

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▼ 1.35%	▼ 1.33%	\$1,795.10	\$70.70	▼ 0.34%	▼ 1.63%	▼ 2.54%	▲ 0.03%	BUY TK 84.85	94.87	113.35	13.08
6,703.25	11,790.49	(per ounce)	(per barrel)	57,064.87	27,821.76	3,041.29	3,563.89	SELL TK 85.85	98.67	117.15	13.75



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# BUSINESS

DHAKA WEDNESDAY DECEMBER 1, 2021, AGRAHAYAN 16, 1428 BS • starbusiness@thedailystar.net

## Business revival lifts credit growth to 13-month high

AKM ZAMIR UDDIN

Private sector credit growth in Bangladesh accelerated to 9.44 per cent in October, the highest in 13 months as the economy is running in full swing, shaking off coronavirus fallout.

The containment of the second wave of virus infections has largely encouraged businesses to go for expansion, bankers say.

The credit growth had faced sluggishness right after the coronavirus arrived on the shores of the country in March last year as demand plunged.

In September last year, credit growth stood at 9.48 per cent. But it hovered around 8 per cent before October this year.

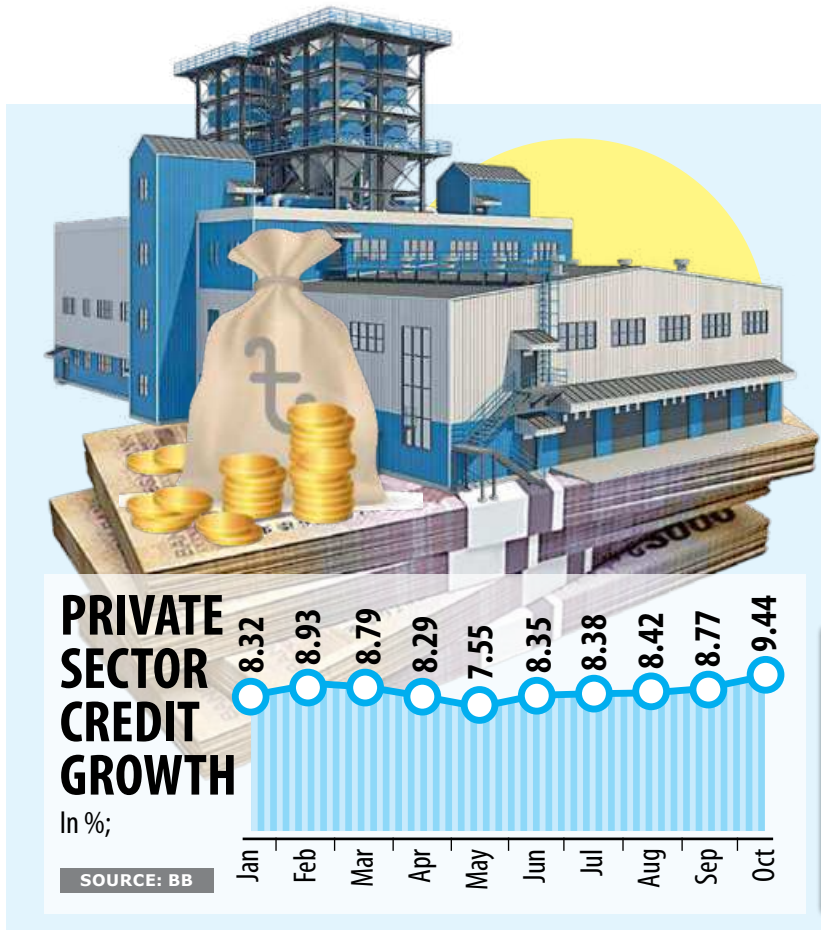
Abul Kashem Md Shirin, managing Director of Dutch-Bangla Bank Ltd, said that the demand for working capital and import financing had increased to a large extent in recent months as the coronavirus situation at home and abroad improved.

"This has played a key role in pushing up the credit growth."

In addition, businesses are now seeking loans for project financing to set up new industrial units as their confidence returned after the government tackled the second wave successfully.

Against the backdrop, the liquidity stress in the banking sector might deepen in the days to come. So, the central bank should keep monitoring the market to ease the situation, Shirin said.

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### WHAT BANKERS SAY...

- Full-fledged economic activities push up credit growth
- Demand for import financing and working capital rising
- Liquidity stress to increase further
- BB should keep monitoring market to tackle cash shortage
- Credit growth to rise steeply if Omicron does not spread

Demand for all types of loans is on the rise as economic activities are going on in full swing. Time-befitting measures taken by BB will ease the liquidity stress.



