

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX		As of Friday		Friday Closings				STANDARD CHARTERED BANK		
▼ 0.86%	▼ 0.70%	Gold ▲	\$1,782.81	Oil ▲	\$83.72	MUMBAI ▼ 1.13%	TOKYO ▲ 0.25%	SINGAPORE ▼ 0.18%	SHANGHAI ▲ 0.82%	USD 84.75	EUR 96.97
7,000.94	12,305.08	(per ounce)		(per barrel)		59,306.93	28,892.69	3,198.17	3,547.34	GBP 115.13	CNY 13.01
										SELL TK 85.75	100.77
											118.93
											13.68

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BUSINESS

DHAKA MONDAY NOVEMBER 1, 2021, KARTIK 16, 1428 BS
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MONEY MARKET TRENDS

Excess liquidity in Aug Tk **231,221**cr

Private sector credit growth in Aug **8.42**pc

Import growth in Jul-Aug **45.3**pc

Excess liquidity in Sep Tk **219,588**cr

Private sector credit growth in Sep **8.77**pc

Import growth in Jul-Sep **47.1**pc

Some banks have started to feel the pinch a bit from liquidity stress, which will widen in the months to come keeping up with credit demand.

SYED MAHBUBUR RAHMAN
Managing director of Mutual Trust Bank

OVSERVATIONS

Banks to face liquidity stress in coming months

Import to rise further

Increase in credit growth in private sector to continue

Entrepreneurs have started setting up new ventures

BB should ensure investment in productive sector

Liquidity crunch looms as imports, credit demand on the rise

AKM ZAMIR UDDIN

Banks will come under a liquidity crunch within three to six months due to an escalation of import financing and a rising demand for loans from businesses as the economy returns to normalcy, warned several top executives yesterday.

The excess liquidity had stayed at historically high levels as of June because of the economic slowdown caused by the coronavirus pandemic, but the trend has already begun reversing.

Five managing directors of banks yesterday said that both import financing and private sector credit growth would rise

exponentially in the months ahead, which will subsequently create a liquidity crunch.

Some banks are already feeling the pinch of the liquidity shortage, they said.

Surplus funds in the banking industry stood at Tk 219,600 crore as of September, down from 5 per cent a month ago, according to data from the Bangladesh Bank.

In June, the excess liquidity rose to a record high of Tk 231,711 crore. This compelled the central bank to revive the Bangladesh Bill, an instrument used to mop up excess liquidity, in August.

But, the situation is completely different now owing mainly to the excessive growth

of imports.

The settlement of letters of credit (LCs), also known as actual import payments, swelled 47 per cent year-on-year to \$17.04 billion between July and September.

Imports are expected to rise further in the coming months.

The pickup in imports has pushed the private sector credit growth.

The credit growth stood at 8.77 per cent in September, up from 8.42 per cent a month earlier.

The credit growth had decelerated to 7.52 per cent in the last fiscal year, the lowest in at least 28 years.

Syed Mahbubur Rahman, managing

director of Mutual Trust Bank, said that the liquidity stress had already become visible in some banks, but this would spread throughout the entire banking system within the next couple of months.

“Businesses have almost returned to the pre-pandemic level as the economy has reopened.”

Against the backdrop, the interest rates on Treasury bills and T-bonds are on the rise.

The yield on the 10-year Treasury bond stood at 6.80 per cent in October compared to 5.63 per cent in the same month a year ago.

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DRAFT INCOME TAX LAW

Taxpayers to get refunds in their bank accounts

STAR BUSINESS REPORT

The tax authority has drafted a new income tax law that seeks to automatically provide refunds of excess tax paid by citizens to their bank accounts, said the National Board of Revenue (NBR) yesterday.

The move comes at a time when the issue of availing refunds of excess tax continues to be very difficult for taxpayers, mainly for inertia among taxmen seeking to avoid future complexities.

