



BUSINESS

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New budget to cross Tk 5 lakh crore May be placed on June 13

BUDGET FOR FY2020



REJAUL KARIM BYRON

Fiscal 2019-20's budget is set to cross the landmark of Tk 5 lakh crore as the Awami League-led government, fresh from being elected to a third term, looks to scale up implementation of the mega projects announced in previous terms.

The upcoming national budget, due to be placed in the parliament on June 13, will likely be about Tk 5.23 lakh crore, up 12.50 percent year-on-year, according to the finance ministry's preliminary projections, which were made in December last year.

Finance Minister AHM Mustafa Kamal has already held three pre-budget meetings with economists and parliamentary standing committees, while Prime

Minister Sheikh Hasina has advised him to discuss different issues of the budget with his predecessor.

"Expectations will be high not just because it will be the new finance minister's first budget but also because it will be seen as the first concrete manifestation of how the government will go about fulfilling the pledges made in its election manifesto," said Zahid Hussain, lead economist of World Bank's Dhaka office.

The government's target is to complete the construction of some of the mega projects like the Padma bridge and metro rail in the revised timeframe, said a finance ministry official.

The construction of the bridge, which will cost Tk 30,000 crore, was supposed to be complete by December 30 last year, but it is still some way off. The new deadline is 2020.

As of February, a total of Tk 18,264 crore has been spent for construction of the bridge, meaning about Tk 12,000 crore needs to be made available over the next fiscal year.

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Jute millers call for lifting source tax

STAR BUSINESS REPORT

Jute millers have urged the government to withdraw the source tax on export proceeds next fiscal year, according to a budget proposal of the Bangladesh Jute Mills Association (BJMA).

The trade body, representing private millers, said an anti-dumping duty slapped by India in 2017 and falling demand in other markets has caused a slump in export receipts, putting the jute industry in trouble.

So, the 0.60 percent source tax on export earnings should be waived, said the proposal submitted to the National Board of Revenue (NBR) in the middle of this month.

Jute goods exporters have been paying 0.60 percent withholding tax on export proceeds since July 1, 2016. The existing rate will expire on June 30 this year.

Jute and jute goods exports dipped 25 percent year-on-year to \$498.66 million in the July-January period of the current fiscal year of 2018-19, according to Export Promotion Bureau data.

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Banks' capital base shrinking fast

Their external trade at risk

AKM ZAMIR UDDIN

The banking sector's capital base eroded alarmingly last year on the back of an increase in default loans.

As of December last year, banks' capital adequacy ratio (CAR), which determines the adequacy of banks' capital in keeping with their risk exposures, stood at 10.50 percent, down from 10.83 percent a year earlier, according to data from the central bank.

Banks were required to keep at least 11.82 percent CAR in December last year as per the roadmap set by the central bank for implementing Basel III this year, according to a Bangladesh Bank official.

From the first quarter of this year, their CAR must be 12.50 percent or

BANKS' CAPITAL ADEQUACY RATIO IN 2018



else they will face trouble in conducting business with foreign banks, experts said.

CAR has to be maintained to safeguard interests of depositors and promote financial stability.

Banks' inability to maintain the minimum CAR will affect their business as their counterpart foreign banks

will show reluctance in accepting their letters of credit (LCs), said Khondkar Ibrahim Khaled, a former deputy governor of the central bank.

They will have to turn to the well-reputed foreign banks to endorse their LCs, which will raise their cost.

"If the existing default loan culture continues, the indicators of CAR will worsen in the days ahead," he said.

The general public have been demanding effective measures against financial scams but the government is still showing nonchalance, said Khaled, also a former chairman of Bangladesh Krishi Bank.

At the end of 2018, the total amount of non-performing loans stood at Tk 93,911 crore, up from Tk 74,303 crore a year earlier.

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Indian anti-dumping duty looms over jute sacking cloth

REFAYET ULLAH MIRDHA

India may impose anti-dumping duty on the import of jute sacking cloths from Bangladesh after it received allegations of dumping of the goods in the Indian markets.

The Directorate General of Trade Remedies, the investigation arm of the Indian commerce ministry, on March 7 issued a disclosure statement of a probe, saying that the export of the

item from Bangladesh eroded the effect of the anti-dumping duty imposed on jute bags earlier.

Currently, jute sacking bags don't face the anti-dumping duty the Indian government levied on the imports of jute and jute goods from Bangladesh and Nepal to protect domestic producers on January 5, 2017.

For Bangladesh, the duty ranges between \$19 and \$352 per tonne.

