

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY	
0.43%	0.58%	\$1,763.33	\$84.01	0.25%	0.94%	1.44%	1.25%	84.70	96.89	114.39	12.89	
7,313.98	12,828.78	(per ounce)	(per barrel)	60,284.31	28,230.61	3,112.05	3,546.94	BUY TK	85.70	100.69	118.19	13.56
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Banks hold on to a few borrowers despite risks

AKM ZAMIR UDDIN

State banks in Bangladesh are maintaining an elevated level of loan concentration among a handful of clients, putting their own financial health and the interest of depositors at grave risk. Four state banks – Sonali, Janata, Agrani and Rupali – lent a combined Tk 67,264 crore among only 78 companies as of June, data from the Bangladesh Bank showed. As a result, the credit risk of the banks has widened to a large extent. If the borrowers default on their loan payments, the health of the lenders will deteriorate alarmingly, analysts say. Depositors also face risk because of the loan concentration. If the non-funded loans given out by the banks are taken into account, the credit concentration will be larger than the funded ones. Funded loans refer to the credit

facility where there is an actual transfer of money from banks to borrowers. In the case of non-funded loans, transfers of funds don't take place. Funded loans are disbursed in the form of term loans and working capital, whereas non-funded credits are extended through letters of credit, bank guarantees and so on. Sonali Bank gave out funded loans amounting to Tk 15,490 crore as of June. Loans totaled Tk 94,719 crore if the non-funded credit is taken into account. The lender disbursed the loans in favour of 15 companies. Of the sum, about Tk 70,000 crore was given to settle the LCs of Rooppur Nuclear Power Plant. Two borrowers of the bank held default loans of Tk 1,987 crore as of June. Janata Bank lent Tk 31,000 crore in the form of funded loans. The non-funded credits took the

SHARE OF TOP 5 BRANCHES IN TOTAL DISBURSEMENT			
BANKS	TOTAL LOANS	DISBURSED BY 5 BRANCHES	IN % OF TOTAL DISBURSEMENT
Sonali	Tk 60,988cr	Tk 18,737cr	31
Janata	Tk 63,435cr	Tk 45,662cr	72
Agrani	Tk 54,385cr	Tk 25,452cr	47
Rupali	Tk 35,691cr	Tk 21,610cr	61

As of June, 2021
SOURCE: BB

total to Tk 37,733 crore. Four companies out of 25 have already become defaulters, with combined bad loans of Tk 7,144 crore. Md Abdus Salam Azad, managing director of Janata Bank, said the bank was trying to cut the loan concentration by disbursing loans among small and medium enterprises. AnnonTex and Crescent

groups, which were earlier given a large amount of loans in breach of rules, hold a good amount of non-performing loans. The outstanding loans held by AnnonTex stand at Tk 6,700 crore, with more than half turning sour. Defaulted loans at Crescent Group are more than Tk 3,500 crore. Janata Bank is desperately trying to recover the funds, said

Azad. Agrani Bank disbursed Tk 12,893 crore among 13 companies. Of the amount, Tk 8,255 crore is funded. Mohammad Shams-Ul Islam, managing director of the state bank, said the lender had already taken initiatives to distribute loans among SMEs and underprivileged borrowers. READ MORE ON B3

E-COMMERCE SCAMS Complaint resolution system on cards

MAHMUDUL HASAN

Amid a deluge of complaints against some beleaguered e-commerce companies, the e-Commerce Association of Bangladesh (e-CAB) and Access to Information Programme (a2i) have stepped up to build a digital system that will automatically receive and settle customer grievances. The system, called the Central Complaint Management System (CCMP), will be an app or website that will connect customers to various e-commerce platforms, the commerce ministry, e-CAB and Directorate of National Consumer Rights Protection (DNCRP). Under this initiative, complaints that cannot be immediately addressed by the concerned e-commerce platform will be automatically sent to relevant government agencies. With access to the relevant data, customers will also be able to see each company's settlement rate, ensuring that buyers are more informed in this regard before making a purchase. "A link to the CCMP will be available on the website of every e-commerce company," said Rezwatul Haque Jami, principal at Ekshop, an integrated assisted rural e-commerce platform of the a2i and the ICT Division. Besides, there will be a Uniform Resource Locator (URL), or web address, that enables customers to make complaints directly, he added. Ekshop is developing the platform, which is the brainchild of e-CAB, according to Jami. Once a complaint is made, the CCMP will send a notification to the company. "The notification will tell the company that a complaint has been made against it, and customers will also be informed when his complaint has been successfully received," he said. Then, the company will be given a seven-day period to resolve it. If the company claims that the complaint has been resolved, the platform will verify it from the customer. Once the customer gives a positive nod, the platform will update it as a settled complaint. READ MORE ON B3



