

এসআইবিএল
সুপার ডিপিএস
বিশেষ সঞ্চয় কিম
প্রাকল্পিত মুদাফা:

৩ বছর	৫ বছর	১০ বছর
৯.২৫%	৯.৫০%	১০%

ইসলামী শরীয়া'র এর মূদাফা
নীতির বিধিতে পরিচালিত।

SIBL
সুপার ইন্সটিটিউট

Social Islami Bank Limited

star BUSINESS

DHAKA THURSDAY AUGUST 1, 2019, SRABAN 17, 1426 BS • starbusiness@thedailystar.net

Liquidity crunch dictates new monetary policy

STAR BUSINESS REPORT

The Bangladesh Bank yesterday unveiled a loose monetary policy for fiscal 2019-20 as it looks to pump money into the economy to alleviate the banking system's prolonged liquidity crunch.

For instance, it has set net domestic asset target of 16 percent for fiscal 2019-20 in contrast to 12.3 percent in June.

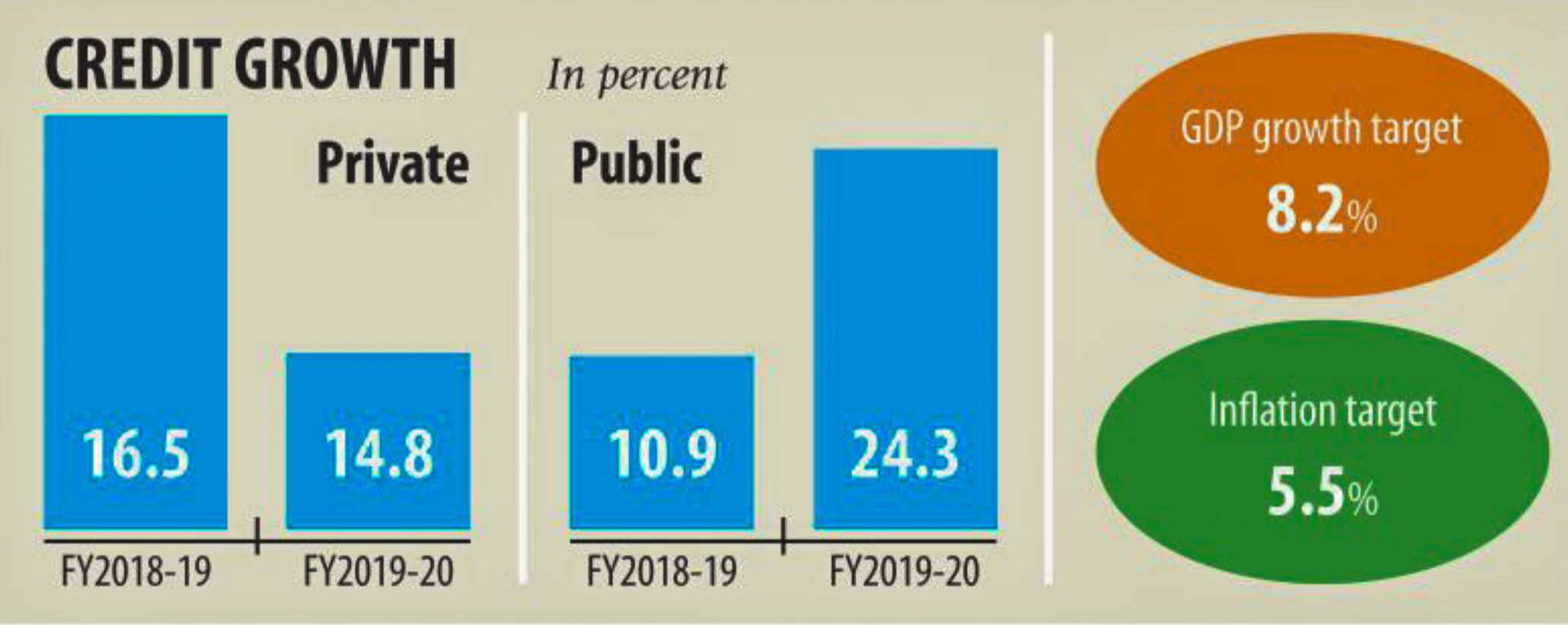
It has also set a public sector credit growth target of 24.3 percent, up from 21.1 percent last month.