In fiscal 2018-19, Tk 1,764 crore was refunded against a collection of Tk 69,074 crore. The refund amounted to only Tk 65 crore in fiscal 2017-18, according to the NBR’s annual reports.

The draft law, which comes in Bangla for the first time, also looks to curb taxmen’s discretionary powers, which have been an issue of contention between taxpayers and officials for a long time.

“We have prepared the draft in order to make it taxpayer-friendly,” said NBR Chairman Abu Hena Md Rahmatul Muneem at a press briefing at the NBR headquarters.

“We have made the law easy to understand for taxpayers and incorporated international best practices to make it business friendly,” he said.

The revenue administration, which collects more than 85 per cent of state revenue, arranged the briefing after posting the draft on its website for opinions from

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Edible oil imports face disruption for jetty shortage

May lead to price spiral, say processors

STAFF CORRESPONDENT, Ctg

Edible oil imports are facing disruption as importers are failing to unload goods at the Chattogram Port on time because of a jetty shortage after facilities were diverted to facilitate fuel imports.

The disruption, which has inflicted demurrages on the edible oil importers, may worsen the situation in the already volatile cooking oil market in Bangladesh.

The latest crisis emerged after accidents rendered two out of three jetties dedicated to fuel tankers damaged and non-operative.

Dolphin Jetty (DJ) 5, 6 and 7 are solely used to unload imported fuel oil by Padma, Meghna, and Jamuna Oil companies, owned by Bangladesh Petroleum Corporation (BPC).

It is learnt that Padma Oil’s DJ-6 was damaged in an accident in July.

On September 30, four pillars of DJ-5, popularly known as Meghna Petroleum’s Ghat, were shattered when a mother vessel carrying fuel

SOYBEAN BOTTLED	CURRENT PRICE	A WEEK AGO	A MONTH AGO	A YEAR AGO
1 litre	150-155	150-155	145-155	100-110
5 litres	690-750	680-730	680-720	470-520

PALM OIL (LOOSE)				
1 litre	128-130	130-135	125-128	82-84

EDIBLE OIL PRICE TRENDS
In taka
SOURCE: TCB

lost control. As a result, the two jetties are not operational at the moment.

Following the accidents, state-run BPC began unloading imported fuel oil at DJ-3 and DJ-4 in order to maintain normal supply in the local

market. This has been going on for more than three weeks.

But the authorities have dedicated the DJ-3 and DJ-4 for the unloading of privately imported edible oil.

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E-COMMERCE SCAMS

Intel tracks down 13-19 firms

Reports to be made public today

REFAYET ULLAH MIRDHA

Intelligence services have identified anywhere from 13 to 19 e-commerce entities which have defrauded customers and merchants of thousands of crores of taka, as per reports provided to a Digital Commerce Cell (DCC).

“We have received the reports from different intelligence departments of the government, which includes the Bangladesh Financial Intelligence Unit,” said AHM Shafiquzzaman, DCC chief and an additional secretary of the commerce ministry.

“We will reveal the findings of the reports at a briefing tomorrow at the commerce ministry,” he told The Daily Star over the phone yesterday.

The DCC, formed by the ministry in February following a surge in complaints, is scheduled to hold its second meeting today to discuss relevant issues.

Declining to state exactly how much money the agencies found to have been swindled, Shafiquzzaman said they were working on the details and would reveal all figures in the press briefing.

The final figures will also be provided in a report to Bangladesh Bank on Thursday to find ways to recover the money from the entities, he said.

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CERAMICS

Local funds scanty for infrastructure financing

Experts say country needs vibrant bond market, foreign investment

STAR BUSINESS REPORT

Bangladesh needs a vibrant bond market to meet the country’s requirement for long-term financing for infrastructure development, speakers said at a webinar yesterday.

Besides, channeling the huge amount of liquidity currently available in the banking sector into bonds could be very helpful to this end, they said.

The webinar, styled “Bridging the infrastructure financing gap through credit solutions in Bangladesh”, was jointly organised by the Dhaka Chamber of Commerce & Industry (DCCI) and commerce ministry as a part of the Bangladesh Trade and Investment Summit 2021.

