STOCKS			COMMODITIES		ASIAN MARKETS				CURRENCIES (STANDARD CHARTERED BANK)				
DSEX	CSCX		Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI		USD	EUR	GBP	CNY
▲ 0.14%	▼ 0.03%		$1,862.00 (per ounce)	▲ $73.82 (per barrel)	▲ 0.42%	▲ 0.96%	▲ 0.69%	▼ 0.92%	BUY TK	83.95	100.74	117.58	12.87
6,022.31	10,513.14				52,773.05	29,441.30	3,174.87	3,556.56	SELL TK	84.95	104.54	121.38	13.54

Star BUSINESS

DHAKA WEDNESDAY JUNE 16, 2021, *ASHAR 2, 1428 BS* ● starbusiness@thedailystar.net

Bad loans rise as payment holiday ends partially

AKM Zamir Uddin

Defaulted loans went up substantially in the first quarter of 2021 after the central bank partially withdrew the moratorium facility, which had barred banks from downgrading the credit status of borrowers even if they failed to pay instalments regularly.

Non-performing loans (NPLs) stood at Tk 95,085 crore in March, up 7.1 per cent from three months earlier and 2.8 per cent year-on-year, data from the Bangladesh Bank showed.

Analysts say the volume of the bad loans would have been much higher had the central bank brought a complete end to the payment holiday, which was introduced in late March last year to help businesses ride out the unprecedented crisis.

The facility continued throughout 2020 as the pandemic showed no signs of disappearing.

In March this year, the central bank, however, asked banks to extend the repayment deferral support until the first quarter of 2021 based on the bank-customer relations.

The BB allowed the borrowers who took three categories of loans – term, demand and working capital – to enjoy the loan deferral support.

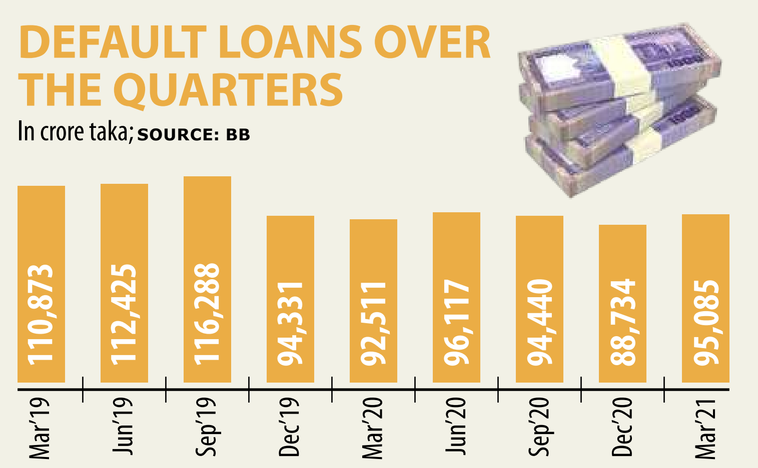
"Default loans will escalate in the months to come as businesses are still facing the slowdown," said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh.

AT A GLANCE

- Partial withdrawal of moratorium pushes up defaulted loans
- Business slowdown contributes to NPLs
- Feeble recovery of fund worsens banks' health

EXPERTS' OBSERVATIONS

- NPL may rise further in future
- Banks should keep adequate provision to absorb shock



Many businesses are going through a hard time due to the economic slowdown, which pushed higher the NPLs in the first quarter.

The defaulted loans accounted for 8.07 per cent of the outstanding loans of Tk 11,77,658 crore in the banking industry in Bangladesh in March. The ratio was 7.66 per cent in December.

Businesses are not keen to expand their footprint given the worsening coronavirus situation, meaning the depressing situation in the business sector would continue in the coming months.

"Banks should fortify their provisioning base to absorb the shock deriving from the slowdown," said Mansur, also a former official of the International Monetary Fund.

Analysts say the volume of bad loans would have been much higher had the central bank brought a complete end to the payment holiday, which was introduced to help businesses ride out the pandemic

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, said that banks had failed to treat many loans as defaulted in 2020 due to the moratorium.

"Lenders have started treating the loans as NPLs after the central bank withdrew the facility partially," he said. On top of that, some borrowers entered the defaulted zone due to the pandemic, he said.

The country's small and medium enterprises have been hit hard by the pandemic, and a good portion of the loans disbursed to the segment had already become NPLs, Rahman said.

"The upward trend of defaulted loans will continue if we can't stop the spread of Covid-19."

Md Arfan Ali, managing director of Bank Asia, said some borrowers who fared well during the pandemic had kept paying instalments regularly.

"Some habitual defaulters misused the central bank facility," he said, adding that the moratorium support should not be extended in the greater interest of the economy.

Only the pandemic-hit borrowers should be allowed to avail of the moratorium, he said.

Nearly 49 per cent of the defaulted loans belonged to nine state-run banks, whose NPLs grew 2.59 per cent to Tk 47,537 crore in the January to March quarter, compared to the previous quarter.

The bad loans in 41 private commercial banks were up 3.64 per cent at Tk 45,090 crore. The NPLs for nine foreign banks rose to Tk 2,458 crore from Tk 2,038 crore during the period.

An aged society ahead

Country's development aspiration faces challenges, experts say

Star Business Report

Bangladesh is hurtling to become an aged society, a worrying sign as it will pose challenges to its development aspiration since there will be more elderlies and the days of cheap workers will be over.

"Only Singapore is ahead of Bangladesh in terms of the duration to be an aged nation from an ageing country," said Tomoo Hozumi, country representative of Unicef.

He spoke at a webinar on "Paying Forward and Investing in Children Now: Demographic changes in Bangladesh Trends and policy implications." The International Chamber of Commerce-Bangladesh (ICC-B) organised the event.

According to Hozumi, Bangladesh will turn into an aged nation in 18 years and Singapore by 17 years.

