



Rubel Aziz, president of Banani Club and former chairman of City Bank, and Mashrur Arefin, managing director (MD) and chief executive officer (CEO) of City Bank, recently signed an agreement enabling the club's members to pay bills and fees using City Bank's digital banking platform "Citytouch". The bank's Additional MD Sheikh Mohammad Maroof and the club's Finance Director Md Abdul Gaffar Mollah and Director Administration Makin-Ur-Rashid (Rossi) were also present.



RN Paul, managing director of RFL Group, formally inaugurated manufacturing and marketing activities of five new models of a rice cooker brand at Pran Industrial Park in Narsingdi yesterday.

## Outlook for banking system remains poor

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This provides them with an even greater buffer to draw from, should loan delinquencies exceed their projections, it said. In contrast, the Fitch Solutions said state commercial banks managed to reduce their provision to Tk 4,920 from Tk 5,520 over the same period.

But the shortfall nevertheless implies continued high levels of provisioning over subsequent quarters and this will weigh on profitability, it added.  
The gross non-performing loans (NPL) ratio of the banking sector stood at 8.1 per cent in December 2020, and the ratios of the SOCBs and PCBs stood at 21 per cent and 4.8 per cent respectively.

The report said December data of the NPLs showed a decline relative to September 2020 because of the loan moratorium facility in effect during the period, loan rescheduling, and a high level of loan write-offs.

Yet, aggregate NPLs in the sector was high.  
"With the moratorium facility having ended December 2020, NPLs should show a rise in subsequent readings. SOCBs account for almost half of total sector NPLs despite only having a quarter of total sector assets," said Fitch Solutions. The report said there might be some recovery in credit growth but surge unlikely.

Fitch Solutions said any profitability recovery would be capped by a weak rebound in loans. It forecast that growth of advances to slow down to 10.5 per cent in 2021 from 12 per cent previously, representing only a slight recovery from 9 per cent in 2020.

"To be sure, our forecast continues to reflect some strengthening of credit growth from 8.9 per cent year on year in January," said Fitch Solutions, attributing the growth to export demand from two of the major markets Europe and the United States.

It, however, said delays to domestic vaccination would likely hinder a sharp rebound in business sentiment in Bangladesh for businesses reliant on the domestic market and cap gains to loan growth.

Fitch Solutions said capitalisation would come under further stress due to the NPL in 2021 following the expiry of a loan moratorium at the end of December 2020, with capital shortfall at state banks posing further downside risks to the view on credit growth.

## Biden to propose \$6 trillion budget for 2022 fiscal year

REUTERS, Washington

President Joe Biden will seek \$6 trillion in U.S. federal spending for the 2022 fiscal year, rising to \$8.2 trillion by 2031, the New York Times reported on Thursday, a day before the White House is expected to unveil its budget proposal.

Citing documents, it had obtained, the Times said the Democratic president planned to pay for his agenda through increased taxes on corporations and high earners, and that the budget deficits would start to decrease in the 2030s.

On Friday, Biden is set to release his first full budget since taking office in January as he seeks to push his priorities of investing in infrastructure, childcare and other public works.

Republicans have criticized the president for seeking trillions in new spending, setting the stage for pitched battles over his priorities. Democratic US President Joe Biden plans to propose \$6 trillion in US federal spending for the 2022 fiscal year.

# Community leaders allege graft in relief schemes

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The representatives of the local government embezzled a portion of the reliefs, Khanom alleged.

The CPD and the Oxfam have been implementing a project titled "Enhancing the participation of CBOs and civil society organisations in democratic governance in Bangladesh" with support from the European Union for the past three years.

Jahanara Begum, chairman of the Human Rights Committee at Dimla of Nilphamari, alleged that the chairmen and members of union councils had not provided assistance properly to the poor under the vulnerable group feeding (VGF) programme.

Amina Akhter, who hails from Mohonganj of Netrokona, said many solvent households had managed to secure relief along with the poor households.

Md Sujaul Islam Suja, president of the Rowmari upazila press club, said although adequate government supports were available during the pandemic, the assistance went to the same persons because of the absence of a database.