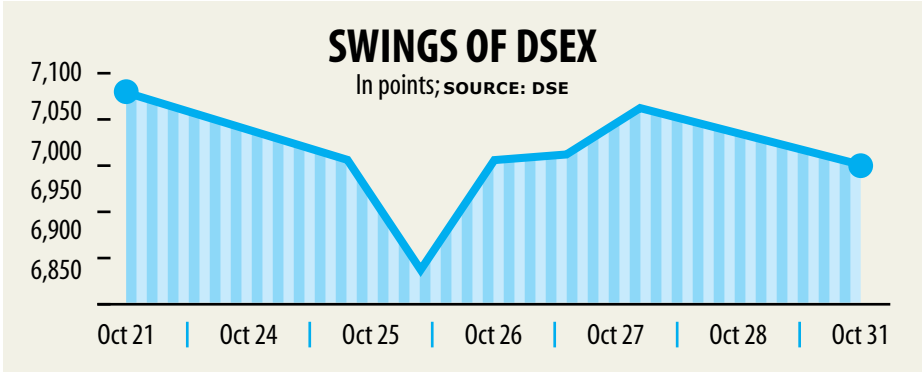
Various business leaders, investors, policymakers and trade analysts attended the week-long event that ends today with as many as 552 companies from 38 countries having participated in 450 business-to-business matchmaking sessions since the conference began on October 26.

Salman Fazlur Rahman, the prime minister’s adviser on private industry and investment, said the government’s main job is to play the role of a facilitator for private sector development. “We need to think of more strategies to take long-term and sustainable infrastructure financing in Bangladesh to the next level,” he added.

Nojibur Rahman, chairman of the Capital Market Stabilisation Fund, said that since domestic finance alone cannot cater to the country’s booming infrastructure development, partnering with foreign lenders could ease the process.

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Stocks suffer steep losses



STAR BUSINESS REPORT

Shares on the Dhaka Stock Exchange faced another day of steep losses yesterday, which rendered the recovery in the previous three trading sessions short-lived.

The DSEX, the benchmark index of the premier bourse, gave up 61.41 points, or 0.87 per cent, to end the day at 7,000. This broke the three-day winning streak.

The market opened with a higher note on the first day of the week. But heavy sale pressure wiped out more than 61 points from the key index, according to the daily market analysis of International Leasing Securities Ltd.

“Many stocks plunged, triggered by the profit-booking by retail investors in the well-performing and large-cap companies.”

Among the sectors, textiles, paper, and services achieved price appreciation, while

food, fuel and power and cement sectors witnessed price correction in the day’s session.

Turnover, an important indicator of the market, fell 5.04 per cent to Tk 1,637 crore compared to the previous session.

Safko Spinnings Mills shares posted the highest gain on the day, rising 20.80 per cent. Gemini Sea Food advanced 12.52 per cent.

Other top gainers were Aman Feed, Hamid Fabrics, Sonargaon Textiles, New Line Clothings, Desh Garments, Intraco Refueling Station, Queen South Textile Mills, and Kohinoor Chemicals.

Aramit Cement declined the most, at 23.01 per cent. National Feed Mill dropped 15.77 per cent, Pacific Denims 12.5 per cent, GBB Power 10.9 per cent, and Monno Fabrics 10.24 per cent.

READ MORE ON B3



A farmer tends to his field of an early variety of tomato in Shahnagar village of Bogura. Having planted it some two months back, he expects yields by mid-November. Seedlings of common varieties are usually planted in November and December and the crops are ready for harvest in 80 to 90 days. Some 4.15 lakh tonnes of the vegetable were produced on 70,000 acres of land in Bangladesh in fiscal 2019-20, a year-on-year output rise of nearly 7 per cent, says the Bangladesh Bureau of Statistics. The photo was taken recently.

PHOTO: MOSTAFA SHABUI