Local IT firms to get preference in govt procurement

STAR BUSINESS REPORT

The government is set to provide preference to local IT and software companies in public procurements for setting up digital systems. Ambiguities in the public procurement rules have barred local software companies from taking part in different programmes, said Prof Dr Shamsul Alam, state minister for planning, yesterday. "We should facilitate the local companies so that they participate more in government programmes," he said. Alam was addressing a meeting with officials of the Implementation Monitoring and Evaluation Division (IMED), representatives of different government agencies and leaders of the Bangladesh Association of Software and Information Services (BASIS) at the planning ministry. The software industry is still very much dependent on foreign companies. However, their capacity has grown significantly, he said. "We have already sat down a few times with local entrepreneurs and we have taken measures so that they can take part in the process easily," said Mohammed Shoheler Rahman Chowdhury, director general of Central Procurement Technical Unit. "We will sit with them more and we will issue a circular to make it easier to include them in government purchases," he said. He said a high-powered committee headed by the finance secretary was working on amending the public procurement rules. The BASIS has recently requested the government to formulate rules such that local software companies find it easy to participate in bidding, which would also promote locally manufactured IT and information technology enabled services. READ MORE ON B3

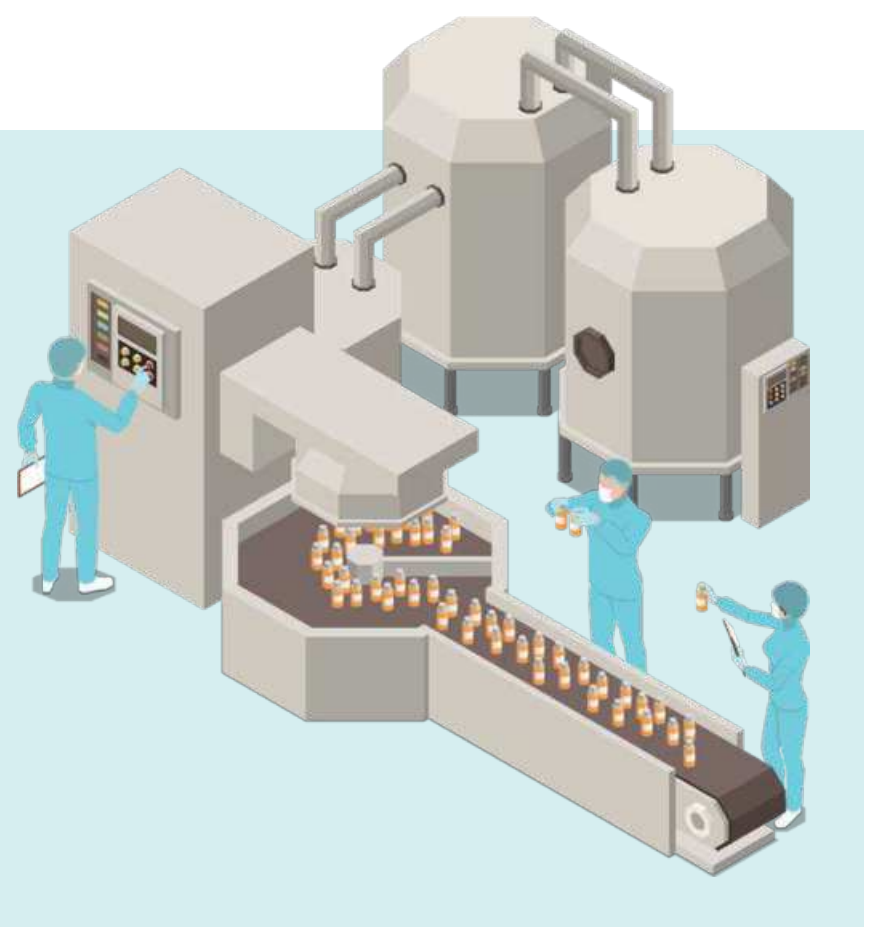
Pharma raw material makers get tax exemption until 2032

