

A Rouf Chowdhury, reelected as chairman of Bank Asia

STAR BUSINESS DESK

A Rouf Chowdhury has recently been reelected as chairman of Bank Asia.

The leading promoter of the bank, Chowdhury is the chairman of Rangs Group and Sea Resources Group and a director of The Daily Star, the highest circulated English daily in the country.

He has established reputed organisations in transport, medicine, real estate, IT, banking, deep sea fishing and in other economic sectors that are contributing immensely for country's employment generation and economic development.

Chowdhury had also been the president of the Bangladesh Basket Ball Association for four years, the bank said in a statement yesterday.

He has also been a member of the executive committee of Kurmitola Golf Club for over 20 years.



India inflation likely crept up to six-month high in April

REUTERS, Bengaluru

India inflation likely crept up slightly to a six-month high in April, driven mainly by food prices, a Reuters poll found, although holding below the Reserve Bank of India's medium-term target of 4 percent for the ninth straight month.

If true, that would support expectations for the central bank to keep policy on hold through to the end of next year after cutting interest rates twice in a row, in February and April, ahead of national elections.

The latest Reuters poll of over 40 economists, conducted May 3-9, showed India retail inflation likely rose to 2.97 percent last month from 2.86 percent in March. The data is due May 13.

Forecasts ranged between 2.68

and 3.56 percent, with almost three-quarters pegging it at or below 3 percent.

"In continuation of the previous month's trend we see further pickup in food prices and moderation in core," noted economists at Citi.

"While Brent prices had spiked in April - there was little pass through to pump level prices, probably due to ongoing elections."

Indeed, while inflation is tame now, economists say that rising oil prices will eventually push inflation up and could pose a challenge for whatever government is formed after India's national election is completed later this month.

Crude oil prices surged last month, driven by a cutback in supply by the Organisation of Petroleum Exporting Countries (OPEC) and sanctions

imposed on Iran and Venezuela by the United States.

The expected slight rise in April is likely to come in part from the cost of transporting food, according to Prakash Sakpal, Asia economist at ING, although not everyone agrees.

Fuel costs tend to lag the price of crude, and so economists expect upward pressure in future months in any case.

"I think in the second half (of the year) inflation will start picking up... and then we will see the RBI losing (room) to aggressively ease," said Vishnu Varathan, an economist at Mizuho.

"Having said that, the growth cycle is such that the RBI could still squeeze through one more rate cut on the premise of further downside risks to growth."

Damage from currency crisis to be short-lived

Turkish minister hopes

REUTERS, Istanbul

The Turkish economy will hopefully overcome the impacts of a currency crisis last year with just two quarters of contraction, Turkey's Finance Minister Berat Albayrak said on Sunday.

Speaking to broadcaster CNN Turk, Albayrak referred to Turkey's performance during the 2008 global financial crisis when the economy contracted for four consecutive quarters.

"Turkey will get over this period hopefully with two quarters (of contraction) and with minimum negative impact," Albayrak said.

"The first quarter data year-on-year and when compared to last quarter, technically rebalancing, recovery process will extend more than two quarters."

The Turkish economy contracted 3.0 percent year-on-year in the fourth quarter of 2018, after a currency crisis knocked some 30 percent off the value of the lira last year. Economists expect two more quarters of contraction year-on-year.

The lira has lost as much as 15 percent against the dollar this year, with the latest weakness driven by investor concerns over Monday's decision to re-run a mayoral election in Istanbul that had been narrowly won by the main opposition party.

Turkey's central bank moved to tighten policy by funding the market through a higher rate and took additional liquidity steps, while state banks sold dollars to boost the local currency.

Albayrak said Turkish inflation and employment will improve this year, while the government will implement necessary reforms without hesitation.

"Turkey, especially inflation and employment, will reach a better, more balanced place till the end of 2019," Albayrak said.

The meeting between the finance minister and US President Donald Trump was constructive, hopeful and positive, Albayrak said, adding that Trump will most probably pay a visit to Turkey in July.

Hatil brings robot carpenters

FROM PAGE B1

Over Tk 12,000 crore-worth furniture is sold in Bangladesh, of which only 10 percent are of brands.

Hatil is the leader in Bangladesh occupying around 25 percent of the market. The other major brands include Otobi, Partex Furniture and Akhtar Furnishers.

The company says its products have been certified by Germany-based international non-profit Forest Stewardship Council, meaning those came about through responsible forest management.

"We operate our factory in a way that decreases impact on the environment, prevents contamination and protects the atmosphere and resources," said Shamin Razib, manager of international marketing.

