ASIAN MARKETS

0.63%

TOKYO

0.40%



DHAKA SUNDAY AUGUST 25, 2019, BHADRA 10, 1426 BS starbusiness@thedailystar.net

\$59.34

IMF projects 7.6pc GDP growth this fiscal year

COMMODITIES

Gold A

\$1,527.20

REJAUL KARIM BYRON and JAGARAN CHAKMA

STOCKS

0.68%

DSEX

Week on week

CSCX

The International Monetary Fund (IMF) has projected Bangladesh's economic growth to be 7.6 percent this fiscal year, which is 0.6 percentage points lower than the government's projection of 8.2 percent.

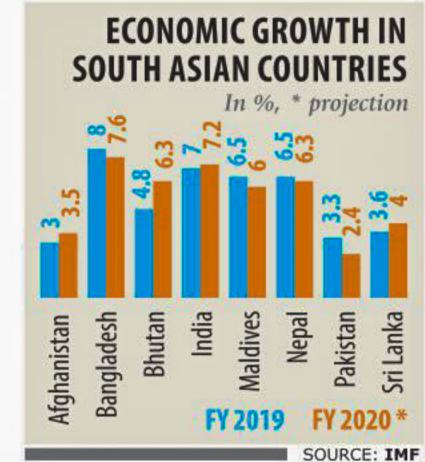
Yet, the growth rate projected for Bangladesh is the highest in the South Asia region, according to the IMF's South Asian Update, which was released last week.

"Despite the positive near-term outlook, maintaining the past growth performance will become more challenging in future and will require further increase in investment and upgrading the policymaking practices and institutions," the IMF said.

India will have the second highest growth in the region at 7.2 percent, followed by Bhutan and Nepal at 6.3 percent and Sri Lanka at 4 percent. Pakistan will have the lowest economic growth in the region at 2.4 percent.

IMF also upgraded Bangladesh's growth was 8.13 percent. growth estimate for last fiscal year.

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Earlier in April, the Washington-based multilateral lender had projected Bangladesh's economic growth to be 7.3 percent in fiscal 2018-19.

But now IMF estimates Bangladesh increasing. will log in 8 percent growth in the fiscal year that ended on June 30. The Bangladesh Bureau of Statistic's provisional estimate say the GDP

Domestic revenue collection needs to increase to

fiscal provide space for growthenhancing public investment and social spending.

of the new VAT law in July 2019 is welcome but further efforts will be needed

to simplify the VAT rate structure, broaden the tax base by reducing tax exemptions and strengthen tax administration, IMF said.

Reflecting tight expenditure control, fiscal 2018-19's budget deficit is expected to remain within 5 percent of GDP and the public debt-GDP ratio broadly stable, according to IMF. Private sector credit growth has

been decelerating since 2017, reflecting

the Bangladesh Bank's January 2018

decision to reduce the loan-deposit ratio to 83.5 percent, and the adverse impact of the large issuance of the National Savings Certificates (NSC) on banks' deposits. With the government's bank borrowing picking up in recent

months, liquidity in the banking sector has been tightening and the lending and deposit rates gradually Non-market budget borrowing continues to increase, and the recent

measures to control the issuance of the national savings certificates should support the development of a government bond market and the implementation of a sound debt management strategy.

Despite robust economic growth, default loans remain high, particularly in state-owned commercial banks.

Financial sector regulation and The launch supervision will need to be further strengthened to improve the health of the banking sector and the role of the state-owned banks needs to be reassessed.

READ MORE ON B3

Padma Bank struggles to return fixed deposits and Tk 47.05 crore to the Bangladesh STAR BUSINESS REPORT

CURRENCIES

BUY TK 83.50

Friday closings

SHANGHAI

0.49%

SINGAPORE

0.56%

The Bangladesh Inland Water Transport Authority Employees' Pension Fund had parked Tk 17 crore as fixed deposit with the Motijheel branch of Padma Bank on June 28 last year.

.....

The deposit matured this year and on June 27 the trustee board of the fund wrote to the bank to cash out the fixed deposit. But Padma, formerly known as Farmers Bank, has been unable to honour their request.

"This is very unfortunate," said the BIWTA Employees Pension Fund in a recent letter to the managing director of the bank. Since the fixed deposit is yet to be

cashed out, it has become difficult to settle the pension fund of retired employees of BIWTA and provide grants to the deceased. The letter called for necessary steps

for cashing out the fixed deposit on an emergency basis. The Fund also wrote to the central bank, urging it to direct the private

bank to repay the sum. The central bank also instructed Padma Bank to sit with government and non-government organisations in

order to settle the fixed deposit, special notice deposit and call money. The BIWTA Employees Pension Fund is not the only victim of the cash-strapped bank's failure to settle

matured deposits. A total of 18 government organisations parked Tk 1,323 crore in deposits with the Padma Bank, according to the central bank. Of the sum, it has managed to return only Tk 87.47 crore.