"This is not a tight monetary policy at all. Rather, the central bank has taken a relaxed policy given the existing crisis in the money market," said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh.

The slower-than-expected remittance and exports earnings growth in comparison to GDP has compelled the central bank to take the stance.

"The liquidity crunch in banks will ease for the time being because of this. But there will be a downside risk and it may create a balance of payment crisis," Mansur said, adding that the economy will face inflationary pressure.

But BB Governor Fazle Kabir had a different



opinion.

"The new monetary policy is cautiously accommodative like the previous ones as it will help achieve 8.2 percent GDP growth and contain inflation at 5.5 percent," he said while unveiling the monetary policy yesterday.

And in a departure from the past, he unveiled a monetary policy for the entire fiscal year instead of the previous practice of unveiling one every six months.

In the year-long monetary policy, the private sector credit growth target has been set at 14.8 percent although the growth rate dropped to a six-year low of 11.29 percent last fiscal year.

The central bank governor though blamed the low private sector credit growth on banks straightening out their lending practices.

"Some overenthusiastic banks have been forced to scrap their questionable

stance in disbursing loans because of our intensive monitoring," he said.

This has helped bring down the private sector credit growth to a logical level when compared to the emerging economies of South and East Asian countries, he said.

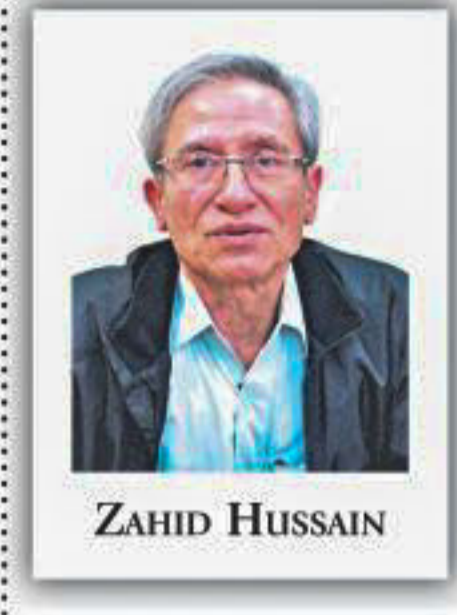
"The public sector credit growth looks higher than the private sector. But in terms of funds, the credit volume of the private sector is at least 7.3 times higher than the public one."

He went on to express satisfaction about the ongoing situation in the money market as the net foreign assets (NFAs) increased last fiscal year, mitigating the liquidity crunch in banks.

The central bank has projected the NFAs will register a 0.3 percent growth this fiscal year, whereas it grew 2.2 percent last fiscal year.

Kabir, however, said the implementation of the new VAT Act and crop damage due to recent floods may create inflationary pressure.

No room for complacency



ZAHID HUSSAIN

The monetary policy recognises the contextual challenges, particularly banking sector ailments relating to high non-performing loans (NPLs) and limited competitive behaviour, overvalued exchange rate, stock market doldrums, absence of corporate bond markets and still high inflationary expectations. It's assessment of the global economic outlook is realistic. However, the monetary policy statement (MPS) appears to be somewhat complacent on the domestic growth outlook and the state of liquidity in the money and foreign exchange markets.

The monetary programme can be described as somewhat contractionary with the broad money growth target of 12.5 percent below the projected 14.2 percent growth in nominal GDP. One cannot help but wonder whether the policymakers have become too cautious "not to impair attainment of the targeted inflation containment", given that most of the surveyed public expect near-term inflation to be over 6 percent and aggregate demand is projected to remain strong.

The target for private sector credit growth in FY20 is reduced to 14.8 percent relative to the 16.5 percent target for FY19. Perhaps this is an attempt to correct the over 5 percentage points underachievement of the private credit growth target in FY19.