A total of 2,600 households were selected for the survey, which was carried out in January and February. Twenty-four focus group discussions took place to verify the information gathered.

The survey covered the beneficiaries eligible to receive aid from three relief programmes: cash support to Tk 2,500 to 50 lakh households, and food (rice) distribution, and cash support under gratuitous relief (GR).

A high level of influence of acquaintance with local government representatives was cited in connection with the selection process, said Mustafizur Rahman, a distinguished fellow of

the CPD, in his keynote paper.

"Transparency is vital while providing relief supports, and there has been some lack of transparency."

The government had initially decided to give cash support to 50 lakh families whose breadwinners lost jobs because of the pandemic-induced slowdown. It extended the support to 36 lakh families after removing fake beneficiaries.

Among the respondents whose income declined because of the pandemic, 77.3 per cent did not receive GR (rice), GR (cash), and Tk 2,500 cash support, the survey report said.

A large number of workers in the informal sector remained outside the three relief programmes.

Only 20.6 per cent of day-labours received the support, while it was 32.3 per cent among the respondents who make a living by pulling three-wheeler rickshaws and vans, the survey found.

"Many of the new poor were excluded from the three packages. These people did not previously belong to the poor category. They lost their incomes during the pandemic," Rahman said.

There was hardly any scope for self-selection for the three programmes, the report said.

As a result, the share of beneficiaries who had applied on their own and got selected was significantly low, accounting for only 1.4 per cent in the case of the GR (rice) relief programme, 1.5 per cent for GR (cash), and 7.6 per cent for the cash support scheme.

The dissemination of information about the hotline was inadequate as only 1.6 per cent of the beneficiaries were aware of the telephone numbers set up to support them, Rahman said.

A lack of an updated database had severely constrained the quality of delivery of the social

safety net programmes, according to the survey.

The absence of a central database for distributing relief packages was affirmed by government officials as well, Rahman said.

The deputy commissioners tried to update the poverty database prepared by the Bangladesh Bureau of Statistics in 2014 to select the beneficiaries for the relief schemes.

Md Enamur Rahman, state minister for disaster management and relief, said people raised no complaints about the ongoing relief programmes.

AB Tajul Islam, a lawmaker and the chairman of the parliamentary standing committee on the ministry of disaster management and relief, said corruption in the relief scheme had lessened to a large extent during the pandemic.

Shameem Haider Patwary, another lawmaker and a member of the parliamentary standing committee on the ministry of law, justice and parliamentary affairs, recommended the relief distribution be based on the poverty scenario of each district.

Debapriya Bhattacharya, another distinguished fellow of the CPD, said there was a lack of government and private initiatives to tackle the second wave of the pandemic.

"The CBOs, NGOs, and media should work together with the government to ensure transparency, accountability and monitoring in relief distribution."

M Abu Eusuf, professor of the department of development studies at the University of Dhaka; Anir Chowdhury, policy adviser to the Access to Information programme; Tanvir A Mishuk, managing director of Nagad; Fahmida Khatun, executive director of the CPD; and Dipankar Datta, country director of the Oxfam in Bangladesh, also spoke.

## Agri-machinery makers may get 10-year tax break

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The market for agricultural machinery and their spare parts is also increasing because of the government's generous support to farmers to help them buy certain machines.

The government pays for 70 per cent of the prices of a number of machinery bought by farmers in haor and coastal regions.

Growers in the rest of the country get 50 per cent of the price as subsidy to buy machinery under a Tk 3,020 crore project.

Prof Md Monjurul Alam of the Department of Farm Power and Machinery of Bangladesh Agricultural University (BAU), said most of the agricultural machinery used for cultivation were imported and any tax-break would be instrumental in encouraging manufacturing in the country.

Local agriculture machinery makers can manufacture pumps and threshers. Local firms also meet the requirement for nearly 60 per cent of spare parts, he said.

"We should encourage local manufacturing even under joint ventures for technology transfer. It is needed for our own capability to meet domestic requirement. There is also the prospect of export of small machinery as China has shifted to making bigger ones," he said.

