

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY	
▲ 0.11%	▼ 0.09%	\$1,815.76	\$76.18	▲ 0.25%	▼ 0.38%	▼ 0.43%	▼ 1.07%	83.95	97.84	115.09	12.72	
6,273.33	10,922.10	(per ounce)	(per barrel)	52,904.05	28,608.49	3,153.15	3,528.50	BUY TK	84.95	101.64	118.89	13.38

OPENING OF

FAKIRAPOOL SUB-BRANCH
MJ Tower
188 Fakirapool, Dhaka.

KHILGAON SUB-BRANCH
Shahid Bagui Road
922/C, Khilgaon Tailola, Dhaka.

15 July 2021

16491

SIBL
Standard Chartered Bank

Star BUSINESS

DHAKA THURSDAY JULY 15, 2021, ASHAR 31, 1428 BS • starbusiness@thedailystar.net

Reforms can save \$4b a year in safety net spending: ADB

REJAUUL KARIM BYRON and DWAIPIYAN BARUA

Bangladesh can save \$19.32 billion over the next five years, or about \$4 billion annually, if it can eliminate errors and leakages in the social safety net programmes and cut administrative and transaction costs, according to Asian Development Bank.

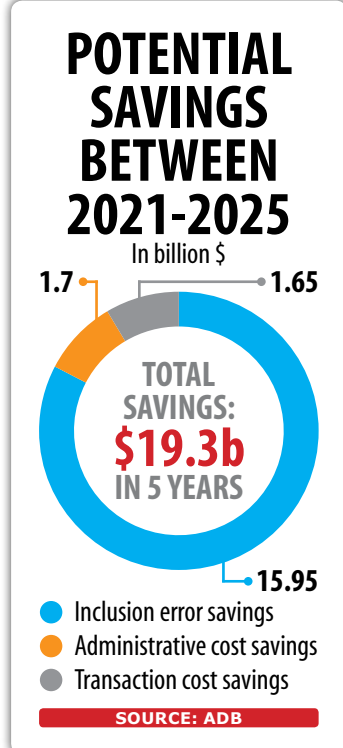
Under the financial assistance of the ADB, the government is going to initiate massive policy reforms in its safety net programmes. It will set up an integrated registry for all beneficiaries by June 2023 to avert mistargeting and duplication.

Last month, the Manila-based lender approved a \$250 million policy-based loan as budget support and fixed timeframes to implement the reforms in the next five fiscal years.

The development lender has already shared a report with the government, giving details about the policy reforms under its social resilience programme, said an official at the Economic Relations Division.

The ADB-funded social protection reforms will enable the government to generate savings and revenue, said the report.

Evidence suggests that strong



Elderly people queue before Sonali Bank's Sherpur Road branch in Bogra for "old-age allowance".

transaction costs, it said.

In Bangladesh, the estimated savings from eliminating inclusion errors would be \$15.95 billion in the next five years to 2025.

The adoption of a single registry

of beneficiaries, consolidation of programmes and digitalisation of payments might allow making administrative cost savings of around \$1.75 billion.

It estimated that the country

could annually save \$330.2 million as potential transaction cost, while the total savings in terms of transaction cost would be \$1.7 billion from 2021 to 2025.

READ MORE ON B3

Blue-chip index brings up the rear

Rumours, short-termism rule the roost in stocks

AHSAN HABIB

The blue-chip index of the Dhaka Stock Exchange is lagging behind the broader index as most investors prefer to bet on low-priced securities and are driven by rumours instead of making investment decisions by examining the fundamentals of companies.

A blue-chip refers to an established, stable, and well-recognised corporation. Blue-chip stocks are seen as relatively safer investments, with a proven track record of success and stable growth.

But on the DSE, the index for blue-chip stocks, DS-30, rose 9.38 per cent between January 1 and July 12, whereas the DSEX, the benchmark index, surged around 12 per cent.

The blue-chip index includes 30 companies such as Grameenphone, Square Pharmaceuticals, British American Tobacco Company, BSRM, Brac Bank, and Eastern Bank Ltd.

The companies are selected based on several criteria, such as paid-up capital, contribution to market capitalisation, liquidity, and profitability. Almost all the stocks are top performers. The DSEX contains 307 companies, which also include low-performing stocks.