Abul Kashem Md Shirin  
MD of Dutch-Bangla Bank

## BB softens tone in row with BSEC

May allow banks to contribute undistributed dividends to stock stabilisation fund

STAR BUSINESS REPORT

The central bank may allow banks and non-bank financial institutions to channel the undistributed dividends to the stock market stabilisation fund, in a softening of stance that would end its dispute with the stock market regulator. If materialised, it would also put an end to the volatility in the stock market, which fell in the seven days out of the last eight sessions.

The Bangladesh Bank had confusion about some wording in the related order that "we have cleared," said Shaikh Shamsuddin Ahmed, a commissioner of the Bangladesh Securities and Exchange Commission (BSEC), after a meeting with the central bank.

"It was a positive and fruitful meeting."

A senior BB official, who attended the meeting, however, said no concrete decisions were taken.

The two entities would sit again in December in the greater interest of the stock market, he said.

"If required, the central bank will take measures to amend its decisions so that investors get back their confidence in the capital market."

Ahmed led a three-member BSEC team at the meeting at the central bank headquarters, while the host side was led by Deputy Governor AKM Sajedur Rahman Khan.

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### Tax return submission deadline now Dec 31

STAR BUSINESS REPORT

The National Board of Revenue (NBR) yesterday extended the deadline for income tax return submission by a month.

It means that taxpayers would be able to furnish their tax returns by December 31, according to a notification from the NBR.

The extension comes on the last day of the official deadline for return filing on November 30, also termed as Tax Day as a big number of taxpayers are yet to file their income, expenditure and wealth statements.

This is the second year the tax authority

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## BB decides not to mop up funds

Bid to address liquidity crunch in banks

AKM ZAMIR UDDIN

Bangladesh Bank yesterday decided not to mop up any money from the market as a part of its efforts to ease the ongoing liquidity crunch in the banking sector.

"No auction will be held for the Bangladesh Bank Bill, an instrument that is used to withdraw money from the market, this month. The ongoing liquidity crunch has compelled the central bank to take the decision," said a BB official.

Bankers welcomed the central bank decision, terming it time befitting, saying it will help loosen the ongoing liquidity pressure in the banking sector.

The BB decided to mop up excess liquidity on August 5 as the demand for loans nosedived during the period.

Between August and November, the central bank mopped up Tk 68,971 crore through the BB bills.

There are three categories of the bill based on their maturity: 7-day, 14-day and 30-day.

Private sector credit growth has maintained an upward trend in recent months as businesses are now exploring loans from banks to expand their enterprises, creating the cash shortage in banks.

Although excess liquidity in the

### LIQUIDITY SITUATION IN BANKS

- BB started mopping up money in Aug
- Some Tk 68,971 cr was withdrawn till Nov
- A rise in demand for loans created liquidity stress
- Excess liquidity concentrated to a few banks
- BB will not withdraw any fund this month

banking sector is still higher than the pre-pandemic level, the majority of the surplus fund is concentrated among a few banks.

The surplus fund totalled Tk 220,880 crore in October, up 0.6 per cent from that the month before.

Of the total excess fund, Tk 168,508 crore is concentrated among only a dozen banks, accounting for 76 per cent of the additional liquidity.

The fund concentration has created a liquidity stress in the sector as most lenders are struggling

to meet a sudden spike in demand for credits just after the reopening of the economy from the coronavirus pandemic.

The liquidity shortage has forced the cash-poor banks to desperately turn to the inter-bank call money market, sending the interest rate on the overnight borrowing to an elevated level.

The call money rate stood at 4.49 per cent on November 18, up from 2.25 per cent on October 31.

The central bank did not mop up any money from a scheduled auction for the BB bill held last week. The central bank yesterday took a decision to discard the auction.

Syed Mahubur Rahman, managing director of Mutual Trust Bank, said discontinuing the auction for the BB Bill was a good decision as liquidity situation in banks was getting stressful.

"Interest rate on deposits has already started to increase. Many banks will try to make their balance sheet shine this month considering it to be the last moment of this year," he said.

This will further create stress on lenders, but the central bank's initiative will help to ease the situation, Rahman said.

Emranul Huq, managing director of Dhaka Bank, also echoed him.

## FBCCI to celebrate 50 years of independence

REAYAT ULIAH MIRDDHA

The country's apex trade body, the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), is going to launch a 16-day event in Dhaka to commemorate the country's 50 years of independence.



Prime Minister Sheikh Hasina is scheduled to inaugurate the programme virtually in the evening today.

