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DHAKA FRIDAY NOVEMBER 29, 2019, AGRAHAYAN 14, 1426 BS starbusiness@thedailystar.net

12 banks face provision deficit of Tk 12,000cr

COMMODITIES

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A dozen banks faced a combined provision shortfall of Tk 12,000 crore in the third quarter of 2019 in a sign that exposed their weakness to shield depositors' funds from financial risks. Experts blame the central bank's inaction

for the persistent provision shortfall, saying stern actions should be taken against the errant banks following global best practices. The banks that faced the shortfall are

Sonali, Rupali, BASIC, AB, Bangladesh Commerce, Dhaka, Mutual Trust, National, Shahjalal Islami Bank, Social Islami, Standard, and Trust, according to data from the Bangladesh Bank.

Some of the lenders have been facing the shortfall for a long time as they disbursed loans flouting rules, said BB officials.

A shortfall is an amount by which a financial obligation or liability exceeds the amount of cash available. It can be temporary, arising out of a unique set of circumstances, or it can be persistent, which may indicate poor financial management practices.

Banks have to keep 0.50 percent to

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SHORTFALL
2,456
996
3,021
2,833
488
332
114
958
63
333
128
280

percent provisioning against general category loans, 20 percent against classified loans of substandard category, 50 percent against classified loans of doubtful category, and 100 percent against classified loans of bad or loss category.

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Onion prices still beyond control, says minister

UNB, Gazipur

Agriculture Minister Mohammad Abdur Razzaque yesterday said onion prices still remain beyond control due to inadequate import and a lack of stock.

He came up with the remarks while talking to reporters after attending the annual research review workshop at Bangladesh Rice Research Institute in Gazipur.

The minister said although the current annual demand for onion is 25-26 lakh tonnes, only 300-500 tonnes are being imported.

Razzaque also said, "Our farmers couldn't put onion in their stocks after harvest due to rain. Besides, we failed to presume that India would ban onion export. Maybe it was our fault. We should have conducted a survey in advance."

"We've to keep in mind that the price of a commodity depends on demand and supply. It cannot be controlled by the Rab, police and army," he added.

Presided over by **BRRI** Director General Md Shahjahan Kabir, the workshop was addressed, among others, by Director General of the Department of Agriculture Extension Md Abdul Muid, Executive Chairman of Bangladesh Agricultural Research Council Md Kabir Ikramul Haque.

Economic indicators contradict GDP growth figure: economist

STAR BUSINESS REPORT

Bangladesh's macroeconomic indicators are not in keeping with economic growth numbers of the government, which not only raises questions about the figures but also points to a potential slowdown, a noted economist said yesterday.

"I have concern about the macroeconomic situation. contradiction is seen between the picture of the indicators shown by the government and the reality," said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, an independent thinktank.

The country clocked 8.13 percent gross domestic product (GDP) growth last fiscal year and has targeted to achieve 8.2 percent expansion in the current fiscal year.

"If the economy is really growing at such a high rate, why is revenue growing at 2.3 percent in real terms?" Mansur asked. His comments came at a session

of the annual banking conference organised by the Bangladesh Institute of Bank Management (BIBM) at its office in the capital. The government says the manufacturing sector is growing at

19.5 percent, he mentioned, adding; "If it is true, then why is value-added tax falling? VAT is a direct result from the manufacturing sector." VAT collection fell 0.86 percent year-on-year in the first quarter of the

current fiscal year, according to the National Board of Revenue. "This is a serious issue," said

Mansur, also a former economist of the International Monetary Fund.

said, adding that the textile sector is in to 0.29 percent last year. a bad shape because their earnings are

Exports slumped more than percent during the period. "It shows 17 percent year-on-year to \$3.07 billion in October as the strong

Exports are also not satisfactory, he was 1.8 percent in 2010 but it declined

Similarly, the return on equity came down from 18.4 percent to around 4 our efficiency in the banking sector is declining," he said.



Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, speaks at a session of the annual banking conference organised by the Bangladesh Institute of Bank Management at its office in Dhaka yesterday.

local currency continued to depress apparel shipments, government data of Brac Bank, also questioned how shows.

"So, where is the growth coming from?" Mansur said, wondering whether the country is heading towards an economic slowdown. "This is my concern," he said.

According to Mansur, the financial sector is also not in a good shape. The return on asset in the banking sector

Mansur, currently the chairman default loans could rise to a high level amidst the economic growth of more than 8 percent.

Defaulted loans surged 24 percent to Tk 116,288 crore in September compared to that in December last year, the amount being the highest in the country's history.

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JOB LOSS FOR AUTOMATION

Invest in people, decent work Joint meeting next

Says ILO official at 100th anniversary dialogue

STAR BUSINESS REPORT

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Global leaders in public and private spheres should invest much stronger in humans, institutions and decent work to save millions of jobs from automation in the near future, said a top official of the International Labour Organisation yesterday.

Nations will have to face some challenges like automation technologies, advanced climate change and a new kind of globalisation, said Panudda Boonpala, deputy regional director of the ILO's regional office for Asia and the Pacific.

