ASIAN MARKETS

0.71%

TOKYO

1.19%



DHAKA MONDAY SEPTEMBER 2, 2019, BHADRA 18, 1426 BS starbusiness@thedailystar.net

As on Friday

\$59.25

Banks hardly lend via agent banking

COMMODITIES

Gold \

\$1,521.80

AKM ZAMIR UDDIN

STOCKS

V 0.49%

DSEX

CSCX

0.49%

Banks are showing reluctance in lending through the agent banking window based in rural areas despite mobilising large sums through the platform.

As of June, Tk 5,284 crore was collected through the window, up from Tk 2,013 crore a year earlier, according to data from the Bangladesh Bank.

But only Tk 237 crore was lent through the window, up 72 percent year-on-year. "The year-on-year lending growth was

apparently good last quarter, but it hardly had any impact on rural entrepreneurs because the amount is little," said a Bangladesh Bank official. The trend of deposit mobilisation and

lending indicates banks are more interested in collecting funds from rural areas than extending lending facilities to them. "This has created an imbalanced

situation between the urban and rural areas. Banks are mopping up money from rural areas and giving out loans in urban areas," the central banker said.



AGENT BANKING: DEPOSIT VS LENDING As of June 2019; In crore taka

BANK	DEPOSIT	LENDING
Al-Arafah	1,399	5.85
Dutch-Bangla	1,151	3.47
Bank Asia	982	211
Islami	726	0
Agrani	459	0

Against the backdrop, the central bank has repeatedly urged the banks that were the first to roll out agent banking to scale up their lending through the channel. But the banks did not pay any heed to the instruction.

Curiously, one bank that has mobilised the most deposits through the window has lobbied with the central bank to bar banks from disbursing loans by way of agents, the BB official

> But the central bank has rejected the plea and directed it to accelerate lending, he said.

Md Anwarul Islam, a general manager of BB, said they are asking banks to increase loan disbursement through agents.

READ MORE ON B3

Working on single-digit interest rate: PM

She hands over export trophies to 66 companies

UNB, Dhaka

Prime Minister Sheikh Hasina yesterday said steps are being taken to bring down the interest rate on lending to single digit in all banks as the high rates lead to loan defaults.

CURRENCIES

BUY TK 83.50

Friday closings

SHANGHAI

7 0.16%

SINGAPORE

A 0.80%

Some banks are already lending at single-digit interest rates as per the government's directive, while some are yet to follow suit.

"We are in discussions about the matter and are providing the facilities the banks need."

Investing with high-interest loans naturally creates loan defaulters, she said at the national export trophy award ceremony. The commerce ministry and the Export Promotion Bureau jointly organised the event at the Bangabandhu International Conference Centre in Dhaka. "We have taken appropriate

measurers so that investment becomes easier. We have taken a plan for industrialisation and are moving forward with it. We have to save our agricultural lands, so we are establishing 100 economic zones across the country for local and foreign investment."

For attracting investment to the economic zones, the government is offering special incentives, including ensuring all sorts of services in the zones, she added.

২০১৬-২০১৭ প্রদান অনুষ্ঠান প্রধান অতিথি: FY 11 ০১ সেপ্টেম্বর, ২০১৯ | ১৭ ভাদ্র, ১৪২৬, বঙ্গবন্ধু আন্তর্জাতিক সম্মেলন

Prime Minister Sheikh Hasina speaks at the national export trophy awarding ceremony at Bangabandhu International Conference Centre in Dhaka yesterday.

minister said, as the country has crisis in the country in future." limited reserves, the government is importing liquid natural gas to meet the growing demand.

"We have given special attention About gas supply, the prime to ensure that there will be no gas

Hasina urged the businesspeople to keep in mind the issues of waste management and preservation of nature at the time of setting up factories.

"You have to start proper waste management from the very beginning."

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Migrant workers suffer for rogue recruitment

Analysts tell IOM, IBFB discussion

STAR BUSINESS REPORT

................ Lack of awareness on labour standards and ethical recruitment practices is a major factor which exacerbates vulnerabilities of migrants, analysts said yesterday.

Labour intensive business models lead to adverse impacts arising from limited conditions and migration processes, they

They make the comments at a multi- Movements Research Unit. stakeholder discussion on "Uplifting the competitiveness of Bangladesh through ethical labour practices in supply chains" at InterContinental Dhaka.

The International Organization for Migration (IOM) and International

(IBFB) Business Forum Bangladesh organised the event.

