

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▼ 0.13%	▼ 0.22%	\$1,788.00 (per ounce)	\$80.06 (per barrel)	▲ 0.34%	▲ 0.09%	▼ 0.3%	▲ 0.20%	BUY TK 84.85	94.29	113.93	13.06
7,013.00	12,338.53			58,664.33	29,774.11	3,227.53	3,589.09	SELL TK 85.85	98.09	117.73	13.73



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BUSINESS

DHAKA WEDNESDAY NOVEMBER 24, 2021, AGRAHAYAN 9, 1428 BS ● starbusiness@thedailystar.net

Bad loans surpass Tk 1 lakh crore again

Relaxed policies failed to rein in NPLs

AKM ZAMIR UDDIN

In an upsetting development, default loans in the banking sector in Bangladesh have surpassed Tk 1 lakh crore after more than one and a half years despite a relaxed loan classification policy adopted by the central bank.

Up until September this year, non-performing loans (NPLs) stood at Tk 101,150 crore, up 14 per cent from nine months earlier and 7.1 per cent year-on-year, Bangladesh Bank data showed. Defaulted loans totaled Tk 116,288 crore in September 2019.

The rise in the NPLs came despite the central bank's relaxed policy, introduced soon after the coronavirus pandemic hit the country in March last year, an ominous sign for the economy.

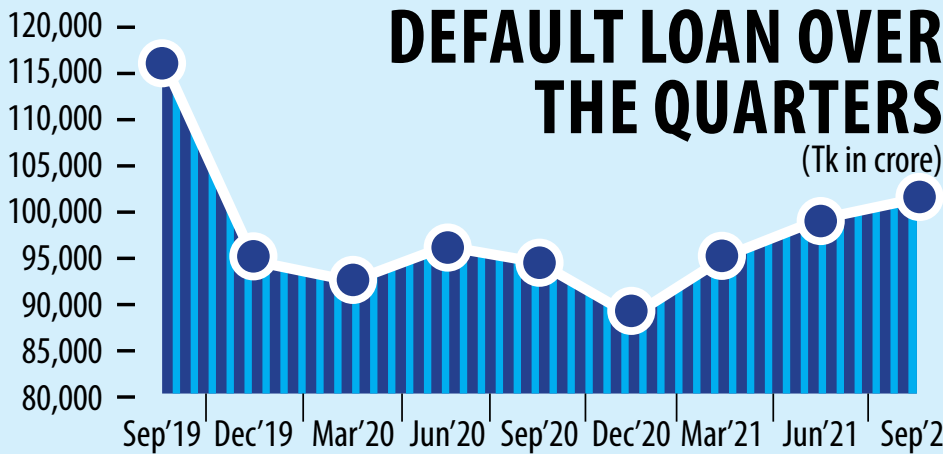
The central bank had declared a loan moratorium policy last year. The facility has ended as the economy shook off the impacts of the pandemic.

Borrowers can now avert slipping into the defaulted zone by repaying only 25 per cent of their total instalments.

The NPLs also increased 2 per cent in September compared to June when the volume stood at Tk 99,205 crore.

"The pandemic has had an adverse impact on the economy, creating hardship for businesses. But, many clients are also showing unwillingness to repay loans despite managing profits," said Md Arfan Ali, managing director of Bank Asia.

"The tendency not to pay back loans has spread alarmingly," he said, adding that the



FIVE BANKS FACING HIGHEST NPLs

BANK		PERCENTAGE OF DEFAULT LOANS
Janata	Tk 13,837cr	14%
Sonali	Tk 10,294cr	10%
Agrani	Tk 7,872cr	8%
BASIC	Tk 7,619cr	7.5%
AB	Tk 5,333cr	5%

SOURCE: BANGLADESH BANK



Salman F Rahman

Weak banks should consider mergers: adviser

STAR BUSINESS REPORT

Financially weak banks should consider mergers in a bid to reduce the pressure of default loans, according to Salman F Rahman, the prime minister's adviser on private industry and investment.

"There are systematic issues in our banking industry as borrowers are allowed to take short-term loans for long-term investments, resulting in many bad debts," he said during a press meet at the Dhaka Reporters Unity yesterday.

