

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
0.50%	0.37%	\$1,876.64	\$72.69	0.33%	0.03%	0.14%	0.58%	83.95	100.59	117.54	12.89
6,036.05	10,554.85	(per ounce)	(per barrel)	52,474.76	28,948.73	3,157.97	3,589.75	84.95	104.39	121.34	13.55



Star BUSINESS

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BB tightens rules to restore discipline in import financing

STAR BUSINESS REPORT

The central bank yesterday drew up a detailed guideline on post-import financing (PIF) to end the misuse of loans extended to pay for imported goods and bring discipline in the foreign exchange regime in the banking industry.

Previously, some delinquent borrowers frequently used the PIF window to siphon off money from lenders, compelling the Bangladesh Bank to prepare the guideline, said a central banker.

Under the PIF, banks extend loans to importers to help them pay the cost of the imported items within the stipulated time. This gives importers the opportunity to repay it after selling products.

Conventional banks earlier used to treat such financing as loans against trust receipts, while Shariah-based banks called it Murabaha trust receipts.

The central bank has asked banks to cite the lending product as PIF going forward, according to a BB



STAR/FILE

The Bangladesh Bank head office is seen in Motijheel, Dhaka. The BB has asked banks to verify whether clients meet all conditions as per banking norms before they are allowed to enjoy the post-import financing facility.

notice yesterday.

Importers have to pay back the loans under the facility within three months for consumer goods and six

months for industrial raw materials as per the previous instruction of the central bank.

Now, banks will be allowed to extend the repayment tenure by a month for consumer products and two months for industrial raw materials. Banks will have to take approval from their boards for such extension.

There have been many examples that clients had not repaid the loans taken under the PIF on time, the BB official said.

The delinquent borrowers converted their PIFs into term loans

by having them rescheduled. At one stage, the term loans defaulted, meaning the importers did not repay the loans despite selling their imported products, creating a problematic situation.

Banks have so far disbursed nearly Tk 52,000 crore in the form of PIF. A large portion of the fund is in the defaulted zone, the official said.

Mir Nasir Hossain, a former president of the Federation of Bangladesh Chambers of Commerce and Industry, said that everything should be done based on the bank-customer relationship. "If banks do not follow the rules, corporate governance in the banking industry will not improve," he said.

The central bank has asked banks to formulate a policy on the PIF following consent from the board.

Businesses that are owned by the same person will not be eligible for the PIF facility.

Banks will have to follow the BB guidelines on risk management and internal credit risk rating system before lending under the PIF.

The central bank asked banks to verify whether clients meet all conditions as per banking norms before they are allowed to avail of the facility.

Importers will have to keep mortgage with banks against the loans.

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Banks face IT audits

Objective is to determine their cyber security strength

AT A GLANCE

- Digital Security Agency will carry out audits
- State-owned banks will be audited initially
- Rupali Bank set to be the first lender to undergo audit
- Among private lenders, Brac Bank will be audited first
- In February last year, IT audit was piloted on Sonali Bank



SHAHID BAPPY and AKM ZAMIR UDDIN

The ICT Division will likely commence an IT audit on banks next month to measure their capability to thwart cyberattacks as growing digitalisation and remote working arrangements have augmented the financial sector's exposure to online crimes.

The Digital Security Agency, a wing of the ICT Division responsible for tackling cyber threats, will carry out the audit as most banks are vulnerable to cyber-criminals in the absence of an effective security system.

Tarique M Barkatullah, director of operations at the Agency, said almost all the preparations needed to begin the audit are complete.

"The agency will commence the audit within the next two months. We have already arranged several meetings with the stakeholders to conduct it."

Banks in Bangladesh are increasingly

embracing digital banking means by rolling out various retail banking products. For instance, many banks have already introduced app-based banking, enabling clients to carry out banking activities online. In addition, some banks are setting up cash recycling machines to replace the existing automated teller machines at a fast pace.

The ongoing coronavirus pandemic has given a boost to these digital initiatives as they help people settle transactions without having to visit their local branches.

Against this backdrop, there is a strong requirement to strengthen IT security in the banking sector.

S&P Global ratings firm has said banks are key targets as direct sources of finance, because of their key infrastructure role and also their possession of a wide range of sensitive personal data, according to Reuters.