However, the question is whether this would suffice to finance the volume of private investment needed to attain the 8.2 percent GDP growth target. With an incremental capita output ratio of 4.2, achieving 8.2 percent GDP growth will require the investment rate to be 34.4 percent of GDP. Assuming one quarter of this to come from the public sector, the private investment rate will need to be 25.8 percent of GDP with a nominal volume of Tk 748,100 crore in FY20.

Kamal to sit with private banks Sunday

STAR BUSINESS REPORT

Finance Minister AHM Mustafa Kamal will sit with the chairmen and managing directors of private banks on Sunday to discuss the latest situation in the financial sector.

The meeting will be held at the central bank headquarters in Dhaka where National Board of Revenue Chairman Md Mosharraf Hossain Bhuiyan and Bangladesh Bank Governor Fazle Kabir will also be present.

This will be the first official visit of Kamal to the central bank after he assumed the position of the finance minister in January this year.

The financial institutions division of the finance ministry yesterday sent a letter to the central bank instructing it to organise the meeting.

Now, the central bank will write to the chairmen and MDs of private banks asking them to take part.

The meeting will highlight the rising default loans, high interest rate on lending and the financial scams in the banking sector.

dbi CERAMICS

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Hotline: 01713 656565

Biman logs Tk 272cr profit on anti-graft drives

STAR BUSINESS REPORT

Biman Bangladesh Airlines posted a profit of Tk 272 crore in 2018-19 thanks to increasing ticket sales, for which the officials of the national flag carrier give credit to the steps taken to cut corruption. M Mahub Ali, state minister for civil aviation, shared the information in a press briefing at the ministry's conference room.

"The ministry in the last several months took various measures against widespread corruption in Biman especially in ticket sales and taking lease of aircraft," Mohibul Haque, secretary to the civil aviation ministry, told The Daily Star.

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Tax receipts fall short of target by 20pc

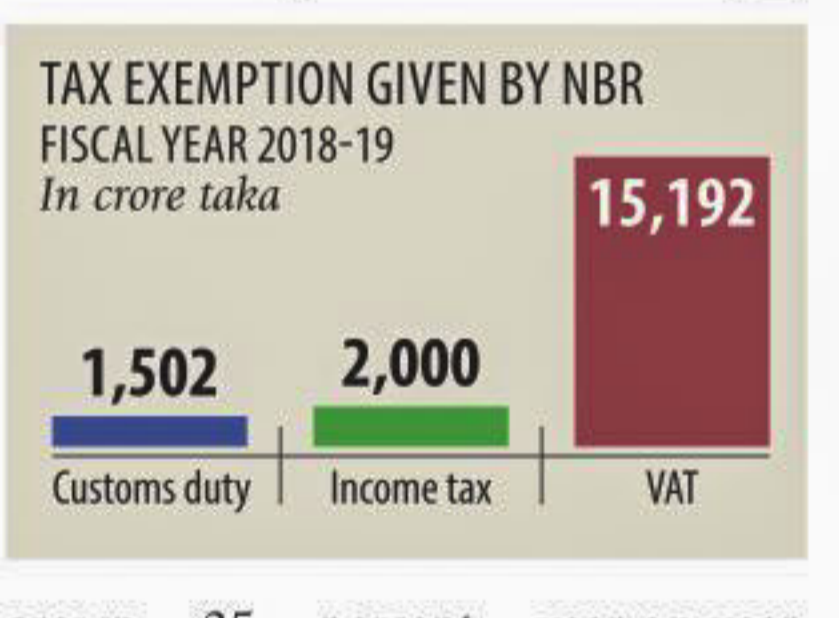
STAR BUSINESS REPORT

Tax collection fell short of target by 20 percent in fiscal 2018-19, with the National Board of Revenue (NBR) blaming exemptions and discounts given to various sectors, election and state-run agencies' reluctance to pay arrears for the slowing receipts.

Last fiscal year it collected Tk 223,892 crore against the target of Tk 280,000 crore, up 10.7 percent year-on-year, which is the lowest in six years.

The NBR said it gave Tk 18,694 crore as exemptions and waivers from value-added tax (VAT), tax and customs tariff to: liquefied natural gas (LNG) import, apparel and other export sectors, power plants, capital machinery and some other sectors last fiscal year to facilitate industrialisation and infrastructure development.