A country is considered an ageing nation if 7 per cent of the population are 65 years of age. If the rate doubles in the next seven years, it is called an aged society.

By 2029, Bangladesh will have 7 per cent of its population aged 65 and above, turning it into an ageing society. By 2047, it will become an aged country.

"The pace the ageing of Bangladesh's population is faster than even Japan," Hozumi said.

The rapid ageing of the population indicates that industrialisation will suffer and cheap labourers will start declining if proper investment is not made in the education and healthcare sectors now.

Bangladesh has been enjoying the demographic dividend since 1978, and as of 2021, the country has reaped 78 per cent of the dividend, Hozumi said.

READ MORE ON B3

Islamic Finance MD resigns amid graft allegations

BB probe finds gross violations of rules and regulations

AKM Zamir Uddin

Abu Zafore Md Saleh, managing director of Islamic Finance and Investment, has resigned over allegations of breaching rules and regulations in recruiting employees and enjoying financial benefits.

Abu Zafore Md Saleh

He resigned on June 7 following a Bangladesh Bank investigation into the non-bank financial institution (NBFI).

A central bank team carried out the probe in December last year when it found Saleh to have committed gross violations of the rules and regulations while appointing officials in different categories for the NBFI.

He also enjoyed festival bonus amounting to Tk 10 lakh in violation of the internal policy of the leasing company, according to the central bank probe report.

Saleh joined the NBFI in June 2018 and enjoyed the benefit before completing six months at the company.

He appointed some officials at the NBFI without any viva and evaluation, the report mentioned.

The management of the NBFI did not even publish any advertisement in the newspapers as is required in the appointment process.

Saleh also facilitated the NBFI board members in joining the recruitment process, which is a clear violation of central bank instructions. Despite all this, the board of directors of the NBFI renewed Saleh's job as his three-year tenure ended on June 7.

The board sent a letter to the central bank in May, requesting to give approval for Saleh to continue in his job for another tenure.

READ MORE ON B3

DSE sues Banco Securities

Customers' Tk 60cr went missing

Star Business Report

The Dhaka Stock Exchange (DSE) has filed a case against Banco Securities on discovering a shortfall of Tk 60 crore in its consolidated customers' account.

Such accounts are meant to hold money which investors provide to a brokerage house to do trade with on their behalf. Whatever transactions made are supposed to add up in the balance.

The case was filed with Motijheel Police Station on Monday night, confirmed a top DSE official.

Earlier in the day, the premier bourse suspended Banco's trading activities on deciding upon it at a board meeting.

A DSE investigation on the brokerage firm is ongoing.

Preliminary findings were sent to the Bangladesh Securities and Exchange Commission (BSEC) and the stock market regulator recommended to suspend the trading and filing a case.

The regulator also asked to inform the relevant

READ MORE ON B3

Recruiting agencies face higher AIT

The tax burden may be pushed onto migrant workers

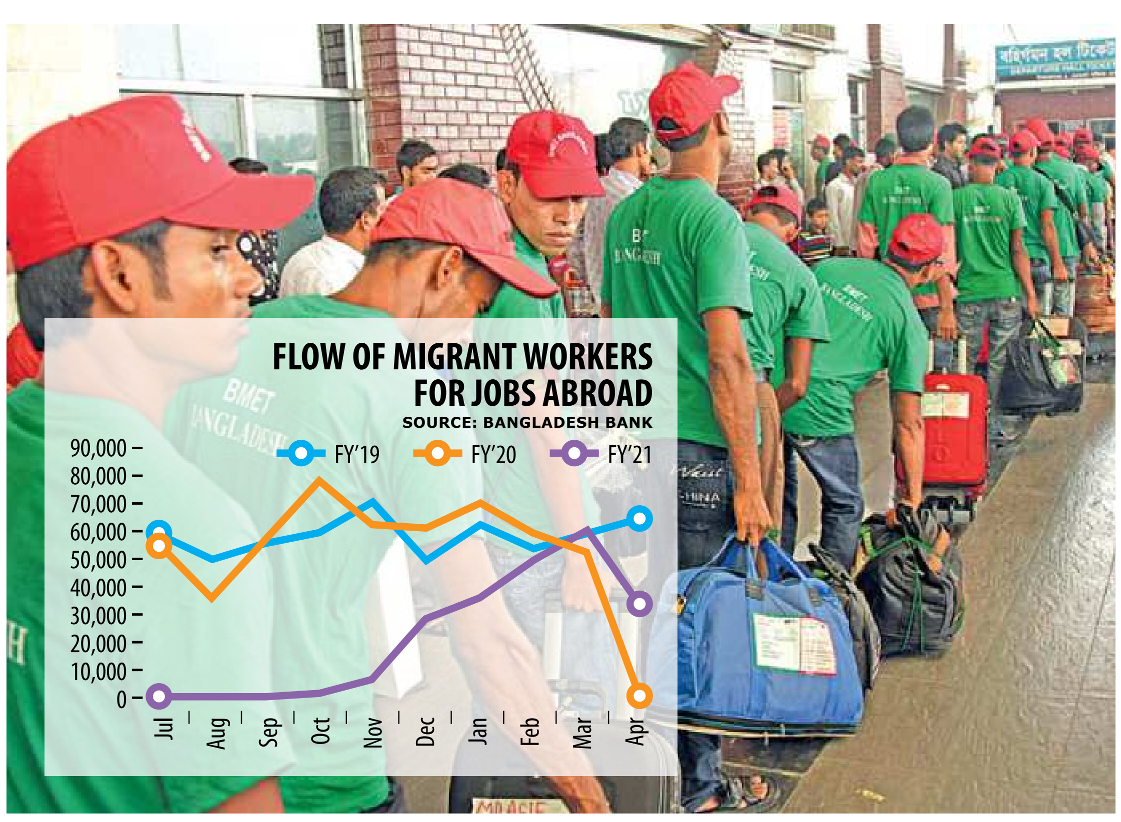
BUDGET REVIEW FY2021-22

Sukanta Halder

Recruiting agencies will have to pay higher advance income tax (AIT) on service charges or fees they earn from migrant workers going abroad, according to tax measures proposed by the National Board of Revenue (NBR) for the next fiscal year of 2021-22.