"These challenges keep us amidst rising uncertainties. Bangladesh has also been facing those challenges," she told a national dialogue on the future of work at the Bangabandhu International Conference Centre in Dhaka.

Though Bangladesh experienced



Begum Monnujan Sufian, state minister for labour and employment, speaks at a dialogue on the future of work at the Bangabandhu International Conference Centre in Dhaka yesterday. Gowher Rizvi, adviser to the prime minister on international affairs, was present.

transformative success over the past 10 years and progressed a lot into making decent work the norm, a lot needs to be done to bring about further improvements, said Boonpala.

invest in job creation and social protection.

will ratify the ILO Convention Boonpala said. 138 on the minimum age for

She suggested the government entry into employment and the Convention 29 on forced labour... (to) complete the ratification of all "We hope that Bangladesh core labour standards of the ILO,"

READ MORE ON B3 eliminate those.

CHINA-FUNDED PROJECTS

week to step up pace

REJAUL KARIM BYRON and JAGARAN CHAKMA

The Bangladesh-China joint working group will sit for its first meeting next week, incorporating a new agenda centring Beijing's interest in investment and trade, to devise ways for expediting implementation of China-funded projects.

A deputy minister will lead some 30 representatives of China at the meeting at the Economic Relations Division on Monday when at least 10 issues of both sides will be discussed.

The joint working group was formed to probe slow progress of 27 projects involving around \$20 billion that China had agreed to provide during President Xi Jinping's Dhaka visit in October 2016.

During Prime Minister Sheikh Hasina's visit to China in July this year the two sides signed an agreement to form the working group to identify reasons for the delay and

A finance ministry official said the Chinese side was likely to raise five issues in the meeting.

One would be on China's interest on

increasing investment and on the facilities that would be provided to Chinese companies to attract such funds. The Chinese side will also talk on

expanding cooperation for the rapid implementation of a special industrial park, where their nationals would invest in different sectors.

The official said China was interested in discussing public-private partnership (PPP) projects, in which Chinese companies would be able to invest and their nationals

get employment. China will raise the issue of strengthening cooperation between its companies and the local community to build good relations to

ensure security of the companies.

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Robi's profit goes up as BTRC bar shrinks spending

MUHAMMAD ZAHIDUL ISLAM

Robi posted a profit of Tk 148.70 crore in the July to September quarter thanks to the regulatory bar on making new investments before the settlement of the audit claims, its parent Axiata said yesterday.

"It's not a healthy process to make profit," Robi's CEO Mahtab Uddin Ahmed told The Daily Star in a recent interview, giving a hint on the possible profit.

Ahmed then said Robi's third quarter financial statement may show that the operator has made an 'unwanted' profit. "The operator does not want to make profit this way," he

"It will affect the whole industry in the long run." In the April to June quarter, Robi bagged only Tk 1.2 crore in profits.

On July 22 this year, the telecom watchdog barred Grameenphone and Robi from spending new funds in network expansion and management, which put a hold on Robi's planned investment of \$150 million since then. However, Robi has a plan to invest \$248 million in 2019

to expand their network and capacity.

In a statement, Shahed Alam, chief corporate and

regulatory officer at Robi, yesterday said, "We would have definitely preferred to have made this profit under normal business environment. Unfortunately, due to the protracted tussle over the disputed audit claims, we are worried whether we can end the year with a profit margin." READ MORE ON B3

Bus-truck body builders flex muscles

JAGARAN CHAKMA

Just 20 years ago, it was beyond imagination that bodies of buses and trucks would be built in Bangladesh. But companies like Aftab Automobiles stepped forward and made it possible by establishing automobile workshops.

Currently, there are about 200 bus/truck body manufacturers in different areas of Bangladesh, including Dhaka, Chattogram, Khulna, and Jashore, creating 5,000 direct jobs, industry insiders say. Local workshops with the

capacity of building more than 95 percent of the body of a bus or truck have achieved the reputation of making quality products. These have helped in bringing

down the price of commercial vehicles and save a lot of foreign currency that would have been needed to import the bodies. Reliable data on the market

size is hard to come by but their annual income stands at about Tk 770 crore.

Bus bodies being manufactured at a workshop of Aftab Automobiles in Gabtoli, Dhaka. Inset, two men put A transport businessman told together foam and covers on seats. The Daily Star that only Korean



and some European branded buses enter Bangladesh with complete body, whereas the bodies of the rest of the vehicles are built locally.

The local manufacturing of the body reduces the price of a bus by Tk 10 lakh to Tk 25 lakh compared to the prices of imported complete vehicles, the businessman said.

Automobiles manufactures bodies for around 200 buses every year against the capacity of 300 buses, said Shafqat Ahmed, manager for business development of Navana Ltd, which owns the automobile company.

"We have around 40 years of experience in the automobile body manufacturing."

Automobiles, the market leader in automobile manufacturing, takes Tk 10 lakh to Tk 15 lakh for body manufacturing of non-air conditioned bus and Tk 32 lakh to Tk 35 lakh for AC buses.

It makes bus bodies of Japanese company Hino. Its workforce was trained at Hino Motors in Japan and it has a quality control section to maintain compliance.

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