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Price hike of essentials weighs on 90pc people

Say speakers at CAB webinar

STAR BUSINESS REPORT

Around 90 per cent of people of Bangladesh are forced to buy low-quality products when the prices increase as their incomes do not go up in keeping with the upward movement of basic items' prices, speakers said yesterday.

"As the prices of goods increase, the income does not go up, which puts pressure on the family.

As a result, mental and intellectual development is disrupted," said Rajekuzzaman Ratan, the general secretary of the Samajtantrik Sramik Front.

He said 90 per cent of the population faced pressure when prices of essential items rose.

"They compromise with the quality of food and suffer from malnutrition. This impacts the next generation."

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Experts demanded a permanent wage commission to restore consistency between market price and wage.

STAR/FILE

Development spending will barely impact youths

Says Sanem in its analysis

STAR BUSINESS REPORT

Only 14 per cent allocation of the annual development programme for the fiscal year of 2021-22 will directly contribute to the development of youths although they make up a majority of the population, according to a think-tank yesterday.

"Sixty per cent of projects will have no positive impact on youths," said an analysis of the South Asian Network on Economic Modeling (Sanem).

The research organisation shared the findings of its analysis at a webinar



on "National Budget 2021-22 from Youth Perspective", jointly organised by the Sanem and ActionAid Bangladesh yesterday.

While comparing the ADP allocation in the budget and the planned ADP allocation in the 8th Five-Year Plan, Sanem Senior Research Associate Eshrat Sharmin

said several key ministries, including the Ministry of Primary and Mass Education, the Ministry of Youth and Sports, the Information and Communications Division and the Health Services Division, had received smaller budgetary allocations than planned.

In particular, the ADP allocation for the Department of Youth Development has seen a massive reduction in the latest budget, from Tk 42.6 crore in FY20-21 to Tk 1.9 crore in FY21-22.

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Facebook gets VAT registration

STAR BUSINESS REPORT

Social media giant Facebook yesterday received the value-added tax registration from the National Board of Revenue after two years of stalemate.

Three entities of Facebook - Facebook Technologies Ireland Ltd, Facebook Ireland Ltd, and Facebook Payments International Ltd - got the Business Identification Number (BIN) from the Dhaka South VAT Commissionerate, said Pramila Sarker, additional commissioner of the field office.

Facebook's move comes nearly two weeks after Google and e-commerce company Amazon's secured the BINs.

In July 2019, the NBR made it



mandatory for tech giants to either set up offices in Bangladesh or appoint agents so that the government can collect VAT on the advertisements and other services provided by them to local firms.

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Ring Shine to resume partial production

STAR BUSINESS REPORT

Shareholders of Ring Shine Textiles were all smiles after news broke that the company would partly resume production after about nine months' closure.

As a result, the listed garment exporter's stocks rose by around 1 per cent to Tk 11.

In a disclosure on the Dhaka Stock Exchange (DSE) website, the company said it would resume production from June 13 at 25 per cent of its full capacity.

The factory lay-off was also accordingly withdrawn yesterday. Citing the economic turmoil brought about by the ongoing coronavirus pandemic, Ring Shine declared a lay-off last September.

The Bangladesh Securities and Exchange Commission had

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BSCIC launches one-stop service

STAR BUSINESS REPORT

Bangladesh Small and Cottage Industries Corporation (BSCIC) inaugurated its "one-stop service" yesterday to attract domestic and foreign investment.

The service would help businesses get trade licences, land registration, naming, environmental clearance and many other certificates from BSCIC.

Businesses can now apply online and get

these services from a single platform.

"BSCIC has entered into a new era with the inauguration of the One Stop Service Centre.

There is no alternative to one-stop service in building a Digital Bangladesh," said Nurul Majid Mahmud Humayun, industries minister, after launching the service at a function at InterContinental Dhaka.

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Heartfelt Congratulations to

BANGLADESH GARMENT MANUFACTURERS AND EXPORTERS ASSOCIATION (BGMEA)

for receiving the prestigious

2021 USGBC LEADERSHIP AWARD

as a recognition for the exemplary leadership in developing Bangladesh as the home of the highest number of green garment factories in the world.

143

LEED Green Readymade garment factories certified by the U.S. Green Building Council (USGBC)

41
PLATINUM

89
GOLD

12
SILVER

PACIFIC JEANS