Recruiting agencies will be required to pay 10 per cent advance income tax for the next fiscal year of 2021-22 instead of the present 7.5 per cent of the outgoing fiscal year.

They will also have to pay Tk 50,000 when availing or renewing licences from the Ministry of Expatriates' Welfare and Overseas Employment, according to Finance Bill 2021 placed by Finance Minister AHM Mustafa Kamal in parliament on June 3.



The measure, once passed in parliament, will come into effect from next month with recruiting agencies and migration analysts saying that the agencies may pass on the burden of increased AIT to the shoulders of migrant workers going abroad for jobs.

And this will in turn will increase the cost of migration at a time when the outflow of workers for jobs has slumped and migrants are having to count higher costs for airfare and complying with health safety rules to safeguard against infections.

Workers going abroad have to pay anywhere between Tk 3 lakh and Tk 4 lakh for jobs and their combined numbers going abroad dipped 59 per cent year-on-year to 2.17 lakh in the July-April period of fiscal 2020-21, showed data from Bangladesh Bank.

At this point, the increased AIT will put a negative impact on the sector.

"We are just the service providers. If any tax is increased, migrant workers will ultimately

READ MORE ON B3

M Jamal Uddin

IDLC Finance gets new chief executive

Star Business Desk

IDLC Finance has recently witnessed the appointment of a new chief executive officer (CEO) and managing director (MD).

The appointee, M Jamal Uddin, has been serving the non-banking financial institution (NBFI) as its acting CEO and MD. He joined the company as a management trainee officer back in 1994.

Uddin is the first homegrown CEO of the IDLC with over 27 years of experience in the financial sector.

He obtained his BBA and MBA degree from International University, Missouri, USA.

"M Jamal Uddin's rise to the position of CEO and MD is well deserved, and showcases IDLC's strength in mobilising resources effectively for the future growth.

He has a distinguished track record of managing all business verticals during his stint as DMD, and is exceptionally capable of blending in," said Chairman Aziz Al Mahmood.

Stocks return to the black

Star Business Report

The stock market bounced back yesterday as investors came out from the profit booking tendency that prevailed for the last two days.

The DSEX, the benchmark index of the Dhaka Stock Exchange, rose eight points, or 0.14 per cent to 6,022.

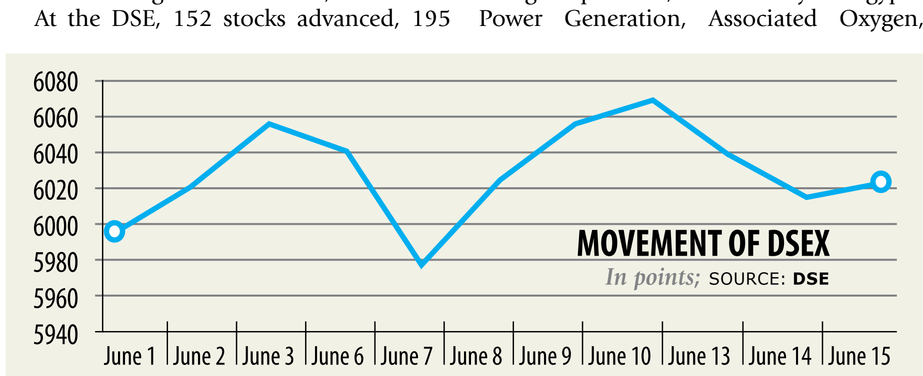
Turnover, an important indicator of the stock market, rose 16 per cent to Tk 2,032 crore.

Stock investors are pouring money into stocks which fell in the last two days, said a merchant banker.

This is a good sign for the market, he said, adding that the environment becomes vibrant when people invest in a falling market.

The buying pressure boosts the confidence of general investors, he added.

At the DSE, 152 stocks advanced, 195 declined, and 25 remained unchanged.



Salvo Chemicals topped the gainers' list, rising 10 per cent, followed by Energypac Power Generation, Associated Oxygen, S Alam Cold Rolled Steels, and Reliance Insurance.

Beximco Ltd became the top traded stock with shares worth Tk 96 crore changing hands, followed by Pioneer Insurance, National Polymer, Pragati Insurance and Lub-rref.

Intech Ltd fell the most, dropping 5.92 per cent, followed by Bangladesh National Insurance, NRB Commercial Bank, Union Capital and Delta Life Insurance.

However, the Chittagong Stock Exchange experienced a fall. The CASPI, the general index of port city bourse, fell 1 point to 17,464.

Among the 314 traded stocks, 118 rose, 167 dropped and 29 remained the same.

COLLECTED

ACI Motors Managing Director FH Ansarey and Executive Director Subrata Ranjan Das handed over a Foton ambulance to Bangabandhu Sheikh Mujib Medical University Vice Chancellor Prof Sharfuddin Ahmed at the university in the capital recently. Md Ali Noor, secretary to the Medical Education and Family Welfare Division, was present.

WALTON

Golam Murshed, managing director of Walton Hi-Tech Industries, hands over a cheque worth Tk 3 crore to Ahmad Kaikaus, principal secretary to the prime minister, as a donation to the premier's relief fund at the Prime Minister's Office recently. Prime Minister Sheikh Hasina attended the function virtually from her official residence Gono Bhaban.

COLLECTED

Abdullah Al-Mahmud, chairman of Crystal Insurance Company, virtually presided over its 21st annual general meeting in Dhaka recently. The company approved 10 per cent cash dividend for 2020.