Founded in 1989, the company says it brings pride and joy in representing Bangladesh abroad through exports, especially in neighbouring countries.

Dewan Atif Rashid, business development adviser, said they were never satisfied and always looked for ways to bring new and unique products while incorporating world's best practices.

Mashiur Rahman, director marketing, was present at the opening ceremony.

Thyssenkrupp agrees restructuring approach with labour leaders

REUTERS, Duesseldorf

Management and labour leaders at Germany's Thyssenkrupp have agreed on a way forward after the industrial conglomerate announced a fresh restructuring drive that could lead to the loss of 6,000 jobs.

Agreement was reached in talks between management and workers

overnight on recognising the need for radical action, whilst ensuring fair treatment of employees at the Essen-based group, both sides said.

CEO Guido Kerkhoff announced the overhaul on Friday, ditching plans to split the business into two and abandoning a European steel merger with India's Tata Steel.

The group will adopt a holding structure and plans to list its elevators unit, its most successful business.

The decision, first reported by Reuters, triggered a 28 percent recovery in Thyssenkrupp shares - their biggest daily gain - as Kerkhoff abandoned a cross-shareholding structuring that had ceased to be financially viable.

Extend liquidity support to private banks

FROM PAGE B1

The four banks performed badly last year in terms of recovering default loans, both from the top 20 defaulters and others.

Agrani and Rupali recovered Tk 1.74 crore and Tk 5.19 crore respectively from the top 20 defaulters, down from Tk 25 crore and Tk 153 crore a year ago.

On the other hand, Sonali and Janata recovered more from their top defaulters in 2018, recouping Tk 120 crore and Tk 100 crore respectively, up from Tk 31 crore and Tk 18 crore from a year ago.



Md Abdur Razzaque, agriculture minister; Abdul Malik, a national professor; and Qazi Kholiquzzaman Ahmad, chairman of Palli Karma-Sahayak Foundation (PKSF), pose with the recipients of the Tobacco Control Awards 2019 organised by the National Anti-Tobacco Platform at the auditorium of the PKSF in Dhaka yesterday.

GP faces fresh restrictions

FROM PAGE B1

Currently, if a subscriber wants to switch to another network, he/she will have to stay with the new carrier for at least 90 days. But such subscribers can abandon Grameenphone after 30 days.

The final restriction stipulates prior approval from the telecom regulator before Grameenphone rolls out any package. The operator also needs to take approval for its existing packages and offers from the regulator.

Currently, operators can rollout packages just by informing the telecom regulator.

Md Hasan, a deputy general manager of Grameenphone, acknowledged receiving the letter from the BTRC and the operator will respond after assessing the contents of the letter.

Earlier on February 11, the BTRC declared Grameenphone as the country's first SMP operator seeing that its revenue share is more than 50 percent and customer share about 47 percent.

On February 18, the operator was slapped with four restrictions that the operator challenged in court and prevailed. On March 19, the BTRC scrapped the process and started afresh.

BB needs operational independence

FROM PAGE B1

Moreover, the central bank is working to relax the rescheduling policy as instructed by the finance ministry.

"Bangladesh is burdened with high NPLs and even higher levels of problem assets," the WB said, adding that officially recognised NPLs account for about 10 percent of the total loans.

According to the report, the root causes behind weak asset quality are largely unrelated to macroeconomic conditions and reflect shortcomings in corporate governance; weak credit and legal infrastructure, which limits recovery of defaulted loans; intense competition in an overbanked market, which puts pressure on margins; and widespread regulatory forbearance and weak enforcement.

The report recommended setting up a high-level independent working group to draft a national NPL resolution strategy.

State-owned banks are the centre of the NPL problem, said the report. Despite frequent public capital injections over the past years, state banks remained undercapitalised, posing risk to financial stability.

"The authorities should immediately conduct an asset quality review to know the extent of the NPL problem in the state banks."

At the same time, the number of state banks should be reduced and transformed them into development banks, according to the report.

The report suggested suspension of licencing new banks and introduction of merger strategy in order to reduce overcapacity in the banking system.

Currently, 57 commercial banks are operating in Bangladesh. The government awarded licence to nine banks in 2013 under political consideration. The new generation banks are struggling to survive in the oversaturated market.

Under these circumstances, three more banks - Bengal Bank, People's Bank, and Citizen Bank - received nod from the BB in February.

The WB report emphasised on integration of banks, suggesting introduction of relevant legal definitions and prudential standards for consolidated supervision. It recommended incentivising the integration.