The National Board of Revenue (NBR), since fiscal 2016-17, has been offering one per cent tariff on import of certain spare parts to support domestic manufacturing of power tillers, power

threshers, power reapers and power seeders based on fulfilment of certain conditions.

Alam said the benefit was effective and the latest plan would be a big booster for domestic production and increase the pace of mechanisation.

The agricultural machinery market is around Tk 14,000 crore, he said.

For locally grown vegetables and fruits, there has been progress in processing and entrepreneurs are exporting various processed foods abroad. There is scope for processing as a quite good amount of produce are lost in absence proper post harvest management, preservation and processing.

During the peak harvesting season of vegetables, for instance tomato, farmers still cry out for fair prices as supply outpaces demand.

In recent years, dairy farming has increased too while local processors are adding dairy products in their list of production and marketing.

Md Rakibur Rahman, senior vice president of Bangladesh Dairy Farmer Association (BDFFA), said dairy products account for 10 to 15 per cent of people's regular consumption.

"We see a lot of imported dairy products in the market. Tax benefit will encourage entrepreneurs," he said.

Bangladesh imported Tk 2,900 crore-worth milk and dairy products in fiscal 2019-20, showed data from Bangladesh Bank.

Officials of the finance ministry said the NBR

may tag conditions that businesses would need to use locally grown fruits and vegetables to claim the tax exemption benefit.

"It is fine if we are to source the main raw materials locally. But we use many ingredients and additives that are produced locally. In such case, we should be given scopes for import," said Syed Md Shoaib Hasan, vice president of Bangladesh Agro-Processors Association (BAPA).

"We also lag behind in packaging. And because of shortcomings we cannot fully utilise our export potential. The government should provide duty benefit for packaging materials and reduce value added tax to promote exports," he said.

Currently, the NBR offers progressively declining tax breaks to agri-machineries, locally produced fruits and vegetables processing for five to 10 years depending on the location of the manufacturing units.

Factories in Dhaka and Chattogram divisions are entitled to tax breaks at a declining rate for five years if they begin commercial production between July 1, 2019 and June 30, 2024.

Firms in other divisions will get 10-year benefit while the rate of exemption declines gradually to be phased out on the 11th year.

The finance ministry official said the new plan is to offer full tax exemption for 10-year instead of present reducing rates depending on locations of the facilities.

## AC sales triple as temperature soars

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"Moreover, the price is affordable for the middle-class. As the middle-class is expanding, the sales of ACs is increasing."

Existing ACs have advanced features like saving energy and protecting the rooms from dust and harmful virus and bacteria, he said. "This is helping AC sales even during the coronavirus pandemic."

Walton has introduced some new models of inverter ACs with a dual defender, ioniser, and UV (ultra-violet) care features to keep the room free from any virus or bacteria, said Augustin Sujan, senior additional director of the company.

Currently, Walton is running Digital Campaign Season-11. Under the campaign, customers are getting a free freezer or sure cashback. "As a result, the sales have gone up," Sujan said.

Walton has targeted to sell 175,000 AC units in 2021.

At present, the local company is manufacturing and marketing more than 27 models of one tonne, 1.5 tonnes, and 2 tonnes split-type AC.

Saikat Azad, deputy general manager for marketing at Transcom Digital, said the

company posted about 250 per cent higher sales in April and May.

During the lockdown period, the preparation for home delivery was better this year compared to last year, which drove the AC sales up, he said.

Transtec Digital retails ACs of Hitachi, Panasonic, Whirlpool, Samsung, and Transtec brands.

Raziur Rahman, senior manager for marketing communication of Singer Bangladesh, said despite the challenges posed by the pandemic, the sales of Singer ACs were reasonably good during this summer.

"The demand has shot up since we have started offering flat 10 per cent discount on all models of inverter and other ACs."

The growth of AC sales was impressive this summer compared to 2020, said Md Manzurul Karim, general manager of Esquire Electronics, the authorised sole distributor of Japanese giant electronics brands General and Sharp.