Sydul H Khandker, managing director and CEO of mobile financial service provider upay, and Mahtab Uddin Ahmed Chowdhury, chairman and managing director of Falcon Group, signed an agreement at the former's head office in Gulshan, Dhaka recently facilitating monthly salary disbursement of the latter's employees. Md Nur-E-Alam Siddiquee, chief financial officer, Saad Mohammad Faizul Karim, director (Business Sales), and Biplab Banerjee, director (Distribution Sales) of upay, and Dulal Chandra Sarker, general manager of Falcon Group, were also present.

UCB FINTECH COMPANY

LafargeHolcim joins hand with HSBC in payments automation

Star Business Desk

The Hongkong and Shanghai Banking Corporation (HSBC) recently implemented a host-to-host connectivity with LafargeHolcim Bangladesh by integrating their enterprise resource planning system with HSBC connect.

The HSBC's Bangladesh-based system integration, coupled with a wide range of payment products, will help the LafargeHolcim disburse its commercial and statutory payments and reduce cost, potential manual errors and other operation risks, says a press release.

Leveraging this host-to-host connectivity, the LafargeHolcim will now be able to initiate all kinds of local disbursements over an encrypted network and also allow fully automated file transfer to and from the HSBC along with account reporting and statement delivery.

"LHBL was looking for an STP payment solution with an objective to eliminate human intervention in the payment process, increase payment security aligned with their internal compliance policy and also to reduce the workload in reconciliation process," said Rajesh Surana, CEO of the LafargeHolcim.

"HSBC came up with host-to-host style (fully automated) file transfer solution interfacing with LHBL ERP (SAP), supporting BEFTN, RTGS, HSBC to HSBC fund transfer transactions and our demand was fully met. Now with a single connection between LHBL ERP and HSBC Connect, we are able to make disbursement, both on real time basis and also through scheduled batch payments, which is saving us time and is reducing human error," he said.

"As a global bank, HSBC has been investing in technology for a long time to boost the productivity of the financial operations of our customers. We want to enable simple, fast and secure payments for our customers through our technology propositions," said Md Mahbub ur Rahman, CEO of HSBC Bangladesh.

Emergence of central bank digital currency and Digital Bangladesh

FROM PAGE B4

The Reserve Bank of India (RBI), the central bank, has started internal discussions on the prospect of introducing a sovereign-backed digital currency that will be controlled by it. The finance ministry of the government of India are preparing a bill called "The Cryptocurrency and Regulation of Official Digital Currency Bill, 2021" to define the framework for regulating digital currencies – both those issued by the RBI and other entities.

Four years ago, leading public cryptocurrencies such as bitcoin already demonstrated the power of decentralised and democratised monetary control that was neutral to any financial jurisdiction. While the underlying technology of blockchain helped make this possibility a reality for the first time in the history of fiat money, the role of central banks would have been undermined significantly if such cryptocurrencies became mainstream currencies.

Central banks manage the supply of fiat money using various economic policies, such as interest rates, to catalyse economic growth and keep commodity prices under control. Printing money, on paper or digitally, allows central banks to operate with higher flexibility for inflation, targeting and sustaining economic growth.

Public cryptocurrencies such as bitcoin lack that feature due to their decentralised structure and algorithmic control.

CBDC is expected to return that control to central banks as they would be able to design and implement their own algorithms to manage the money supply, thereby influencing most of the financial instruments in the market.

However, CBDC also comes with a business risk for operators in the financial market, such as commercial banks. Today, banks play the most important role in the distribution and collection of money to and from the common people, although the money is printed and issued by the central banks.

Once a central bank starts issuing a digital currency for its public, the money can directly reach individuals from the central bank's system through digital means. The role that commercial banks play today in the supply and collection of money may get diluted significantly if the central bank decides to host all issued digital currencies on behalf of individuals.

At the individual level, the question of overexposure of personal financial information to the government may thus arise.

Today, an individual can maintain multiple accounts with multiple commercial banks, and the central banks usually don't attempt to collate this information to build a financial profile of that individual. If CBDC gets hosted by the central bank, it will become a single repository of financial information on an individual. Modern analytics tools could then build financial profiles of individuals quite easily.

While such possibilities may appear to be business and individual risks, it is unlikely that central banks will undertake such a centralised infrastructure development exercise. While central banks control the algorithm of currency issuance and acceptance fully, they will likely allow commercial banks to operate as currency depository participants under the digital regulatory framework.

Bangladesh's CBDC may bring enormous benefits in terms of its digital aspirations and for its young population. With the country's high teledensity and a growing number of mobile internet users, it will be easier to cover a large population of the country with the rollout of CBDC.

The young age of Bangladesh's population and the higher rate of literacy among this group will also be helpful in adapting to new currency transactions easily. Unlike public cryptocurrencies like bitcoin, Bangladesh's CBDC will likely be useful to the common people, who will be able to use it for their regular buying and selling activities. Retail transactions are likely to get faster and cheaper.

For the central bank, commercial banks, and other direct and indirect operators in the financial markets of Bangladesh, the time has arrived to upskill themselves with this new paradigm of digital currency.

Bangladesh has demonstrated its capability to scale up effectively in multiple areas of financial transactions such as mobile money transfer. However, getting ready for this new paradigm of money and its nationwide rollout will require comprehensive planning and effective execution of the plan.

Setting up a task force with professionals from financial institutions, technology organisations, and academia may be a good first step.

The writer is a partner at PwC. The views are personal.

India to expedite Amazon, Flipkart antitrust probe

Reuters, *Delhi*

India's antitrust watchdog plans to expedite a restarted probe into allegations of anti-competitive behaviour at Amazon.com Inc and Walmart Inc's Flipkart, as it intensifies scrutiny of big-tech firms, two people close to the matter said.