Running from 7:00pm to 10:00pm, the Hatirjheel amphitheatre will be the venue every day. Ten 10 LED TVs installed around Hatirjheel will also broadcast the events.

No formal intellectual

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## Tax rates to fall if tax net widens: experts

STAR BUSINESS REPORT

The tax rates will come down if more people are brought under the tax net and if the government reduces the tax rate, people will be less inclined towards evading tax, speakers told a seminar yesterday.

The seminar, "Role of Income Tax in Implementation of Vision and Building of Future Bangladesh", was organised by the National Board of Revenue (NBR) on its premises marking "National Income Tax Day 2021".

This year the day's theme is "Implementation of Mujib year's pledge by ensuring spontaneous participation of taxpayers in paying taxes".

In a presentation the NBR said it would increase the contribution of direct tax in overall revenue collection to 50 per cent by 2041 and soon a sustainable revenue system would be formulated to increase the revenue administration's overall capacity.

There is no alternative to raising direct taxes in the current era of industrialisation, said Law Minister Anisul Huq.

"I would like to request the rich and wealthy people of the country to help increase the revenue and development of the country by paying taxes on the taxable income. Your tax money is the main driving force of the country's development," he said.

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## DP World reiterates commitment to invest \$1b

STAR BUSINESS REPORT

Dubai-based multinational logistics company DP World will invest \$1 billion in Bangladesh's supply chain infrastructure, including ports, rail network and inland container terminals.

The investment will be made under a government-to-government agreement signed in 2019 for public-private participation on infrastructure projects.

The assurance came when a high-level Bangladesh government delegation led by State Minister for Shipping Khalid Mahmud Chowdhury visited DP World Pavilion at Expo 2020 Dubai during November 21-23, the company said in a statement.

The delegates met Sultan Ahmed bin Sulayem, group chairman and CEO of DP

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## Idcol plans big for industrial rooftop solar

Garment units with rooftop solar panels will get more orders from H&M

MAHMUDUL HASAN

The Infrastructure Development Company Ltd (Idcol) has big plans to invest in industrial rooftop solar power projects in line with the government target to meet 30 per cent of Bangladesh's energy needs from clean sources by 2030.

Through its investments, the fully state-owned specialised non-bank financial institution (NBF) aims to generate cheaper electricity, cut emissions and dependency on fossil fuels, and eventually complete the Mujib Climate Prosperity Plan (MCPP).

Under the MCPP, Bangladesh intends to obtain 30 per cent of its energy from renewable sources by 2030 with a significant portion of that electricity coming from rooftop solar power systems.

The MCPP is pursuing global green investment funds for domestic green energy development programmes, and taking initiatives to enhance the public-private financial sector's capabilities in this regard.

"Initially, Idcol will finance rooftop solar projects that will

generate about 300 megawatts of electricity by 2024," said Abdul Baki, chief executive officer (in-charge) of the NBF.

"If current investments are successful, we will go for bigger projects as Bangladesh has potential to generate a few thousands megawatts of electricity from rooftop solar power systems," he added.

Idcol, the local market leader in renewable energy financing, already approved 41 projects that will collectively generate 50 megawatts of electricity while another 15 projects to produce a total of 52 megawatts are in the pipeline.

The projects in operation include a 2.66 megawatt rooftop solar power plant at the Square Textiles factory in Kashimpur union, a 2.02 megawatt plant at Fakhruddin Textile Mills in Sreepur upazila, a 1.72 megawatt plant at Aswad Composite in Mawna union, a 1.1 megawatt plant at Far East Spinning Industries in Habiganj, and a 0.99 megawatt plant AT Snowtex Outerwear in Dhamrai.

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Industrial rooftop solar power projects could be a significant contributor to the country's energy grid as it is cheaper and cleaner to produce electricity from renewable sources such as this compared to traditional methods.

PHOTO: COLLECTED

## Govt to honour 57 NRBs as CIP

STAR BUSINESS REPORT

The government has selected 57 non-resident Bangladeshis to honour them as the commercially important person (CIP) for their contribution to the economy.

Of them, 47 will be recognised for sending the highest amount of remittance through formal channels, nine for importing Bangladeshi products to foreign countries, and one for making direct investment in the industrial sector in Bangladesh.

Of the CIPs, 37 live in the Middle East, three in the US, two each in the UK, Japan, Italy, Russia, Malaysia and Thailand, and one each in Canada, Australia, Singapore, the Maldives and Cambodia.

The highest number of the NRB-CIPs of 26 came from the UAE and two of them are women. Nine are from Oman.

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