligence Unit to scrutinise the issue in details, he said.

Peoples Bank will be provided with the licence if its chairman can prove that he had no link with the money laundering case, he said.

Md Serajul Islam, spokesperson and executive director of the central bank, also confirmed the latest development, saying the central bank has suspended the process to provide a letter of intent to Peoples Bank because of the allegation.

The central bank will take its next course of action based on the findings of the investigation, he said.

Contacted, Kashem, also an Awami League leader in the United States, said he did not know anything about the money laundering allegation.

The sponsors of the proposed three banks must purchase the shares as per their assets shown in their respective income returns.

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Trade war a boon for Bangladesh: ADB

STAR BUSINESS REPORT

Bangladesh's gross domestic product (GDP) will grow 0.19 percent more within the next one or two years if the US-China trade war escalates further, the Asian Development Bank's (ADB) chief economist said on Monday.

Moreover, the country will be able to make exports of an additional \$400 million, said Yasuyuki Sawada.

GDP will grow 0.19pc more and exports will rise by an additional \$400m if trade war escalates

Bangladesh will receive a lot of work orders, mainly shifted from China—the largest apparel supplier worldwide—because of the tariff war, he said.

Four countries will mainly benefit from the shifting of work orders and foreign direct investment due to the trade war – Vietnam, Cambodia, Thailand and Bangladesh, said Sawada.

He was presenting a keynote at a seminar on "Impact of emerging international trade relations on Bangladesh" at the Radisson hotel in Dhaka.

Economists from home and abroad, ADB high-ups and researchers attended the seminar which had Commerce Minister Tipu Munshi as the chief guest.

"Garment, textile, IT and agricultural products seem to be exported more due to the trade war...Gains from trade redirection are not automatic or assured. There is a need to compete with others," he said.

Also a higher domestic demand propelled Bangladesh's miraculous and extremely robust economic growth, he said.

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Collect VAT from digital ads

BB asks banks

STAR BUSINESS REPORT

The government is taking serious measures to collect value-added tax (VAT) on payments for advertisements published or services taken from digital and social media platforms, for which local companies spend around Tk 1,100 crore a year.

On Sunday, the Bangladesh Bank asked all banks to be strict on the payment procedure and deduct 15 percent VAT on overseas payments for online purchases and adverts on digital platforms.

It came just days after a unit of the Criminal Investigation Department specialising in money laundering launched a massive investigation into payments made by local digital companies for adverts on social media sites, especially Facebook, to check whether money is being laundered.

The agency has already summoned top 10 e-commerce platforms and plan to call mobile phone operators and other digital companies.

Last week, Telecom and ICT Minister Mustafa Jabbar also asked Facebook to set up office in Dhaka and pay taxes.

The latest move from the Banking Regulations and Policy Department of the central bank came following a request from the National Board of Revenue (NBR) on deducting VAT on payments for internet services, adverts on digital platforms and



other related services received from abroad.

A similar instruction was given by the NBR in May 2018, but it found that some banks are not deducting the tax while clearing the payment, according to a letter of the tax administration sent to the BB on January 22.

Abdul Wahed Tomal, general secretary of the e-Commerce Association of Bangladesh (e-CAB), said the move would increase the cost of doing business and create new challenges for its members as most of them are new.

Entrepreneurs sometimes pay the social media platforms to highlight topics related to their business and give a boost to their sites, he said.

The recent move might force entrepreneurs to explore other avenues to give the boost, he said.

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Rohingyas a bar to SDGs

Says chief of SDG affairs

STAR BUSINESS REPORT

Rohingyas are an extra burden for Bangladesh in achieving the Sustainable Development Goals (SDGs), said a top official at Prime Minister's Office (PMO).

"Around 1.1 million Rohingya people became a burden for Bangladesh. It is one of the big challenges for Bangladesh in achieving the SDGs on time," said Md Abul Kalam Azad, principal coordinator for SDG affairs at the PMO.

He was addressing a discussion on "Private sector engagement for SDG-6" jointly organised by HSBC and WaterAid at InterContinental Hotel Dhaka yesterday.

Azad said the government has taken all necessary initiatives to achieve the SDGs by 2030. He was optimistic of the attainment of the SDGs, especially if everybody involved, including the private sector, provided assistance from their respective fields.

Francois de Maricourt, chief executive officer of HSBC Bangladesh, said the bank was committed to supporting clients to develop sustainable supply chains that support their global growth ambitions.

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Better public services needed to sustain development

Economists tell book launching ceremony



Planning Minister MA Mannan, third from left, Professor Wahiduddin Mahmud, second from left, and BIDS Director General KAS Murshid, third from right, attend a book launching seminar in Dhaka yesterday.

STAR BUSINESS REPORT

Leading economists yesterday said ensuring quality of public services and infrastructure is key to sustaining development Bangladesh achieved in social indicators.

They said good governance and adoption of technological advancements could help the country ensure quality public services.

Their recommendations came at a book

launching programme at the Bangladesh Institute of Development Studies (BIDS).