The comments come as major US technology firms including Twitter Inc and Facebook Inc are at loggerheads with the government over issues such as data privacy bills and policies some industry executives have called protectionist. The Competition Commission of India (CCI) initiated a probe in January last year on the basis of a complaint alleging Amazon and Flipkart promoted select sellers on their e-commerce platforms and that deep discounts stifled competition.

COLLECTED

RK Banerjee, assistant general manager of Quazi Enterprise, and Brand Manager Nahida Begum handed over safety kits to Dhaka Medical College Hospital Director Brig Gen Md Nazmul Haque, Kurmitola General Hospital Director Brig Gen Jamil Ahmed, Dhaka Metropolitan Police Deputy Commissioner Tutul Chakrabarty and Salman Khan Yasin, manager (image and communications) of Bidyanondo Foundation, recently.

COLLECTED

Bangladesh Local Guide, a Google map-based volunteer community, celebrated its 7th anniversary with select members from across the country at the Project Hilsa restaurant in Shimuliya of Munshiganj recently. Project Hilsa Director Taslim Ahmed and CEO Sukanto, Omera Solar CEO Masudur Rahim, Exxas General Secretary Junaid Quader Rush and Abdul Gaffar, engineer of Solar Land Bangladesh, were also present.

Fed walks tightrope between big jobs gap and rising inflation

REUTERS, *Washington*

Federal Reserve officials meet this week faced with ongoing tension between their two main goals, as inflation rises faster than expected even with millions of Americans still unemployed more than a year after the onset of the coronavirus pandemic.

In a new policy statement and economic projections due on Wednesday, the US central bank is expected to point to continued strength in the economy and acknowledge the first conversations among its policymakers about when and how fast to pare back the massive bond-buying program launched in 2020 to help battle the recession triggered by the pandemic.

Policymakers will also update their views on when the Fed should raise its benchmark short-term interest rate from the current near-zero level, with markets focused on whether the core group of central bank officials shift a first expected rate increase into 2023 from 2024, where it stood as of the last round of projections in March.

The Fed will be treading a fine line, having made a strong commitment to use its monetary policy tools to regain the jobs lost to the pandemic but aware of rumblings within its ranks over the possibility that the economy has healed faster and inflation rebounded more forcefully than expected - albeit with fewer workers involved.

While policymakers expect the current friction to dissipate as the complications of reopening the economy, rehiring workers, and restoring supply chains get worked out, the process may take months. If the Fed has misread the post-pandemic economic situation, it will be that much further behind in preparing for faster rises in prices, Donald Kohn, a former Fed vice chair, said last week at an American Enterprise Institute event.

The Fed's current focus on using loose monetary policy to try to generate ever more employment makes sense with so many people still out of work, Kohn said, but "is not designed to deal with the upside risk on inflation."

The last months of 2021, with the economy fully reopened and time to work out the kinks, "will be a critical test ... to see whether the hypothesis about easing supply constraints will be enough to keep inflation under control," Kohn said.

This week's two-day meeting is likely to mark the start of what the Fed hopes will be a smooth and gradual exit from the policies put in place to fight the pandemic, with its $120 billion in monthly asset purchases eventually reduced and then eliminated over time, followed later by a slow climb in interest rates. Throughout the pandemic, policymakers have said such a process would take years to complete.

Even recent high inflation readings have been seen by most at the Fed as an outgrowth of the economic reopening that would fade on its own without any need for a swift shift away from the wide-open monetary policy being used to support hiring and the incrementally tighter monetary policy, marked by higher borrowing costs, that would be used to slow the economy and keep prices under control.

REUTERS/FILE

The Federal Reserve building is pictured in Washington, DC, US.

RBI to focus on growth even as inflation breaches tolerance band

REUTERS, *Mumbai*

The Reserve Bank of India is unlikely to react yet to multi-month high retail prices as economic recovery remains its prime focus amid the deadly second wave of the pandemic, according to two senior sources aware of the central bank's thinking.

The annual retail inflation rate rose 6.30 per cent year-on-year in May, up from 4.29 per cent in April and sharply above analysts' estimate of 5.30 per cent. The wholesale price inflation rate rose 12.94 per cent, its highest in at least two decades.

"There is a broad-based increase in CPI inflation but it still is not driven by demand and that gives the RBI some leeway. They will continue to wait and watch as a rate hike is out of question for now," the first source said. India's economy grew 1.6 per cent in the March quarter compared with the same period a year earlier, but that was before a massive second wave of infections hit the country which prompted fairly stringent lockdowns across most states causing another round of job losses and a significant dent to demand.

Asia's third-largest economy has now reported 29.57 million Covid-19 cases and 377,031 deaths, though some experts believe the actual numbers are far higher.

The central bank earlier this month reiterated its commitment to keeping monetary policy accommodative as long as necessary to revive and sustain growth on a durable basis. "There is no way RBI can react to inflation at this stage," a second source said.

"The maximum push is coming from margins, from supply disruptions, from cost push pressures...but if there is demand, (RBI) will have to react. But till now, we don't see evidence of demand pressures," he added. The RBI did not immediately respond to a request for comment.

At its last policy review, the RBI warned that high energy prices could stoke inflation. It also cut its GDP growth forecast to 9.5 per cent from 10.5 per cent for the current fiscal year.

"CPI inflation at 6.30 per cent is way above the general expectations and falsifies the claim that higher WPI does not imply higher CPI," said Rupa Rege Nitsure, chief economist at L&T Financial Holdings.

India's benchmark 10-year bond yield rose to an over six-week high of 6.04 per cent following the CPI data as traders worry the RBI will need to react to inflation sooner rather than later after it breached the RBI's 2 per cent-6 per cent mandated band.

"This outcome complicates the direction of monetary policy, however, the RBI is likely to stick with the US Fed's playbook on opting to pin this spurt on transient cost-push pressures and stay focused on the negative output gap," said Radhika Rao, economist at DBS Bank.