The WB lauded Bangladesh's impressive economic growth and social development.

Strong economic growth has gained Bangladesh lower middle-income status, but a sounder and stronger financial sector is needed to address the development challenges lying ahead, it said.

"Strengthening bank regulation and supervision should be a priority if Bangladesh aspires to move to the next level of prosperity."

Apparel dominates all export policies

FROM PAGE B1

"Time has come to give the same tariff benefits to the other sectors too," he added.

Sattar said the government has been giving benefits to the garment sector for long by way of tariffs on imports and subsidies on exports.

Tariffs restrict imports and raise the price of domestic import substitutes. So, protection clearly hurts consumers and also makes domestic sales more profitable than exports, he said.

"Trade protection for infant industries should be limited to a certain timescale -- it should not be for perpetuity."

Rationalising the protection structure as well as sufficiently incentivising exports have become a national imperative, Sattar said as he presented a paper styled "Bangladesh's Trade Regime - The Way Forward".

Tariff is not the only impediment to trade facilitation, said Nihad Kabir, president of the Metropolitan Chamber of Commerce and Industry.

"Overall, there is a lot of obstacles to increasing exports," she added.

Wahiduddin Mahmud, a noted economist, said while he is not against removing protection, sudden withdrawal may create problems.

He also recommended developing a tax system for five years, which would be of great help to entrepreneurs.

It is a structural problem of the Bangladesh economy that its exports are extensively dependent on the garment sector, said Salman F Rahman, the prime minister's adviser for private industry and investment.

"We have to diversify our export basket. So, we have focused on this issue in the forthcoming budget," he said, adding that the government will provide the same benefits and incentives that are currently being provided to the apparel sector to other sectors as well.

Leather and leather goods, furniture and many other sectors will get exactly the same facilities as they have huge potential, Rahman said.

The government is also developing a business-friendly environment with a view to accelerating trade and investment, he added. The South Asian intra-regional trade is only 5 percent compared to 26 percent in ASEAN and 60 percent in the EU, Kathuria said.

Bangladesh could have grown 1-2 percentage points more had South Asia been a more economically integrated region, he said.

The country needs deep engagement with regional and global markets to move to higher income brackets, as it will have access to deep and elastic markets, technology, foreign direct investment and intra-firm trade, he added.

Liquidity crunch intensifying

FROM PAGE B1

In many cases, banks are forced to offer illegal commission to the government officials to manage the deposit along with giving more than 10 percent interest, according to him.

The majority of banks have failed to get government deposit despite repeated attempts, said Shafiqul Alam, managing director of Jamuna Bank.

If they kept deposit with banks in a proper manner, the situation would have improved, he said.

The high rate on deposit has also pushed the interest rate on lending; banks are now disbursing loans at 13-16 percent interest.

Some banks are also luring in depositors from others, said MA Halim Chowdhury, managing director of Pubali Bank.

"My bank's liquidity base is good enough, but we have recently been forced to increase the interest rate on deposit slightly as some clients have taken an attempt to withdraw their fund," he said.

A large number of defaulters have recently stopped regularising their default loans, eyeing the upcoming relaxed rescheduling policy of the central bank, said Syed Mahbubur Rahman, chairman of the Association of Bankers, Bangladesh, a platform of the managing directors of private banks.

They are arguing that only 2 percent

down payment of default loans will be given once the central bank's policy comes into effect, he said.

In such a situation, cash recovery from defaulters has become even more difficult, said Rahman, also the managing director of Dhaka Bank.

The decline in deposit growth has also had a negative impact on the loan-deposit ratio as 20 banks failed to keep their regulatory ratio within the permissible limit in the first week of last month.

Loan-deposit ratio in private banks stood at 86.73 percent on April 5, up from 85.93 percent on December 31 last year, according to data from the Bangladesh Bank.

On January 30 last year, the central bank had set the June 2018 deadline to lower their loan-deposit ratio to 83.5 percent from 85 percent for conventional banks and to 89 percent from 90 percent for Shariah-based banks.

Seeing the failure of many lenders to bring down the ceiling, the central bank on March 7 extended the deadline to September.

The new loan classification policy, which calls for a six-month grace period, will hit banks' liquidity base further, Rahman said.

He, however, expressed hope that clients might shy away from national savings certificates as banks continue to raise the interest rate on deposit products.

HBM Iqbal, chairman of Premier Bank, presides over the bank's 20th annual general meeting at the International Convention City Bashundhara in Dhaka yesterday. The bank approved 15.50 percent dividend for 2018. M Reazul Karim, CEO, was present.