Padma Bank owes Tk 28.1 crore to Petrobangla, Tk 41.84 crore to Mongla Port Authority, Tk 109.08 crore to Jiban Bima Corporation, Tk 38.60 crore to the Bangladesh Telecommunication Regulatory Commission, Tk 170.29 crore to Chittagong Port Authority, Tk 541.31 crore to the Climate Trust Fund, Tk 140 crore to Sonali Bank, and Tk 54 crore to Sonali Bank (in call money),

MAJOR UNSETTLED DEPOSITS WITH PADMA (Of govt entities)

In crores of taka

lients	Total deposits	Unsettled
limate Trust Fund	541.31	541.31
hittagong Port uthority	180.00	170.29
onali Bank	140.00	140.00
ban Bima orporation	115.54	109.08
onali Bank (call noney)	55.00	54.00
ower Development oard	47.05	47.05
longla Port uthority	67.72	41.84
TRC	38.60	38.60
etrobangla	35.00	28.10
ockyard & ngineering Vorks	30.00	20.00
	-	SOURCE: B

Power Development Board. Bangladesh Textile Mills Corporation

got back all of the Tk 10 crore it had deposited, while Bangladesh Petroleum Corporation received Tk 6.46 crore of the Tk 7.09 crore it had put in a deposit, according to a central bank document.

Padma Bank has informed the central bank that it had faced serious liquidity crisis in October 2017 that lasted until April 2018.

Now, the bank is trying hard to return the money that have been sought by depositors. Padma Bank says it is trying to

win back clients' confidence by way of honouring cheques and payment orders. It has already started regular banking activities. The bank has also been able to

pay back the interests of all the term deposits. It said in most cases the bank had

discussed the issues with the clients and informed them that it would repay the rest of the deposits subject to availability of new deposits and recovery of loans. Farmers Bank was renamed Padma Bank as the troubled lender looked to

sweep the gross irregularities and loan scams under the carpet and get an image makeover. The bank, which was established in 2013, became a hotbed for financial irregularities in less than three years of

operation. Allegations of corruption against them became deafening and depositors,

including different government agencies, started pulling out their money. READ MORE ON B3

to intensify

further as

regulator

offering new

licences

Walton products available on Amazon

Introducing

Matt Wall Tiles

Series

30x60cm

Rustic Punch

STAR BUSINESS DESK

Walton has recently teamed up with Amazon to expand its global reach by selling products of the Bangladeshi company through the platform of the American

e-commerce giant. Initially Walton-branded laptops, computers, mobile phones and home appliances will be made available for the US market Augustin Sujan, a deputy director of Walton, told The

Daily Star.

Shashank Pandey, country manager of Amazon Bangladesh, and Liakat Ali, executive director of Walton Group and CEO of its computer products division, signed a deal in this regard at the latter's corporate office in Dhaka on Thursday.

Tamarind EX, a new model of Walton laptop, was also unveiled at the event, which was also attended by Zunaid Ahmed Palak, state minister for ICT, as the chief guest, the company said in a statement.

MIRZA SHAKIL, Tangail

year, traders said.

in Ghatail upazila.

Sunday and Wednesday.

leaseholder of the market.

READ MORE ON B3

Seasonal small rawhide traders in Tangail are

going through a rough patch as thousands

of pieces of rawhides have remained unsold

because of poor responses from the agents

of tanners and merchants even though more

As a result, the seasonal small traders

who purchased the rawhides from the

grassroots will have to incur huge losses this

This year local traders have brought more

Pakutia is the biggest rawhide market

Last year, more than eight lakh rawhides

were brought to the market and buyers

were there from nearby districts such as

Bogura, Sirajganj, Dhaka, and Mymensingh,

according to Baharul Islam Khokon,

than four lakh pieces of rawhides to Pakutia

in the district and sits two days a week, on

than a week has passed since Eid.

NBR plans big to monitor store sales

3 lakh sales monitoring devices to be bought to check VAT evasion

SOHEL PARVEZ

The revenue authority plans to buy a total of 300,000 sales monitoring devices this fiscal year to bring all shops under an online network and cut the scope for VAT evasion.

The government already gave approval to purchase 100,000 such electronic fiscal devices (EFDs) for Tk 316 crore (\$37.5 million) from a consortium led by Shenzhen-based SZZT Electronics.

The National Board of Revenue (NBR) has awarded the contract to the consortium, which was the lowest bidder in a tender floated to buy the devices. The consortium, which also comprises local

firm Synesis IT, offered to supply the devices at Tk 32,000 each, Finance Minister AHM Mustafa Kamal told reporters after the decision to buy the devices from the consortium was finalised.

"We have already issued the Notification of Award to purchase one lakh EFDs," said Syed Mushfequr Rahman, project director of the NBR's VAT online project.