"Policy normalisation expectations are likely to be increasingly priced in as vaccination approaches critical mass in first half of 2022," she added.

Recruiting agencies face higher AIT

FROM PAGE B1

suffer as the burden will be passed on to them," said Shameem Ahmed Chowdhury Noman, former secretary general of the Bangladesh Association of International Recruiting Agencies (Baira).

Any tax that affects the sector should not be increased, he said.

A senior official of the NBR said the AIT to be paid by recruiting agencies could be adjusted with their total payable taxes. Hence, the cost to migrants should not go up, he added.

Noman said recruiting agencies were hit hard over the last one and a half years for the coronavirus crisis.

"We have to bear the cost of office rent, pay salaries for staff and bear other expenses regularly. Now I am bearing all the expenses by taking a loan. In this situation, we want cooperation from the government on how we can all keep the sector alive," said Noman, proprietor of Sadia International.

Shariful Hasan, head of the migration programme at Brac, said recruiting agencies transfer all the costs onto the migrant workers. "Therefore the increased tax burden is likely to hit the pockets of overseas job seekers," he said.

"Workers have to bear additional cost for Covid-19 and this is a bad time too for recruiting agencies. So this is not a good time for putting additional pressure on taxpayers," he said.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, however, said the market of recruiting agencies was competitive and any single firm would not be able to shift the additional tax onto jobseekers for risk of losing business to others.

An aged society ahead

FROM PAGE B1

"Investment in children is not a charity," said Syed Manzur Elahi, chairman of Apex Footwear Ltd, while speaking on the role of the private sector in reaping the demographic dividend.

The entrepreneur described the quality of primary education in the country as very poor, although primary schools were considered as the root of quality education.

"The quality of secondary level education is equally inferior."

He raised questions about the governance in the expenditure for the education sector.

"Many Bangladeshi companies hire foreign nationals because of the non-availability of local experts."

With a view to attaining sustainable development, it is necessary to invest in children so that they can deal with future challenges, said Mahbubur Rahman, president of the ICC-B.

"This priority is aligned with the Eighth five-year plan, which calls for prioritising investment in today's children."

Bangladesh needed to facilitate the growth of young girls and women so that they could play a productive role and utilise their potentials, said Rokia Afzal Rahman, a vice-president of the chamber.

In 1960, about 20 people of working age supported one senior dependent in Bangladesh. By 2020, the ratio came down to about 13 persons, she said.

"By 2040, six working-age people will support one senior dependent," said the former caretaker government adviser.

AK Azad, another vice-president of the ICC-B, said one of the wealthiest persons of Bangladesh died of coronavirus infections recently as a ventilator could not be managed for him.

"The incident exposed the ills of the health sector," he said, adding that 65 per cent of people bear the cost for healthcare from their own pocket.

"We need to do something for society."

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) and the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) should work to improve the skills of millions of youths so they could be employed in the future, he said.

Two million people enter the job market every year. "We need to manage decent jobs for them," said Faruque Hassan, president of the BGMEA.

Nihad Kabir, president of the Metropolitan Chamber of Commerce and Industry, lauded the life expectancy of Bangladesh as a success story.

The life expectancy in Bangladesh is 73 years, and it was 46 at the birth of the nation half a century ago.

She called for increasing budgetary spending on quality education and health for the young population.

Md Jashim Uddin, president of the FBCCI, also suggesting increasing public expenditure in the education and health sectors to build a healthy nation.

Mahbubul Alam, president of the Chattogram Chamber of Commerce and Industry, and Rizwan Rahman, president of the Dhaka Chamber of Commerce and Industry, also spoke.

Islamic Finance MD resigns amid graft allegations

FROM PAGE B1

But the central bank did not accept the request. Instead, it sent the probe's observations against Saleh to the NBFI.

The BB asked the NBFI on June 8 to rethink appointing Saleh for another tenure, mentioning the irregularities perpetrated by him.

The NBFI was also asked to provide its opinion on whether the interest of depositors would be protected if Saleh was reappointed.

On top of that, the central bank also sent another letter to Saleh on June 2, where the banking regulator asked him to respond to the allegations brought up through the BB probe report.

Against this backdrop, Saleh submitted his resignation letter on June 7, citing that for personal reasons he would not continue for another tenure.

Officials of the NBFI said Saleh had been compelled to resign from the post due to the central bank's action.

In addition, the NBFI board also asked him to discontinue his job due to the central bank's observation.

Anwar Hossain Chowdhury, chairman of the NBFI, sent a letter to the central bank on June 13, expressing gratitude to the BB for its efforts in informing them about Saleh's involvement in the irregularities.

He also mentioned in the letter that Saleh would not be able to influence the NBFI as he had resigned from the job.

Despite repeated attempts, Chowdhury could not be reached for comment.

Contacted, Maruf Mansur, acting managing director of Islamic Finance and Investment, declined to comment to this end.

The central bank probe report said Saleh had appointed a junior officer, whose age was more than 34 years, ignoring the employee service rules of the NBFI.

The age of a junior officer cannot cross 30 years, but he sidestepped the rule.

Another junior officer, whose age is also more than 30 years, was recruited at a higher salary than what was the usual practice.

Saleh also promoted an official of the NBFI as its chief financial officer (CFO) although that person did not have the required experience for the mentioned field, avoiding the rules.

He also appointed an official as head of human resources with a monthly salary of Tk 2.84 lakh.

The amount of salary is too much high given the financial health of the NBFI.

The central bank also accused Saleh of resorting to nepotism in the recruitment process.

Saleh did not respond to The Daily Star's requests for comment on the issue.

Total deposits in the NBFI stood at Tk 1,410 crore last year, up 7.55 per cent year-on-year.