If the tax benefits were not given and arrears were collected, total revenue collection would have



grown 25 percent year-on-year, said NBR Chairman Md Mosharraf Hossain Bhuiyan yesterday at a press conference at his office.

A number of mega infrastructure projects -- Rooppur nuclear power plant, Padma bridge and Dhaka metro rail -- are being developed and tax breaks have been given to construction materials and machineries.

"But we have no regret. Development is taking place in the country and we will get benefit of the development later," he added.

The NBR organised the event to

share revenue collection figures in fiscal 2018-19 and measures taken to accelerate total tax receipts, which stood at 8.83 percent of the GDP, making it one of the lowest in the world.

VAT, a type of consumption tax paid by the final consumer, accounted for 39 percent of the total tax collection, followed by income tax at 32.6 percent and tariff from imports at 28.3 percent.

However, the NBR said total collection might increase to some extent in the final count.

This fiscal year, the NBR has been tasked to collect Tk 325,600 crore, which is 45 percent higher than the actual collection in fiscal 2018-19.

Bhuiyan is hopeful that the VAT collection would be higher this year for the use of electronic fiscal device (EFD), which the government would soon be supplying to 25 types of shops and businesses.

OFFICE RELOCATION

We have moved to our new Corporate Office

Bay's Park Height Level-5

on August 1, 2019

Plot # 2, Road # 9 Northside of Dhanmandi Playground Dhanmandi R/A, Dhaka-1205

Triune GROUP

www.triunegroup.net

Monitor

www.bangladeshmonitor.net.bd

Raising the standards of excellence

The Emerging Credit Rating Ltd (ECRL) has rated Dhaka Bank Limited for the year 2019. A brief info of the rating based on audited Financial Statements is presented below:

YEAR-2018 (ECRL)	YEAR-2019 (ECRL)	DEFINITION
Long Term AA	Long Term AA	Commercial Banks rated "AA" has a very strong capacity to meet its financial commitments, and is generally in a position to withstand adverse developments in the economy, and in business and other external conditions. These institutions typically possess a good track record and have no readily apparent weaknesses.
Short Term ST-2	Short Term ST-2	Commercial Banks rated "ST-2" has a strong capacity to meet its financial commitments in a timely manner; however, it is somewhat susceptible to adverse developments in the economy, in business and other external conditions.
Outlook Stable	Outlook Stable	"Stable" indicates that the rating is likely to remain unchanged.
Date of Rating		April 08, 2019

PRICE SENSITIVE INFORMATION

This is for information of all concerned that the Board of Directors of Bank Asia Limited in its 415th meeting held on July 31, 2019, at 3:30 p.m. at Bank Asia Tower, 32 & 34 Kazi Nazrul Islam Avenue, Kawran Bazar, Dhaka-1215, has approved the un-audited financial statements of the Bank for the second quarter ended on June 30, 2019, and disclosed the following financial indicators of the Bank:

Particulars	January to June 30, 2019		January to June 30, 2018	
	Taka (Solo)	Taka (Consolidated)	Taka (Solo)	Taka (Consolidated)
Net Asset Value (NAV) (Crore)	2,400.52	2,385.26	2,227.91	2,215.02
Net Asset Value (NAV) per Share	20.59	20.46	19.11	19.00
Net Operating Cash Flow per Share (NOCFPS)	10.22	10.32	(3.83)	(3.92)

Particulars	January to June 30, 2019		January to June 30, 2018		April to June 30, 2019		April to June 30, 2018	
	Taka (Solo)	Taka (Consolidated)	Taka (Solo)	Taka (Consolidated)	Taka (Solo)	Taka (Consolidated)	Taka (Solo)	Taka (Consolidated)
Earnings per Share (EPS)	1.07	1.06	1.05	1.04	0.47	0.47	0.54	0.54

The details of un-audited financial statements of the Bank for the second quarter ended on June 30, 2019, will also be available in the website of the Bank at www.bankasia-bd.com

Dated: Dhaka July 31, 2019

Bank Asia

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68 Purana Paltan, Dhaka-1000