Prominent economist Prof Wahiduddin Mahmud said the government has to ensure quality in every public service, including education and healthcare, otherwise the development achievements cannot be sustained.

"Infrastructure should be of such quality that private investment gets attracted," he said. Mahmud, also former adviser to a care-

taker government, added that all the drivers of economic and social development have been suffering from low technology, unskilled labour and lower productivity.

"Now we need to adopt technological advancements, higher skill and good governance in the entire economic sphere," he said.

Planning Minister MA Mannan said the government was aware of the governance issue but it has other priorities too.

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NEWSIN brief

Ctg trade fair begins today

More than 450 companies will showcase their plastic, furniture, leather, jute, readymade garments, handicraft, banking and agro products at the month-long Chattogram International Trade Fair (CITF)-2019 beginning today in the port city's Railway Pologround.

Commerce Minister Tipu Munshi will inaugurate the fair, which is being organised by the Chattogram Chamber of Commerce and Industry. CCCI President Mahbul Alam said there would be 232 stalls at the show.

Linde Bangladesh declares 375pc dividend

The Board of Directors of Linde Bangladesh has recommended 375 percent cash dividend for the year ended on December 31, 2018. The company has also reported earnings per share of Tk 65.96 and net asset value per share of Tk 293.90 for the year, up from Tk 62.60 and Tk 241.54 respectively for the same period of the previous year. The record date for dividend is March 25.

NCC to issue Tk 700cr subordinated bond

The Board of Directors of NCC Bank has decided, in principle, to issue Tk 700 crore convertible subordinated bond only to raise fund to meet regulatory capital support of the bank under Tier 2 category of BASEL III, subject to approval of the Bangladesh Bank and Bangladesh Securities and Exchange Commission.

IFAD Salt to sell entire stakes in IFAD Autos

IFAD Salt and Chemical Ltd, the placement shareholder of IFAD Autos, has expressed the intention to sell its entire holdings of 2,476,437 shares of the company at prevailing market price (in the public market).

Credit growth stalls in Jan

JEBUN NESA ALO

The private sector credit growth did not rise as expected in January even after the largely peaceful general elections as banks were reluctant to lend amid a liquidity crunch.

Banks were also under exposure to adjust to a new advance deposit ratio (ADR), squeezing their lending capability further.

As a result, the credit growth remained unchanged at 13.20 percent in January from the previous month, according to Bangladesh Bank data.

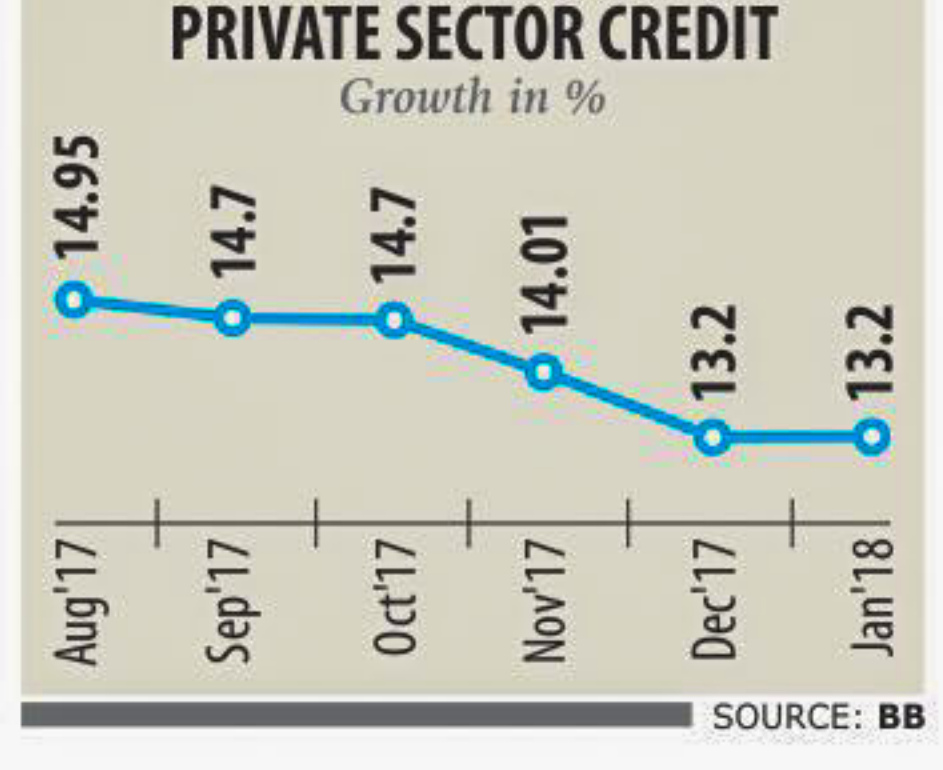
The growth rate is far below compared to the central bank's target of 16.5 percent set for the January-June period.

Credit to the private sector totalled Tk 963,807 crore at the end of January.

The high government borrowing is another reason responsible for the slow credit growth in the private sector, said Syed Abul Kashem Md Shirin, managing director of Dhaka Bank.