"We have not received the full documents from India yet in this connection. But we know it very well that India took this move earlier in 2018," said Md Shafiqul Islam, additional secretary of the commerce ministry of Bangladesh.

"We had hoped that India will not bring the jute sacking cloths under the purview of the anti-dumping duty. But it is finally happening."

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Singer Bangladesh's majority stakes change hands

Arçelik buys Retail Holdings Bhold's 57pc stakes

STAR BUSINESS REPORT

shares of Singer Bangladesh, a major retailer of home appliance, is publicly owned.

Founded in 1955 as a subsidiary of Koç Holding, Turkey's largest industrial conglomerate and a member of the Fortune 500, Arçelik is a leading player in the home appliance industry with 21 manufacturing facilities in eight countries.

It is the third largest home appliance company in Europe.

Singer Bangladesh is the largest retailer of consumer durables in Bangladesh, with 385 stores and 720 wholesale dealers.

Turnover in 2018 was Tk 1,370 crore (approximately \$164 million) and its net profit after tax was Tk 92

crore (approximately \$11 million).

Singer closed 1.97 percent higher at Tk 263.80 on the last trading day of last week on the Dhaka Stock Exchange.

"The Singer Bangladesh business will benefit significantly from the new relationship with Arçelik," said Stephen H Goodman, Retail Holdings NV's chairman, president and CEO.

Arçelik possess a very strong balance sheet and decades of highly successful operating experience across many markets around the world.

Singer Bangladesh will also have access to the extensive Arçelik brand portfolio, he added. Officials of Singer Bangladesh declined to comment on the transaction.



Invitation to join the MTB Management Trainee (MMT) Program

Mutual Trust Bank Limited (MTB) is one of the country's leading private commercial banks, based in Dhaka, Bangladesh. MTB, now in its 20th year of operation, aspires to be one of the most innovative and client-focused companies, backed by cutting edge technology and a dynamic workforce. Employing more than 2,200 people, the bank offers a wide array of services - Privilege Banking, fully integrated real-time Online Banking, a 24/7 modern Contact Centre, Internet and SMS Banking - to name a few, to its clients, through a network of 114 branches, 100 Agent Banking Centres, 12 Kiosks, 273 modern ATMs and 3,100 Point of Sales (POS) machines, spread across prime commercial, urban and rural areas of the country. MTB has three fully owned subsidiaries - MTB Securities Limited, MTB Capital Limited and MTB Exchange (UK) Limited, making it a versatile financial services group of companies.

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- A 4-year Bachelor's Degree or Master's in any discipline from a reputed university or educational institution, either at home or abroad
- Minimum CGPA to be 3.00 out of 4.00 or 4.00 out of 5.00
- Excellent ability in speaking and writing in both English and Bangla
- Entrepreneurial, energetic, self-motivated and driven to succeed in a highly competitive and challenging environment
- Multi-tasking ability and strong presentation skills
- Proficiency in computer literacy and communication
- Age limit: 30 years (as at March 31, 2019)

MTB Offers:

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- A high performance culture, where team members work with enthusiasm, passion and pride, in search of excellence
- Fast track career, as a recognition of proactive and outstanding performance

Last Date of Application: April 18, 2019

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Nepal losing tourists after US-Bangla plane crash

JAGARAN CHAKMA

Malaysia is witnessing a rapid increase in the number of Bangladeshi tourists while Nepal saw a decline, said officials yesterday.

Malaysia received 154,000 Bangladeshi tourists in 2018, up from 111,000 a year ago, according to the Malaysia Tourism Promotion Board.

On the other hand, the 2017 US-Bangla plane crash in Kathmandu cost the Himalayan country a lot of visits, which dropped by more than 10 percent in 2018 from that the year before.

"Access to flights, easy visa processing and religious sentiments are the major attractions for Bangladeshi travellers choosing to visit Malaysia," said Mohammed Shoeb, marketing manager of Tourism Malaysia.

He said impressive economic growth of Bangladesh in recent years was prompting citizens to opt for leisure abroad.

Talking to The Daily Star on the closing day of "Novoair Dhaka Travel



Visitors throng the Novoair Dhaka Travel Mart 2019 on its closing day at Sonargaon hotel in Dhaka yesterday.

Mart 2019" at the Pan Pacific Sonargaon hotel, Shoeb said, "We came here to promote Malaysia's tourism sector, inform travellers of new destinations and attract visitors for availing healthcare."

Diwakar B Rana, senior manager of

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