The Tk 690-crore project aims at automating the VAT system and is also assigned to oversee the establishment of the sales monitor-an EFD management system—which will connect later.

the devices at sales points with the revenue The plan to buy the devices in higher quantity authority through internet.

Rahman said the NBR would initially receive 10,000 devices from the bidder and the delivery of the rest would be taken upon successfully installation of the first tranche.

"We expect to get the delivery within the next six to eight weeks," he said, adding that the NBR has decided to buy 200,000 more EFDs

this year. The revenue board has submitted a proposal to the cabinet committee on purchase seeking approval to buy one lakh more EFDs from

another technically qualified bidder. "We have placed the proposal for the direct purchase. We will buy one lakh more EFDs from one of the two other bidders if they agree to supply the devices at the lowest prices quoted by the winning bidder," Rahman said.

"We have to get the EFDs quickly so we are going to buy directly."

Two bidders—the consortiums of Inspur and Technovista and Daisy and Smart Technologiesemerged technically qualified in the bidding, but their quoted prices were higher.

Another Tk 316 crore will be required to buy 100,000 more EFDs.

The rest one lakh devices would be purchased

is aimed at bringing stores under the electronic network, monitoring their sales activities and boosting tax receipts.

To do so, 30-40 lakh EFDs are required Rahman said. The government is yet to decide on how to

realise the cost of purchasing the EFDs from shop operators. The finance minister earlier said the devices

would be provided to shops at Tk 32,000 and they would pay back in instalments. Two years ago, the NBR decided to buy the

devices and distribute them among relatively large retailers as well as wholesalers in order to implement the VAT law 2012, which came into effect in July this year.

VAT is the biggest source of revenue for the government, accounting for 37 percent of the total annual tax collection.

But taxmen and economists say the overall collection is less than the amount expected, given the level of economic activities in Bangladesh.

The country, despite registering higher economic growth, collects in tax less than 10 percent of \$300 billion GDP. The tax-to-GDP ratio of Bangladesh is one of the lowest in the world.

Stock brokers in a tight corner

AHSAN HABIB

Most stock brokers have been incurring losses for many years owing to low turnover in the market and a lack of

product diversity. This led many stock brokers to lay off many of their executives to cut cost during the years while the remuneration of the officials has not increased significantly.

The top 100 brokers are logging profits whereas at least 150 stock brokers are incurring loss, according Competition

broker. Rakibur Rahman, one of the directors of the Dhaka Stock Exchange (DSE), said many stock brokers are in a tight position and

to a top official of a stock

their condition would not improve until the turnover of the stock market rises. Daily turnover on the

DSE averaged Tk 534 crore

so far this year, slightly down from Tk 552.03 crore from last year and much lower than Tk 874.83 crore in 2017, data from the bourse's showed.

"If the stock brokers remain weak, the market will not be strong," Rahman said, urging the regulator to keep alive

the stock brokers by increasing turnover. Rahman, also the managing director of Midway Securities, recommends bringing good stocks to the market

and following the rules and regulations strictly to boost the turnover. The stock brokers will face further competition as the

regulator is set to open the licencing of brokerage houses after many years. The Bangladesh Securities and Exchange Commission

(BSEC) is framing the BSEC (trading right entitlement certificate) Rules, 2019 to open the TREC holder licence regime.

Market analysts welcomed the move as granting of licences had been postponed for the last couple of years. They say the brokers that failed to attract investors can merge to survive.

However, the stock brokers, who are facing tough times because of continuous loss, fear that the situation will

deteriorate further with the entry of new TREC-holders. Most of the stock brokers are struggling to stay afloat

from the income from transaction fees, their prime source of income, said a top official of a stock broker.

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Tangail rawhide traders stare at losses

This year is different as only a small Small and seasonal traders pass idle times for customers with rawhides purchased number of tannery owners, agents from during Eid-ul-Azha. Thousands of pieces of rawhides remained unsold due to poor tanneries and wholesalers from the area and response from tanners. The photo was taken at Pakutia in Ghatail upazila last Sunday. different parts of the country came to the

market in the last one week, several traders What is more, they are offering prices

between Tk 100 and Tk 200 per piece, much lower than the purchasing price, they said, adding that they spent money to process the rawhide and for transportation and labour Jagai Das, a seasonal rawhide trader

from Melandah in Jamalpur district, said he bought rawhides at Tk 400 to Tk 500 and later spent more than Tk 300 per hide to process it. But the buyers were offering prices not more than Tk 500 to Tk 600.

Abdul Latif, a seasonal rawhide trader in the area, bought 500 pieces of rawhides for Tk 2 lakh after borrowing money at high interest rate, but the rawhides remained

unsold due to a lack of buyers. "I will go broke if I can't sell them," he

Yousuf Hossain, owner of a leather factory in Keraniganj in Dhaka and a buyer, said he could not offer more as, after buying the rawhides he would have to spend more than Tk 200 per piece to process them and in transportation, labour and other costs.

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