

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
▲ 0.23%	▼ 0.26%	\$1,413.60	\$63.25	▲ 0.06%	▼ 0.53%	▼ 0.09%	▼ 0.94%	BUY TK 83.50	93.26	104.25	0.76
5,372.21	9,983.20	(per ounce)	(per barrel)	39,839.25	21,638.16	3,367.80	3,015.26	SELL TK 84.50	97.06	108.05	0.80

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৯.২৫%	৯.৫০%	১০%

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Private credit bucks falling trend

Rise not enough to perk up economy: analysts

AKM ZAMIR UDDIN

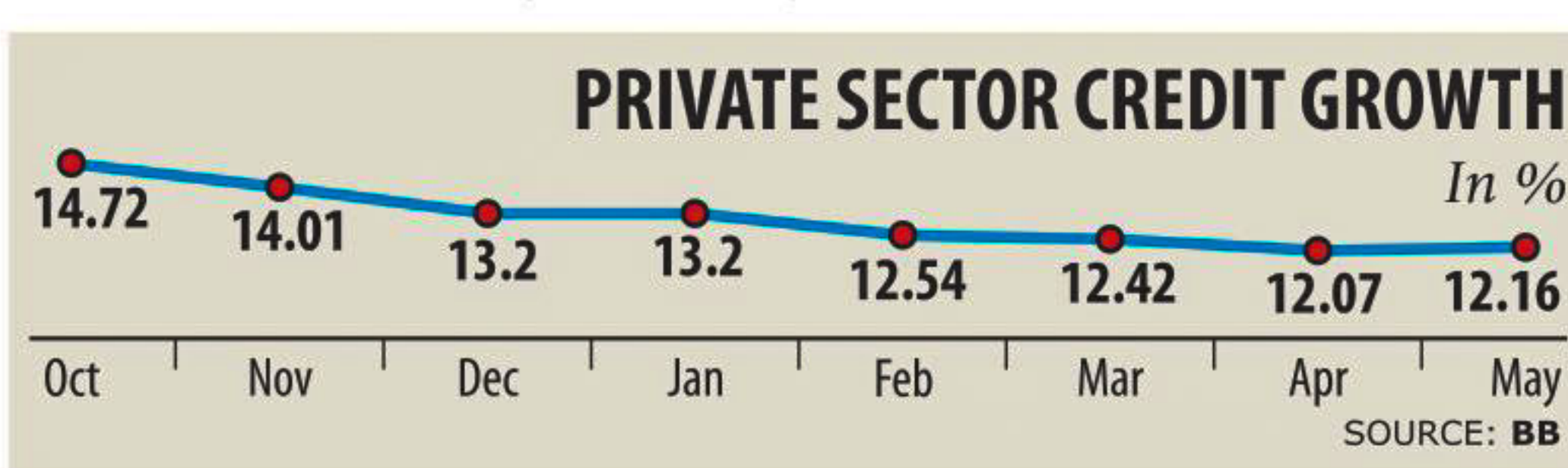
Private sector credit growth edged up in May after sliding since October last year but it is still well below the central bank's target for the second half of fiscal 2018-19.

In May, credit growth stood at 12.16 percent, up from 12.07 percent a month earlier.

But the credit growth is still 4.34 percentage points less than the central bank's target of 16.50 percent for the second half of the just concluded fiscal year.

The increase is insignificant and there is no possibility to escalate the growth in the upcoming months given the ongoing liquidity crunch in the banking sector, said economists and bankers.

In the last two fiscal years, private sector credit growth hovered between 16 percent and 18 percent, only to dip at the turn of fiscal 2018-19.



The credit growth will not get a boost if the deposit growth does not get a momentum, said Ahsan H Mansur, executive director of Policy Research Institute.

"The government is now implementing large infrastructural projects. But those will not bring any positive benefits for the economy unless new industrial units are set up."

The investment in the private sector has remained rather static in recent times.

"The existing credit growth has just supported the ongoing businesses. And it is not adequate to expand the industrial sector further."

The government should take massive reforms to make the private sector more vibrant, but it seems to be not bothered about addressing the issue, said Mansur, a former economist

of International Monetary Fund.

"Reforming the banking sector is highly important or else businesses will not get their desired fund."

Foreign direct investment can also play a vital role in unlocking the stalemate but the ease of doing business index is discouraging foreign businesses from coming to Bangladesh, he added.

Bangladesh ranked 176 out of 190 -- which is the lowest in South Asia -- in the World Bank's Ease of Doing Business ranking.

The lending capability of the banking sector has been eroded in the recent period because of the upward trend in default loans, which has ultimately reflected in the lower credit growth, said Salehuddin Ahmed, a former governor of the central bank.

Banks are now trying to continue their business by way of widening their trade-based financing, he added.

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RECAPITALISATION

No handouts for state banks last fiscal year

REJAUUL KARIM BYRON and JAGARAN CHAKMA

State banks did not get a single penny from taxpayers in the just concluded fiscal year to make up their capital deficit, in a clear sign from the government of its intent to stop pampering the errant lenders.

Between fiscal years 2009-10 and 2017-18 the government had injected a total Tk 16,016 crore of taxpayers' money into the state-run banks -- without any tangible improvement in their governance and lending practices to show for.

The aim of the state-run commercial banks is to provide funds to the government from their profits and the government will spend the money for welfare activities.

But the banks were given money to meet their capital shortfall without any stringent performance improvement conditions, which defeats the purpose of their existence.

"This time, the finance minister gave a message to the state banks that no capital would be injected from the public coffer without any improvement in financial health," said a finance ministry official requesting anonymity.

Some Tk 1,500 crore was set aside in the budget for fiscal 2018-19 budget, but in the end Tk 151.31 crore was disbursed to Bangladesh Krishi Bank and Grameen Bank

RECAPITALISATION OF STATE BANKS

In crore taka

*Provided for BKB, Grameen Bank as subsidy and capital



from the allocation.

Bangladesh Krishi Bank got Tk 150 crore as subsidy as it had lent at lower rates following government orders, while Grameen Bank got Tk 1.31 crore as capital.

No money was given to banks facing capital shortfall due to ill lending practice, the official added.

"This was a good move," said Khandker Ibrahim Khaled, a former deputy governor of the central bank.

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Monitoring key to proper budget execution: analysts

STAR BUSINESS REPORT

Every budget includes many good initiatives but in reality these remain unimplemented at the year's end due to a lack of action plans and proper monitoring, analysts said yesterday.

The government should attach a clear action plan on how every initiative should be implemented and who will benefit and provide an analysis following the implementation, they said.

Atiur Rahman, chairman of Unnayan Shamannay, said the government took up many good initiatives in the current budget. "Now implementation of the initiatives is the challenge," he added.

Addressing a citizens' dialogue on "Current budget and inclusive development" at the research organisation in Dhaka, Rahman said people talk about a budget during its proposal but none was questioned

about its implementation afterwards.

He recommended that the government focus on qualitative implementation of the budget. M Abu Eusuf, former chairman of development studies department of the University of Dhaka, said many "dream" projects got "block allocations" in every budget.

"However, most of the allocation remains unused because of a lack of action plan," he said.

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German logistics firm opens Bangladesh subsidiary

STAR BUSINESS REPORT

Schenker (Asia Pacific) Pte, a subsidiary of DB Schenker, the transport and logistics division of Deutsche Bahn Group, has expanded its presence in the Indian subcontinent with the launch of a new subsidiary in Bangladesh.

The German company has been delivering logistics services to its customers in Bangladesh since 2007 through an exclusive network partner.

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