STAR BUSINESS REPORT

Manufacturers of raw materials used in making medicines will receive tax exemption until 2032 as the government looks to encourage local production of active pharmaceutical ingredients (APIs) to cut import reliance and bolster exports. The National Board of Revenue said APIs and laboratory reagent makers that are already making the raw materials would enjoy the tax benefit, effective retrospectively from July 1, 2016. Firms need to make at least five APIs and laboratory reagents annually from July 2022 to qualify for the tax holiday, the NBR said in an order on Monday. The benefit will reduce in the case of production of less than five APIs and reagents. The NBR said a 7.5 per cent tax will be payable for drug makers who will produce three new APIs and reagents every year from July 2022. "The government has done a commendable job. The tax benefit will attract investment and expand our capacity to manufacture more APIs," said SM READ MORE ON B3

TARGETS TILL 2032 UNDER API POLICY

- Contribution to GDP to be raised to **0.025%** from **0.012%**
- 75%** tax holiday for those who can develop three molecules yearly
- Import to be brought down to **80%** from **97%**
- Will create employment for **550,000**
- Export earnings to be raised to **\$0.9m** from **\$0.15m**
- 20%** cash incentive to be provided for export
- 100%** tax holiday for those who can develop five molecules yearly
- Manufacturers can export **20%** of total production



Technical textiles a promising sector

Says a study by German development agency GIZ

STAR BUSINESS REPORT

Bangladesh has a significant opportunity to expand its hold on the global technical textile and personal protective equipment (PPE) markets once local manufacturers find reliable raw material sources and upgrade their operations, according to a study published yesterday. The international technical textile market is projected to grow from \$179.2 billion in 2020 to \$224.4 billion by 2025 with an annual average growth rate of about 4.2 per cent, it said. The study, styled "Feasibility Study on Upscaling the Production of TT/PPE in Bangladesh", was carried out by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) with help from the Bangladesh Garment Manufacturers and Exporters Association (BGMEA). Similarly, the global PPE market is projected to pass \$93 billion by the end of 2025. The EU currently leads the charts for medical textile imports while the demand



Bankers wearing personal protective equipment (PPE) offer services at a bank in Dhaka. The global PPE market is projected to surpass \$93 billion by the end of 2025, according to a study. STAR/FILE

from North American countries is growing in a trend which is expected to continue. And although the Covid-19 pandemic has started the interest in medical textile products, the world of technical textiles and their end-use products is endless. Bangladesh also benefits from the EU's Everything but Arms scheme which allows for duty-free imports from least developed countries. This feasibility report is intended to broaden awareness on what is required to develop the sub-sector in technical textiles and PPE in Bangladesh, the study said. The potential of technical textiles and its PPE sub-sector will inevitably hinge on Bangladesh's well-established reputation as a leading supplier of apparel made from traditional textiles. Most apparel manufacturers in Bangladesh tend to be medium-sized companies. Even large apparel groups are not known by international procurement agencies for technical textile products. READ MORE ON B3

Disaster risk management centre opens in Dhaka

STAR BUSINESS REPORT

A private sector emergency operation centre focusing on disaster risk management was opened at the office of the Dhaka Chamber of Commerce and Industry (DCCI) yesterday. State Minister for Disaster Management and Relief Enamur Rahman inaugurated the centre, jointly established by the DCCI and European Commission Humanitarian Aid and Civil Protection (ECHO)-funded Strengthening Urban Public-Private Programming for Earthquake Resilience Project. The government and private sector should work together for disaster risk management in the country, said Rahman. He said the emergency operation centre could play a vital role in the fight against any disaster. He informed that the government has taken an initiative to establish a "National Emergency Operation Centre" in Tejgaon with Chinese technical and financial assistance. READ MORE ON B3

CORRECTION

In a report headlined "Broadband internet users drop" published in The Daily Star on October 11, 2021, we mistakenly mentioned that broadband internet users had declined since June this year. In fact, the number of broadband internet users was shown unchanged in July and August on the website of the Bangladesh Telecommunication Regulatory Commission as it updates the data on a quarterly basis. We regret the error.