Employment opportunities, climate change, natural disasters and marriage are key reasons for migration from rural to big cities, the discussants said. The capital Dhaka and the port city

Chattogram have been the destinations transparency in recruitment, working for 80 percent of the internal migrants of Bangladesh, as per the IOM, which cited a research of the Refugee and Migratory

The IOM says globally 40.3 million people had become victims of modern slavery, 71 percent of whom were women and girls and 50 percent of whom were working in the private sector and in debt bondage.

READ MORE ON B3



Experts take part in a multi-stakeholder discussion on "Uplifting the Competitiveness of Bangladesh through Ethical Labour Practices in Supply Chains" organised jointly by the IOM and the IBFB at InterContinental Dhaka yesterday.



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Cattle insurance with digital tracking

STAR BUSINESS REPORT

A new cattle insurance scheme based on a digital health tracking system was rolled out yesterday jointly by Phoenix Insurance and ShurjoMukhi Ltd. The product, Shurjomukhi Pranisheba, will ensure

prevent inbreeding, early detection of health disorders, monitoring of calves and continuous measurement of temperature, officials said at the launch in InterContinental Dhaka. A biosensor or bolus is placed inside the stomach of an

animal for at least five years, which the officials said does not create any adverse reaction.

To avail the product, a farmer will have to pay Tk 500 monthly for every cattle and the premium of insurance ranges from 2.75 percent to 5.5 percent on the sum of the insured value of cattle. The insurance risk coverage is for death, theft, and permanent, total disability.

Md Ashraf Ali Khan Khasru, state minister for fisheries and livestock, said the insurance premium and the monthly payment for the digital service is quite high for the poor farmers.

"So, insurers can think of promoting the product as a service, not as a business tool primarily. Once its penetration deepens, it will be a sustainable product." Insurers also should not incur losses. Otherwise, they

will feel discouraged to come forward with agricultural insurance, the state minister added. Khasru said the livestock sector is growing fast aided

by digitalisation and Shurjomukhi Pranisheba is another addition that will drive digitalisation further.

Shykh Seraj, founder director and head of news of Channel i, said if farmers ignore digitalisation for their farms, they will suffer.

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Unpredictable tax system making exports less competitive

PM's adviser says, terms VAT structure complex

of any investor."

adviser said.

materials from China.

STAR BUSINESS REPORT

Unpredictable tax measures and a lack of knowledge on taxation are making Bangladeshi exporters less competitive in the global market, said Mashiur Rahman, economic affairs adviser to the prime

"Unless the tax rate system is rationalised and dispersion of the rates is not reduced, it will continue to create unreasonable protection for domestic industries," Rahman said at the regular luncheon meeting of the Foreign Investors' Chamber of Commerce and Industry (FICCI) at The Westin hotel in Dhaka.

The multiple rates in the taxation system are unfavourable for entrepreneurs, Rahman said. "Uniformity in rate is the basic principle of VAT."

Bangladesh has four different rates of VAT: 15, 10, 7.5, and 5 and there is also a special rate of 3 percent. Only in 2-3 African countries would one find that many VAT rates, he said.

"We have a very complex VAT structure. Unless it is reformed, VAT will remain a contested tax."

The tax regime also needs to be predictable.

"Unpredictable and annual revision of rates destabilise the investment programme

goods, have to submit more than 2 percent bank guarantee, which also raises the cost of production and leads to erosion in competitiveness.

Rahman went on to cite an example

The customs officials at the Chittagong

of a ceramic exporter who imported raw

port could not release the goods on time as

such items were not specified in the taxation

system. As a result, he lost his buyers, the

especially those who import intermediate

Another problem is that the importers,

Delays in getting the clearance certification also hold up industrialisation.

For instance, 30 companies are still waiting for the clearance from the

environment department to set up factories at the Rampal economic zone, Rahman said. Moreover, the public-private partnership

model has not been able to attract as much investment as the country needs, he said.

The adviser said Bangladesh lacks skilled people.

"We have about 30 percent of the working age population not in employment, education or training. Their production contribution is not available in the economy as they do not have skills."

READ MORE ON B3

Deals signed with Reliance for 718MW plant

STAR BUSINESS REPORT

The government yesterday signed agreements with a Bangladesh subsidiary of India's Reliance Group to set up a 718-megawatt gas-fired power plant in Narayanganj.

The project will begin production in 36 months and price of each kilowatthour unit of electricity will be 7.3123 cents. Imported re-gasified

liquefied natural gas (LNG) will be used in the project, the power ministry said in a statement. Reliance Bangladesh

LNG and Power, a subsidiary of Reliance Power, inked the implementation deal with Power Division and the power purchase agreement with Bangladesh Power Development Board (BPDB).

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