



BBDBL
Mohammad Mejbahuddin, chairman of Bangladesh Development Bank Limited (BDBL), and Kazi Alamgir, CEO, attend the bank's "Managers' Business Conference- 2021" at the bank's head office in Dhaka recently.



EXIM BANK
Md Nazrul Islam Mazumder, chairman of EXIM Bank, and Mohammed Haider Ali Miah, managing director, attend the bank's "Annual Business Development Conference 2021" at the bank's head office in Dhaka on Sunday.

No further cuts in rice import duty: NBR

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Importers will require written permission from the food ministry to bring rice.

The NBR also imposed 10 per cent tariff on onion import to protect interests of local growers.

Muneem cited risk of losses of onion producers in case of a reduction

in import duty on the key kitchen ingredient.

He said people have purchasing capacity and the price impact on them would be minimal as a small amount of onion is needed for cooking.

The NBR chairman also talked about the matter of speeding up clearance of import consignments.

A section of importers does not take delivery of their import consignments on time, he said at the briefing.

The NBR said it brought changes to regulations to ensure that importers take delivery of their goods fast. It is also implementing a project such that agencies concerned can give approvals to import items online.

are in a deadlock of zero per cent interest rate due to the financial meltdown, and it will take them a couple of years to get rid of the ultra-low rate.

"The expatriates are now getting a better interest rate on the deposits kept in the banks in Bangladesh than the rates being provided by the lenders in the countries they live in," Mansur said.

In recent months, imports have declined while remittance has risen to record highs. It forced the central bank to purchase the dollar from banks by injecting the local currency into the market regularly.

Remittance hit an all-time high of \$21.74 billion last year.

The government should withdraw the 2 per cent cash subsidy against funds remitted by expatriates, Mansur said.

He urged the central bank not to inject reserve money by way of creating new stimulus packages.

Fahmida Khatun, executive director of the Centre for Policy Dialogue, said the government should start thinking of withdrawing the cash subsidy against remittance in the interest of common savers.

The government and the central bank should investigate to find out the persons who are sending remittance now, she said.

The surplus liquidity has brought woes for the depositors as the real interest rate has entered into negative territory, the economist said.

General inflation stood at 5.29 per cent in December whereas most banks offered interest rates from 3 per cent to 4 per cent on FDRs. This means the real interest rate is in a negative 2 per cent to 2.50 per cent.

"An asset bubble will occur in the financial sector in the months ahead if the excess liquidity is not checked right now," Mansur said.

The asset bubble arises when the price of an asset, such as stocks, bonds, real estate, or commodities, rises at a rapid pace without the underlying fundamentals, such as equally fast-rising demand, to justify the price spike.

If the investment scenario does not receive a boost by June, the central bank would have to mop up money from banks, or else the situation may create stagflation, he said.

Stagflation refers to an economy experiencing a simultaneous increase in inflation and stagnation of economic output.

Nazneen Ahmed, a senior research fellow of the Bangladesh Institute of Development Studies, said inflation was still under control, which was a positive sign for the economy.

But the central bank should monitor the inflation cautiously due to the higher excess liquidity, she said.

"A proper implementation of the stimulus packages is crucial for the economy to make a recovery. The central bank monetary policy committee should take the issue with the utmost importance."

BB in a tight spot

FROM PAGE B1
Also, the upward trend of remittances has complicated the liquidity management of the central bank significantly, Mansur said.

In recent months, imports have declined while remittance has risen to record highs. It forced the central bank to purchase the dollar from banks by injecting the local currency into the market regularly.

The central bank has purchased the American greenback worth a record \$5.49 billion in the first half of the current fiscal year to keep stable the exchange rate of the local currency.

The previous highest was recorded in 2013-14 when the BB bought \$5.15 billion.

"The central bank should curb the upward trend of the excess liquidity right now by checking the remittances," said Mansur, also a former official of the International Monetary Fund.

The remittance now being sent is not actual remittance. Instead, a large amount of remittance is flowing into the country in the form of portfolio investment by expatriate Bangladeshis, he said.

A portfolio investment is an ownership of a stock, bond, or other financial assets with the expectation that it will earn a return or grow in value over time, or both.

The majority of developed nations

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Default loans fall for relaxed rules

FROM PAGE B1
In 2019, a relaxed rescheduling facility was offered to defaulters, allowing them to regularise NPLs by way of giving 2 per cent down payment, which decreased classified loans in banks. "In addition, the central bank also declared a loan moratorium throughout last year to tackle the economic situation stemming from

the coronavirus pandemic," Kamal added. Banks have also been asked to form monitoring cells in order to recover NPLs from top defaulters that have NPLs worth over Tk 100 crore.

Four mobile operators owe the government over Tk 13,000 crore in arrears as audit objections, 3G spectrum use as well as High Court settled amounts, Posts and Telecom

Minister Mustafa Jabbar said.

Grameenphone owes Tk 10,580 crore as audit objection while Robi Axiata owes Tk 729 crore for the same reason.

Pacific Bangladesh Telecom owes Tk 128 crore as a High Court settled amount and Teletalk Bangladesh owes Tk 1,585 crore due to 3G spectrum use, he added.