READ MORE ON B3

INTRODUCING NEW

dbi CERAMICS

HOTLINE NUMBER

16704

dbiceramics.com

Two more SMEs to go public

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission (BSEC) yesterday gave the go-ahead to Oryza Agro Industries and Master Feed Agrotec to raise funds of Tk 10 crore each from the stock market through its SME board.

In the past, many of the country's small and medium enterprises (SMEs) had repeatedly urged the BSEC to let them go public.

The commission eventually gave in to these demands by passing a rule in 2018, allowing all companies with a paid-up capital between Tk 5 crore to Tk 30 crores to offload shares on the newly formed SME board.

Earlier in April this year, Nialco Alloys became the first company to be traded on the board while Mostafa Metal secured approval later in June.

READ MORE ON B3

City Bank secures \$30m foreign fund

STAR BUSINESS REPORT

CDC Group, the development finance institution and impact investor of the United Kingdom, has extended a trade finance loan of \$30 million to City Bank.

The private commercial bank recently signed an agreement with CDC Group to secure the fund.

CDC's investment will enable City Bank to extend foreign currency trade credit to local lenders, importers and exporters and is expected to generate up to \$100 million in additional trade every year, according to a press release.

The loan will strengthen City Bank's ability to meet the needs of its more than 17 million clients in the retail and small-and-medium-enterprise (SME) segments, facilitating increased trade and supporting key sectors of Bangladesh's economy.

M Rehan Rashid, country director of CDC Group, said the loan to City Bank, which marks CDC's first direct trade finance loan to a local issuing bank, will further enhance the supply of trade finance in the region. "We are thrilled that this commitment will support Bangladesh's banking sector and enhance our ability to bring a deeper impact to local and regional value chains," he added.

Sheikh Mohammad Maroof, additional managing director of City Bank, said the loan will help facilitate trade finance through IPAS LCs, which in turn will enable corporations and SMEs to optimise working capital management at competitive rates.

READ MORE ON B3

Banks cut back on loan write-off

AKM ZAMIR UDDIN

Loans written off by banks declined sharply in the first quarter of this year as the lenders' capacity to keep 100 per cent provisioning against their delinquent assets has decreased because of the slowdown in their business.

Usually, loans are written off when they are entirely provisioned and there is no realistic prospect of recovering them. These loans are shifted to off-balance sheet records.

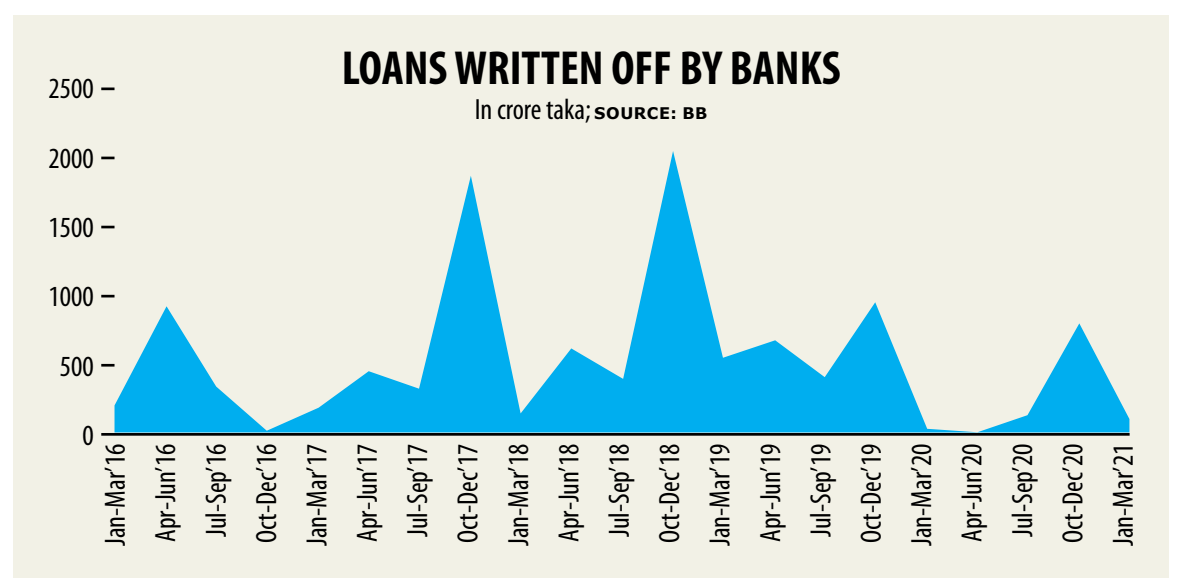
Between January and March, loans amounting to Tk 101 crore were written off, down 87.35 per cent from a quarter earlier, according to data from Bangladesh Bank.