Loans grew 5.14 per cent to Tk 1,307 crore. Default loans stood at Tk 48 crore last year, down 15 per cent from that of a year ago.

DSE sues Banco Securities

FROM PAGE B1

government authorities to bar top officials of the firm from going abroad.

Earlier on November 16, 2020, the BSEC barred Banco from subscribing to the initial public offering of Robi Axiata on finding that it had got deals in advance for trading Robi's shares.

Banco Managing Director Shamiul Islam could not be reached for comment as his cellphone was found switched off by the time this report was filed yesterday.

Govt scraps plan to phase out reconditioned cars

The government previously intended to phase out reconditioned car imports in a bid to encourage investments in local assembly and manufacture of motor vehicles. PHOTO: STAR/FILE

JAGARAN CHAKMA

The government has withdrawn its plans to phase out reconditioned car imports over the next five years considering the growing demand for private transport, according to the draft Automobile Industry Development Policy 2021.

The government previously intended to phase out reconditioned car imports in a bid to encourage investments in the local assembly and manufacture of motor vehicles.

But it seems the authorities have since backtracked on this decision as there were no such provisions in the draft policy approved by the cabinet on Monday.

The policy's main objective is to develop the domestic automobile industry by ensuring competence in engineering and the necessary facilities to produce all the required components.

It also emphasises on manufacturing environmentally friendly electric vehicles.

Currently, state-run Pragati Industries assembles cars of Japanese automaker Mitsubishi Motors while PHP Motors, a concern of the PHP Family based in Chattogram, cars made by Malaysia's Proton Holdings Berhad.

Besides, Indian automotive giants Tata Motors and Mahindra & Mahindra seem to be interested in setting up similar partnerships with local manufacturers to grab a bigger share of Bangladesh's growing automobile market.

Meanwhile, Japanese automotive giant Mitsubishi has shown interest in establishing a manufacturing plant in Chattogram.

As per the draft policy, the country's automobile industry has been considered potentially a major industrial sector for the last two decades as it has registered impressive annual compound growth and has contributed greatly to the national economy.

The sector is nearing critical mass thanks to its ability to adopt new technologies and increased efficiency in human resource management.

Bangladesh's automobile industry could even become part of the global supply chain in the future, the draft policy said.

The policy aims to provide a clear roadmap on how to take the country's evolving automotive ecosystem further by implementing specific changes to regulations that govern the design, technology, testing, manufacture, import and export, sale, use, repair and recycling of motor vehicles, their components and services.

Manufacturing units will have to use at least 10 per cent local components in the first year of operation and gradually up to 40 per cent within five years, it added.

Investors will enjoy duty exemptions to import capital machinery and other equipment.

However, they will have to pay 25 per cent duty to import finished components while it will be only 10 per cent duty for locally made components.

If the manufacturers export vehicles or spare parts, the government will provide a 15 per cent cash incentive, the policy said.

Mohammad Shahidul Islam, secretary general of the Bangladesh Reconditioned Vehicles Importers and Dealers Association (Barvida), welcomed the policy as it would help establish a real automobile industry instead of just assembly units.

He suggested testing facilities be set up to ensure use of safe and environmentally friendly technology.

"Purchasing a car is a capital investment for middle-income people and so, consumers expect longevity. So, quality should be ensured," Islam said.

The government should not give investors the scope to take advantage by setting up substandard manufacturing plants as this would lead to a loss of revenue and deprive the consumers of quality products, he added.

Emergence of central bank digital currency and Digital Bangladesh

OPINION

ARIJIT CHAKRABORTI

Four years ago, there was a lot of buzz around cryptocurrencies, primarily due to the enormous success of bitcoin. The peak value of bitcoin was staggeringly high at that time—several times the per capita economic output of Bangladesh.

An obvious topic of discussion in those days was the relevance of that cryptocurrency in the context of the everyday lives of common people of Bangladesh.

In my article published in The Daily Star on January 30, 2018, I discussed how with advancements in technology, cryptocurrencies were likely to become the mainstream currency for transactions in the coming years and how central banks might decide to circulate their own cryptocurrencies with their proprietary algorithms and controls.

Since then, central bankers of many countries have worked towards deepening their understanding of cryptocurrencies – both the underlying technology and the risks and opportunities associated with these currencies.

Many central bankers have prohibited the use of cryptocurrencies within their respective regulatory jurisdictions. At the same time, others have initiated their strategy for developing a sovereign-backed digital currency. Indeed, the term central bank digital currency (CBDC) is gaining a lot of attention.

Today, many central banks are deeply involved in planning for their own digital currencies.

According to a recent article in the Economist, more than 50 regulatory bodies are exploring digital currencies.

In May 2020, China's central bank announced that it would start piloting projects with eYuan, a digital currency it will be issuing. In April 2021, the Bank of England and the HM Treasury of the UK announced the set-up of a task force to explore the potential of a UK CBDC.

On April 21, 2021, the chairman of the US Federal Reserve announced that it would seek public consultation on the prospect and potential of a digital currency.

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REUTERS/FILE

Central bankers of many countries have worked towards deepening their understanding of cryptocurrencies -- both the underlying technology and the risks and opportunities associated with these currencies.

GLOBAL BUSINESS

Britain and Australia announce free trade deal

REUTERS

British Prime Minister Boris Johnson gestures as he meets with his Australian counterpart Scott Morrison at Downing Street in London, Britain yesterday.

REUTERS, *Canberra*

Britain and Australia announced a trade deal on Tuesday that will eliminate tariffs and red tape, hailed by British Prime Minister Boris Johnson as "a new dawn" in the two countries' relations.

The British government sees the deal as an important piece of its post-Brexit trade and diplomatic strategy to shift the country's economic centre away from Europe and seek out new opportunities in higher-growth Indo-Pacific nations.