The Adamjee Export Processing Zone, is trying to sell the unit as it had to offer a massive discount to JC Penney, an American treasure in the clothing business. The company had been shut after making a partial payment to the workers.

One of the US-based buyers of Kwun Tong Apparels cancelled orders worth \$20 million, and another retailer had to be given a discount of \$25 million.

Ha-Meem Group, one of the leading garment producers in Bangladesh, settled the payment issue with JC Penney after negotiations, said AK Azad, managing director of the group.

"I received \$0.5 million out of a total \$1.8 million from JC Penney. The company promised a full payment after the final transfer of the ownership to the new owners," he said.

According to the BGMEA, 1,334 out of nearly 2,000 active members received funds from the stimulus package. Out of more than 850 members of the BKMEA, 420 availed loans from the package.

The non-member factories of the BGMEA and the BKMEA did not receive funds, according to the CPD-MB study.

Thanks to the unprecedented support from the government, factories were able to withstand the first wave and were operating in a survival mode, Huq said.

"The second wave has worsened the situation further as it has hit the retail business and demand for clothing, slowing our exports. While factories are already suffering from fund shortage and running on an average of 30 per cent idle capacity, the recovery is challenged further."

The garment factories are also uncertain about the business prospect in the coming months.

Only 44 per cent factories said they were sure about the orders for the six months from November 2020 to April 2021, the CPD-MB study showed.

Some 56 per cent of factories are under different levels of uncertainty, and 11 per cent indicated high uncertainty.

More than 300 small and medium factories may shut their units for good as the owners are not interested in reopening them, according to the BGMEA.

The factories, especially the woven ones, plan to sell the units because of a shortage of orders.

Kwun Tong Apparels, a Hong Kong-based garment factory housed inside

Cash crunch makes survival harder for garment exporters

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"The exact date of the export receipt from Asia Today is not finalised yet. We are hopeful that the buyer will complete payment in March this year," Rahman said.

"The companies are borrowing money from banks and near and dear ones to run businesses for the delay in export receipts."

The entrepreneur received Tk 2.5 crore from the stimulus package of the government to pay wages to the workers. But he said it was not enough.

"It would have been better had I got Tk 2 crore every month."

Vidya Amrit Khan, deputy managing director of Desh Garments, has been facing fund shortage because of the delay in payment from buyers and the reluctance of banks to extend financing.

Rahman and Khan are not alone.

Many suppliers, especially the small and medium enterprises, are struggling to stay afloat in the wake of the weak cash flow due to the order cancellation and delay in payment.

Because of the retailers and brands' irresponsible business behaviour, many workers and officials at the buying houses and the liaison offices of western brands in Dhaka lost jobs.

The coronavirus pandemic wiped out 3.57 lakh jobs in the garment industry in Bangladesh in 2020 as factories went for layoffs and closures because of the collapse in demand, showed a survey of the CPD and the Mapped in Bangladesh, a project of Brac University. Some 58.7 per cent of factories have started hiring.

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Kwun Tong Apparels, a Hong Kong-based garment factory housed inside

payment to local suppliers, said BGMEA President Rubana Huq in a WhatsApp message.

"But we are not aware of any major complaints except for a few brands that went bankrupt putting the suppliers in great uncertainty," she said.

The factories, which include the suppliers that have not seen the restoration of the orders, are facing an enormous financial crisis due to the bankruptcy of the buyers, particularly in the form of non-payments and forced loans, the BGMEA chief said.

The apparel industry has about \$8 billion in receivables at any point of time considering the average trade terms of 90 days, she said.

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Aziz Al Kaiser, chairman of City Bank, opens the bank's relocated branch at Gulshan 1 in Dhaka yesterday. Mashrur Arefin, CEO, was present.

CITY BANK

EDCL招標

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INTL TENDER NOTICE

EDCL invites International Tender for Supply of Pharmaceutical Raw and Packing Material on C&F Basis:-

S.L. No.	Tender No. Date	Name of the Item	Cost of Tender Schedule	Last date of Closing & opening
01.	IMP/R&P/SEM/39/2020-2021 dated 25/01/2021	Pharmaceutical Raw & Packing Materials: (specification as per tender schedule): 01. Isoniazid BP 02. Pyrazinamide BP 03. Ethambutol HCL BP 04. Rifampicin BP 05. Ciprofloxacin HCl Micro. BP 06. Metformin HCl BP 07. Atenolol BP 08. Pantoprazole Sodium USP 09. Hankel Glue Dela K-46 (Brown Colour) Or Hankel Glue Optal S 2008	Tk. 1650.00/set Equivalent to US\$ 20.00 Non-refundable	Closing : 15/02/2021 At 11.00 AM Opening : 15/02/2021 at 11.15AM
02.	IMP/RM/SEM/40/2020-2021 dated 25/01/2021	Pharmaceutical Raw Materials: (specification as per tender schedule): 01. Dried Aluminium Hydroxide BP 02. Cefadrine (Micronised) BP 03. Propylene Gly		