Banks, however, wrote off only Tk 33 crore in the first three months of last year.

The downward trend of the written-off loans is not a good indicator for the financial sector as it gives lenders the leeway of not having to set aside funds against the defaulted loans.

The trend of loans written off was feeble in the first nine months of last year, but it jumped in the final quarter.

Banks usually write off a substantial amount of default



loans in the final quarter of every year in order to avoid taxation by the National Board of Revenue, said Sohail RK Hussain, managing director of Meghna Bank.

Banks have to provide corporate tax from the operating profit before calculating the required provisioning against default and unclassified loans.

This means lenders have to set aside provisioning after providing

tax to the government exchequer. As per Bangladesh Bank regulations, banks have to keep a provisioning of 0.25 per cent to 5 per cent for unclassified loans.

They have to maintain 20 per cent for default loans of substandard category, 50 per cent for the doubtful category and 100 per cent for the bad or loss category.

The central bank has long followed a practice that permits

lenders not to preserve the required provisioning against both unclassified and default loans.

For instance, 11 banks suffered a provision shortfall of Tk 12,650 crore as of March and all of them had taken permission from the central bank to keep provisioning in phases.

But such forbearance is not applicable for the written-off loans.

READ MORE ON B3

LafargeHolcim sales, profit jump

STAR BUSINESS REPORT

Sales and profits of LafargeHolcim Bangladesh jumped in the second quarter of 2021 (April to June) thanks to a newly launched business of aggregate and the inclusion of new products in its portfolio.

Net sales of the multinational cement maker rose 79 per cent to Tk 473 crore in the quarter, which was Tk 264 crore in the same period the previous year.

Its profits jumped 248 per cent to Tk 111 crore, which was Tk 32 crore. In the period, its earnings per share stood at Tk 0.96, which was Tk 0.28 year-on-year.

READ MORE ON B3

'Keep agro-processing units open during next lockdown'

STAR BUSINESS REPORT

The country's agro-processors yesterday urged the government to allow their factories to remain open during the 14-day nationwide lockdown starting from July 23.

Members of the Bangladesh Agro-Processors' Association (BAPA) are involved in the production, marketing and export of a wide range of essential food items, including rice, pulses, flour, flattened and puffed rice, noodles, oil, salt, dairy products and bread.

READ MORE ON B3



MASUK HRIDOOY

The mildly sweet rambi fruit or Burmese grape, known as 'lotkon' in Bangla, literally overwhelms the trees in most cases when it comes to season. Still it remains a high value fruit, selling for around Tk 100 per kilogramme for its rising popularity. Moreover, its orchards have grown in size by 2 per cent year-on-year to 354 acres in fiscal 2019-20 while harvests by 3 per cent to 1,935 tonnes, showed data of the Bangladesh Bureau of Statistics. The photo was taken at Chaitanya village of Shibpur upazila of Narsingdi recently.

New e-tax filing system likely in Sep

STAR BUSINESS REPORT

The National Board of Revenue (NBR) is likely to launch its new online tax return filing system in September this year, said officials yesterday.

The system will enable taxpayers to furnish their income, expenditure and wealth statements without going through the hassle of visiting tax offices.

Initially, individual taxpayers will get the scope to file returns electronically. From next year, companies may get the same opportunity.

"Once the system is launched, taxpayers will be able to complete the formalities, including tax payment, electronically," said a senior NBR official seeking to remain unnamed.

"We are designing the system in a way that taxpayers get

READ MORE ON B3