Australian Prime Minister Scott Morrison and Johnson overcame sticking points during talks after the Group of Seven meeting in Britain over the weekend, which Morrison attended as a guest.

"Today marks a new dawn in the UK's relationship with Australia, underpinned by our shared history and common values," Johnson said in a statement.

Britain is Australia's eighth-largest trading partner and Australia is Britain 20th largest, with two-way trade worth A$26.9 billion ($20.7 billion).

Prior to Britain joining the then European common market in 1973, Britain was Australia's most lucrative trading market.

Though details have yet to emerge, some official estimates say the agreement could add 500 million pounds ($705.7 million) to British economic output over the long term - a small fraction for an economy worth around 2 trillion pounds. Nevertheless, it was hailed as an important stepping stone as Britain develops its own trade policy for the first time in decades following its departure from the European Union.

UK sees record jump in employee numbers in May

REUTERS, *London*

The number of employees on British company payrolls surged by a record amount in May as Covid restrictions eased and pubs and restaurants resumed indoor service, though it still remains more than half a million below its pre-pandemic peak.

Tax data released on Tuesday showed that British companies increased their number of employees by 197,000 in May, the biggest single-month increase since records began in July 2014, taking the total to 28.5 million.

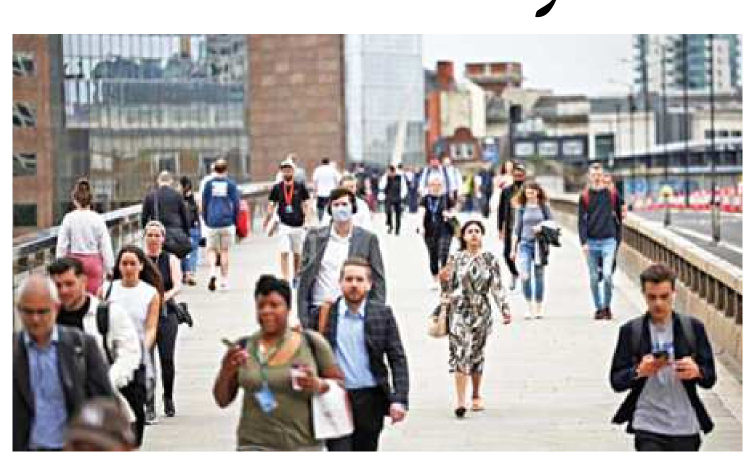
Tuesday's figures also showed the fastest headline wage growth since 2007 in the year to April, although statisticians warned that this was distorted by comparisons with depressed wages a year ago and greater job losses among low-paid staff.

"The level of employment is still well below its pre-crisis level, suggesting there is still plenty of slack in the labour market," said Thomas Pugh, UK economist at Capital Economics.

The headline unemployment rate fell for a fourth month in a row to 4.7 per cent for the three months to April, in line with forecasts in a Reuters poll of economists. "The latest forecasts for unemployment are around half of what was previously feared and the number of employees on payroll is at its highest level since April last year," finance minister Rishi Sunak said.

The jobless rate has been kept down by the government's furlough programme. This paid wages on 8.9 million jobs at its peak in May 2020, during the first Covid lockdown, and supported 3.4 million jobs in April 2021.

More recent ONS survey data pointed to a further fall to just over 2 million jobs by mid-May, and Tuesday's data showed the most job vacancies since the pandemic began.



People walk across London Bridge during morning rush hour, in London, Britain on June 11. REUTERS/FILE

The biggest rise in vacancies was in the accommodation and food service sector. The sector was hit hard hit by the pandemic, and will face an extra challenge in coming weeks as the full lifting of Covid capacity constraints has been delayed until July 19 due to the spread of a new, more infectious, Covid variant.

The Bank of England predicted last month that unemployment would only rise modestly when the furlough scheme stops at the end of September 2020, and is keeping a close eye on inflation pressures - though it still sees substantial slack. The proportion of working-age men classed as inactive rose to a record-high 17.8 per cent. This category includes students and people caring for family, as well as those who have given up looking for work.

Average weekly earnings in the three months to the end of April rose by 5.6 per cent compared with a year earlier, its biggest rise since March 2007 and above forecasts. The ONS said that although there were some signs of employers offering sign-on bonuses to attract staff, most of the rise reflected base effects and other distortions. It estimated underlying wage growth was around 3 per cent.

German industry group criticises China over new sanctions law

REUTERS, *Berlin*

Germany's powerful BDI industry association criticised China on Tuesday for passing a law to counter foreign sanctions, which it said sent a worrying signal to investors and companies abroad.

China is one of the most important export markets for German companies outside the European Union's single market, but concerns over human rights abuses and a crackdown in Hong Kong are putting a strain on political as well as economic ties.

Beijing passed a wide-ranging law last week to counter foreign sanctions, in an apparent move to legalise its tit-for-tat retaliation.

REUTERS/FILE

A student holds flags of China and Germany before a welcome ceremony hosted by China's President Xi Jinping for German President Frank-Walter Steinmeier at the Great Hall of the People in Beijing, China.

"Instead of relying on a de-escalation, the Chinese government is creating new uncertainties. This is damaging China's reputation as an investment location and trading partner," BDI board member Wolfgang Niedermark said.

The law was very different from similar laws in the EU as it undermined legal clarity and created a grey area which hung over any company doing business in China, he said.

Senior German government officials and business leaders are openly calling for a diversification of trade relations in Asia to become less dependent on China in the coming years.

The Chinese sanctions against members of the European Parliament and think tanks have already frozen the ratification of the EU-Chinese investment agreement, Niedermark said.

"Instead of reacting with threatening gestures, the Chinese government would be well advised to introduce more constructive elements into the dialogue with its trading partners," he said.

The new law, effective immediately, builds upon previous administrative counter-measures against foreign sanctions issued by the Chinese foreign and commerce ministries. It also lays out the scope of China's counter-sanctions.