Rahman then suggested that establishing more specialised banks for investment could help relieve the country's financial constraints in this regard.

Besides, the economic impact of Covid-19 increased the amount of non-performing loans (NPLs) worldwide and Bangladesh is no exception as borrowers struggled to pay back instalments amid the coronavirus-induced economic downturn.

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NINE YEARS OF TAZREEN FASHIONS FIRE

The cost of non-compliance

REEFAYET ULLAH MIRDHA

The Tazreen Fashions fire, one of the nation's deadliest industrial incidents, was an eye-opener for the garment sector, showing that the cost of non-compliance in business operations was very high.

On this day exactly nine years ago, 112 workers were killed and 90 severely injured when the devastating fire broke out at an eight-storey building housing a garment factory at Ashulia, some 35 kilometres north of the capital Dhaka. Synthetic fabrics and highly flammable chemical products stockpiled on different floors and staircases enabled the fire to spread quickly, generating plumes of suffocating black smoke.

The screaming workers kept running from one end to another to get as far away as possible from the fiery blaze.

But some guards had kept a number of exits locked in an apparent attempt at preventing theft of goods by workers. This effectively trapped the victims, robbing them of any chance to escape the deadly smoke and flames.

Some tried to break the walls but could not. A few who did manage to escape by jumping off a window suffered severe injuries from the impact of the fall.

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AKLAKUR RAHMAN AKASH

Abandoned for nine years now, the Tazreen Fashions garment factory still stands at Ashulia following a devastating fire that broke out on this very day in 2012, killing 112 workers. The photo was taken yesterday.

Top taxpayers to be honoured today

STAR BUSINESS REPORT

The National Board of Revenue will honour the country's top taxpayers today to celebrate their compliance and commitment to paying taxes regularly.

At the national level, the tax collector will honour 141 individuals who paid the highest amount of tax, including 75 people, who paid the largest amounts of income tax in fiscal 2020-21, at a ceremony at the Officers' Club Dhaka.

In addition, it will also recognise 525 taxpayers in two categories -- highest amounts and longest periods -- at the city corporation and district levels, said NBR Spokesperson Syed A Momen.

At the event, the NBR will also honour 63 of the biggest and long-running taxpayers. Field offices of the tax administration will recognise the remaining top taxpayers throughout the country.

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To Kaus Mia, paying tax is a responsibility

SUKANTA HALDER

Taxpayers in Bangladesh are familiar with the name of Md Kaus Mia.

The 90-year-old businessman, known much for his Hakimpuri Jarda, has been the highest taxpayer since the National Board of Revenue (NBR) started recognising the top taxpayers of the country in 2010-11 in order to create a tax compliance culture.

Kaus was named as the best taxpayer in the Mujib Borsho, which is marking the birth centenary of Father of the Nation Bangabandhu Sheikh Mujibur Rahman.

The NBR last week unveiled the names of the best taxpayers of last fiscal year. As usual, he topped the list in the businessmen category. This is because to Kaus Mia, paying tax is a responsibility, not a legal obligation.

This is a stark contrast to a tax habit in a country where non-compliance is rife and tax collection is one of the lowest in the world. Born in August 1931 in Chandpur district, his ancestors were the residents of the then state of Tripura.

His father wanted him to study. But Kaus was obsessed with business. He began his journey as a businessman at a very young age with Tk 2,500 from his mother.

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Bangladesh capable of extending trade benefit to LDCs

Says commerce secretary

STAR BUSINESS REPORT

Bangladesh has the capability to extend trade facilities to least-developed countries after its graduation from the group to a developing nation in 2026, said Commerce Secretary Tapan Kanti Ghosh yesterday.

As an LDC, Bangladesh has been enjoying trade privileges in the markets of the developing and developed countries since its independence.

"Bangladesh will have to give the same trade benefit to other LDCs after graduation. And Bangladesh has the capability," he said, citing the recent examples of the government's loans and debt relief respectively to Sri Lanka and Somalia.

Ghosh made the comments at a workshop on WTO Ministerial Conference organised by the Economic Reporters' Forum in Dhaka.