He said all banks have put in a strong effort on fund hunting resulting in a surge in interest rates on deposits.

The weighted average deposit rate rose to 5.34 percent in January from 5.26 percent in December, the central bank data showed.



However, the lending rate remained unchanged at 9.49 percent during the period.

The liquidity crunch had eased a bit when the central bank slashed the cash reserve requirement in April last year, said Abul Kashem Md Shirin, managing director of Dutch-Bangla Bank.

"But banks have fallen into the liquidity crisis again because of aggressive lending," he said.

He said the interest rate on inter-bank borrowing shot up to 10 percent for a short period.

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Safety concerns affect poultry prospects

Experts say at int'l seminar

STAR BUSINESS REPORT

Diminishing taste, safety concerns and price fluctuations act as weaknesses for the poultry industry, the largest source of protein, which accounts for 10 percent of the total national annual supply.

This view was shared at the 11th International Poultry Seminar organised by the World's Poultry Science Association-Bangladesh Branch (WPSA-BB) at Le Meridien, Dhaka. There is an increasing amount of negative rumours spreading about poultry products, particularly in social media, said Shariful Islam, managing director of Bangladesh Brand Forum (BBF).

Some have the perception that they have a lot of other options for safe protein, he said while presenting a paper on the poultry sector's branding strategy and roadmap 2024 at the two-day event which began yesterday.

He said understanding consumer behaviour was important and many people have a lack of knowledge about protein foods and benefits of poultry products.

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Inflation rises slightly in Feb

STAR BUSINESS REPORT

Inflation rose slightly for the second consecutive month in February due to an increase in food prices in rural areas.

In February, inflation stood at 5.47 percent, five basis points higher from 5.42 percent in January, according to the Bangladesh Bureau of Statistics. Planning Minister MA Mannan released the data yesterday.

Inflation rose in January, for the first time in the last 16 months, due to a hike in food and non-food prices.

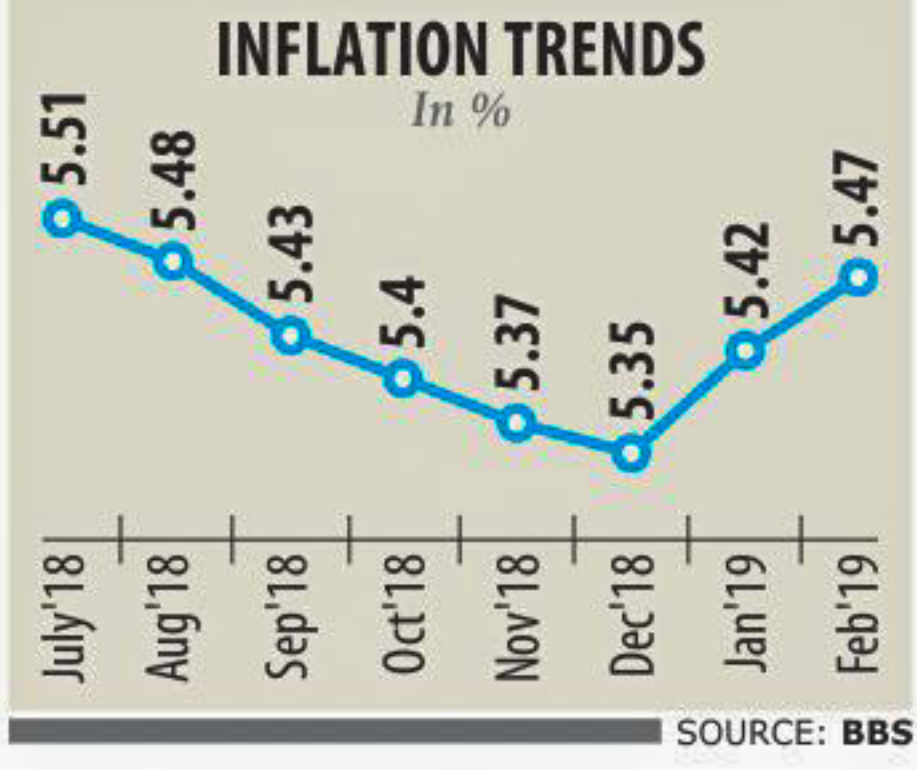
Inflation had been declining gradually since September 2017 when it stood at 6.12 percent.

In February, food inflation went slightly up to 5.44 percent from 5.33 percent a month ago.

However, non-food inflation declined 6 basis points to 5.51 percent from 5.57 percent in January, the BBS data showed.

"Inflation edged up marginally in February due to an increase in inflation in rural areas," said Zahid Hussain, lead economist at the World Bank's Dhaka office.

Non-food inflation declined, reflecting some post-election easing of demand pres-



sure, he said.

With Aman harvesting season over, rice prices in rural areas are likely to have increased, thus resulting in higher food inflation, he added.

Food items account for about 46 percent of the urban inflation and 61 percent of the rural one. In case of food inflation, prices of rice play a major role.

Prices of rice had begun to shoot up before the December 30 general election and continued the momentum after the election.

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