Retailers say the sales of ACs will reach seven lakh units in 2021 as the year is hotter compared to the previous year. The market size will expand to Tk 5,000 crore, from Tk 4,500 crore in 2019.

## Health insurance comes in handy

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But when one member of a family falls ill seriously, the whole family is in danger," said Ahsan.

He thinks people should avail themselves of health insurance when they are young as the premium would be lower than those who open policies at a much older age.

Ahsan has opened two policies: one for hospitalisation and the other for accidents. The policy on hospitalisation covers several major diseases.

"First of all, you get health protection as a result of buying an insurance policy. At the same time, your savings are also growing."

The lower interest rate offered by banks also makes health insurance attractive.

"If you look at it from the viewpoint of long-term deposits kept with banks, you will be doubly benefitted," said Hasina Sheikh, a professor of the banking and insurance department under the University of Dhaka.

If policyholders do not encounter any loss, a situation anyone will be comfortable with,

they will still benefit at the end of the maturity period.

"When it comes to investment, it is a smart choice," she added.

Prof Md Main Uddin, chairman of the banking and insurance department at the University of Dhaka, said insurance could not be directly compared with the money saved at banks, invested in the stock market, and used to buy land and other properties.

"It is a kind of investment where you are putting your money in insurance. In this sense, you are getting health coverage, and you will get back an amount of money when the policy matures."

Saifur Rahman, head of communications of MetLife Bangladesh, one of the leading life insurance companies in Bangladesh, said the policy should be bought depending on the flow of income.

Many a time, people cannot continue policies because of financial trouble.

"People will have to keep in mind the financial condition while subscribing to a policy

because you have to continue it for a long period," Rahman said.

If someone discontinues a policy before maturity, the money deposited is returned after deducting a portion as per the rules of the insurers.

Rahman advised potential customers to know well about the financial capability of insurers whether they can meet the insurance claim.

Currently, there are 78 insurance companies in Bangladesh. Of them, 32 are life insurers and 46 non-life insurers. But there is not much in terms of product diversity.

Shubasish Barua, head of impact business at Green Delta Insurance Company, said interest in health insurance had grown since the coronavirus pandemic hit the country in March last year.

"The number of clients in our company has increased by 15 per cent. Our clients in the corporate segment have grown. There is also a demand for individual health insurance. But that is not significant," he said.

## Farmers to get loans to buy machinery

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"Our objective is to make agricultural machinery locally in phases. At present, most of the equipment has to be imported from abroad. We want to reduce it. In addition, we are emphasising on local manufacturing of spare parts and repair factories to increase employment at the local level," he said.

The minister called upon the manufacturers and importers of agricultural instruments to come forward in this regard.

At the meeting, the manufacturers and importers of agricultural machinery demanded bank loans for them. They also

urged the government to provide loans to farmers and distribute agricultural instruments to small village entrepreneurs to expedite the mechanisation of agriculture.

The minister further said the present government under the leadership of Prime Minister Sheikh Hasina has taken and implemented various initiatives to modernise and make agriculture profitable through mechanisation.

"The Tk 3,020 crore agricultural mechanisation project is a unique example of this. There will be a new revolution in agriculture in the country," he added.

## Beximco returning debenture dues of 2005

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issued by Beximco Limited, where, ICB has been working as Trustee," the DSE said in post yesterday.

In this regard, debenture holders are requested to communicate with documentary evidence with the ICB, it added.

After inclusion of new leadership in the BSEC, the regulator has taken initiatives to return the funds that were raised by eight debentures of many companies about 30 years ago, totalling Tk 150 crore.

Eight debentures -- Bangladesh Luggage

Industries, Bangladesh Zipper Industries, Beximco Knitting, Beximco Fisheries, Beximco Textiles, Beximco Denim, Aramit Cement and BD Welding Electrodes -- were listed with Dhaka Stock Exchange (DSE) back in the 1990s.

And although their tenures ended in between 2002 and 2008, the issuers did not repay the capital raised through investors.

All the issuers will have to pay back the investors, said a top official of the BSEC seeking anonymity.

They will return the money in phases, he added.