The secretary said Bangladesh's economy had grown over the last 50 years to a level that made it capable of giving the trade benefit to other poor countries.

Currently, Bangladesh is demanding trade benefits from other countries for the post-graduation era and is in talks with major trading partners to sign deals, including free trade agreements, to retain the duty benefit after 2026.

It is expected that the export from Bangladesh will not face any negative impacts up to 2029 in



Tapan Kanti Ghosh

the European Union, where 67 per cent of the garment item is shipped, as the bloc will keep granting the preferential trade treatment for three more years.

"We have eight years to take preparations to compete after graduation," Ghosh said.

"By this time, the local exporters, especially the backward linkage industries of the garment sector, will be capable of supplying raw materials to the local garment sector," Ghosh said.

Local garment exporters would be able to compete with other countries after graduation, he said. Of the total garment exports, 73 per cent is shipped under the LDC category.

Olympic to invest Tk25cr to expand bakery business

AHSAN HABIB

Olympic Industries Ltd, the maker of popular biscuit brands such as Energy Plus, Tip and Nutty, has announced that it would invest Tk 25.65 crore to expand its production capacity to meet growing demands.

The top bakery and confectionery product manufacturer in the country disclosed the information yesterday in a regulatory filing on the website of the Dhaka Stock Exchange.

Its stock rose 1.25 per cent to Tk 162.1.

According to the disclosure, the company would finance the investment from its own sources or working capital loans.

The company has retained earnings of Tk 723 crore, said the financial report for 2020-21.

Of the Tk 25.65 crore planned investment, Tk 6.49 crore will be invested in the first phase to import

OLYMPIC'S EXPANSION BID

Plain cake production: **475.2** lakh pcs yearly

Custard cake production: **316.80** lakh pcs yearly

Construction of a **5-storey** complex with **73,000** sft floor area



and set up cupcake making line to produce plain and custard cakes, along with buying packaging line, nitrogen generator, metal detector, and other items from China.

Thanks to the investment, the plain cake production capacity would be 475.2 lakh pieces annually and custard cake production capacity would be 316.80 lakh pieces. The line will be established in its factory in Lolati, Narayanganj.

On the back of rising demand for biscuits, and snacks items, the listed company has decided to enhance the production capacity.

Its sales rose 11.86 per cent to Tk 1,803 crore in 2020-21. It logged profits of Tk 203 crore, slightly up from the previous year's Tk 202 crore.

The export of biscuits and confectionery items rose 8 per cent to Tk 25.65 crore in 2020-21.

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Stocks fall as investors book profits

STAR BUSINESS REPORT

The stock market fell for the third consecutive day yesterday due to the profit booking tendency prevailing among investors.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), dropped 9 points, or 0.13 per cent, to 7,013.

Turnover, an important indicator of the market, however, went up 7 per cent to Tk 1,314 crore from the previous day's Tk 1,226 crore. As most stocks rose last week, investors booked profits in the last three days, according to a merchant banker.

The market is now in motion, which is a good sign and now it is easy for general investors to book profits, he said.

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Poverty rate unchanged at 20.5pc

Says planning minister

STAR BUSINESS REPORT

Planning Minister MA Mannan yesterday claimed that the poverty rate in Bangladesh remains unchanged at 20.5 per cent despite the economic fallout of Covid-19.

"Many private organisations say the poverty rate has increased according to their calculations, but we won't engage in this debate for now as the government is carrying out its own study on the matter," he said.

"The media will be informed about our findings in due time," he said after a meeting of the Executive Committee of the National Economic Council (Ecne).

The planning minister went on to say that the size of the country's gross domestic product (GDP) has reached \$411 billion as per calculations of the Bangladesh Bureau of Statistics (BBS).

"The GDP size has

expanded thanks to the new base year adopted by the BBS," he said.

By changing the base year to 2015-16 from 2005-06, many new types of businesses and products were included in the economy, leading to the expansion of the GDP size.

A base year is a benchmark with reference to which national account figures such as GDP, gross domestic saving and gross capital formation are calculated.

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PHOTO: SK ENAMUL HUQ