

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY	
1.08%	1.34%	\$1,785.50	\$74.13	1.09%	0.16%	0.3%	0.07%	84.85	94.99	112.73	13.08	
6,629.87	11,576.13	(per ounce)	(per barrel)	56,930.56	28,562.21	3,096.81	3,622.62	BUY TK	85.85	98.79	116.53	13.75

Earn Interest from MSME Current Account

16218

Star BUSINESS

DHAKA MONDAY DECEMBER 27, 2021

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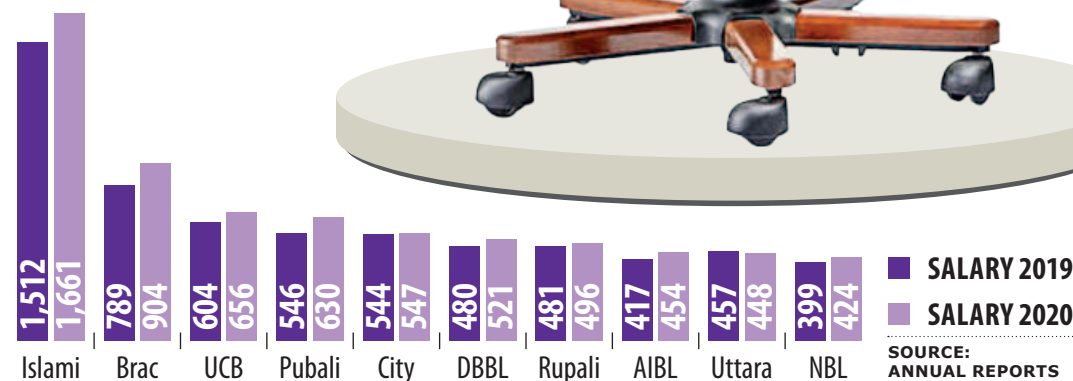
BANKS OFFERING HIGHER SALARIES TO CEOs

(In crore taka/year); SOURCE: ANNUAL REPORTS

BANK	SALARY IN 2019	SALARY IN 2020
EBL	2.4	2.6
MTB	2.3	2.6
Shahjalal	1.9	2.1
IFIC	1.5	2
Exim	2	1.9
Al-Arafah	1.9	1.9
Bank Asia	1.6	1.9
Brac	1.8	1.8

BANKS WITH HIGHEST SPENDING ON SALARIES

(In crore taka/year)



AT A GLANCE

Six banks cut salary costs for their employees

25 banks raised salary while one kept the same

Salaries of MDs at 17 banks rose in 2020

11 banks reduced salary of their MDs

Four banks kept salary of MDs unchanged

Six banks cut salary costs to safeguard profits

AHSAN HABIB

Six listed banks in Bangladesh cut their expenditures for the salaries and allowances of employees amidst the pandemic in 2020 in an apparent attempt to keep their profits unscathed.

Interestingly, the top bosses of 17 banks, including three of the six listed lenders, enjoyed raises, showed an analysis of the annual reports of all of the 32 lenders listed on the Dhaka Stock Exchange.

Exim Bank and Uttara Bank did end up logging higher profits.

Exim Bank spent Tk 325 crore for salaries, 5 per cent less than that in the previous year. Its profits rose 18 per cent to Tk 281 crore.

Uttara Bank's yearly salary and allowance expenditure dropped 1 per cent to Tk 448 crore. Profits went up 14 per cent to Tk 214 crore.

But profits decreased for One Bank, Southeast Bank and IFIC Bank. ICB Islamic Bank remained in the red. They slashed salaries and allowance costs by 6 per cent, 5 per cent, 0.78 per cent, and

0.38 per cent respectively.

Out of the six, the salaries increased for the managing directors of Uttara Bank, IFIC Bank and ICB Islamic Bank. For Uttara Bank's MD, the annual salary was up 8 per cent at Tk



1.65 crore.

IFIC Bank reduced salary and allowance costs by 0.78 per cent to Tk 253 crore. But its expenditure behind top officials' yearly salaries surged 33 per cent to Tk 2.09 crore.

Thanks to job security, handsome salaries, and increments, many brilliant

students enter the banking profession, said a mid-level official of a private commercial lender preferring anonymity.

"But the pandemic revealed that even people in this profession could not remain

unscathed," he said. Banks have been logging profits year after year, so job or salary cuts after just a single tough period was not a logical option, he added.

"Moreover, employees should have been given better increments that year to boost their morale. Most of the banks' directors are

blindly chasing profits."

Banks are securing profits almost every year and providing dividends too, so they should not think about profits at least for one pandemic-hit year, said Salehuddin Ahmed, a former governor of the Bangladesh Bank.

"Moreover, some of them tried to cut salary costs, something that affects a majority of employees." According to the former governor, the directors of banks always try to find ways to increase profits.

"The top management of most lenders have always ended up becoming the beneficiaries as they abide by the decisions of the directors at the expense of the rest of the employees."

Ahmed urged the management and the board to work separately and in an effective way so that all the employees get benefits equitably.

The Bangladesh Bank was adamant on preventing job cuts in banks during the pandemic.

Necessary steps have to be taken to reappoint all bankers,

either dismissed or forced to resign, from April 1 last year to September 15 this year despite having no specific and proven allegations, said the central bank in a circular in September.

Among all the listed banks, the managing director of Eastern Bank received the highest salary and allowance in 2020, worth Tk 2.63 crore.

The top official of Mutual Trust Bank got Tk 2.62 crore. The CEOs of Shahjalal Islami Bank and IFIC Bank also got yearly salaries and allowances of over Tk 2 crore that year.

Islami Bank Bangladesh Ltd spent the most for the salaries and allowances of the workforce, Tk 1,661 crore, followed by Brac Bank, which spent Tk 904 crore.

However, 11 banks stood out for reducing the costs behind salaries of MDs and CEOs. They are City Bank, Dhaka Bank, Exim Bank, Jamuna Bank, Mercantile Bank, NCC Bank, NRB Commercial Bank, One Bank, SBAC Bank, Southeast Bank, and Trust Bank.

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RELAXED LOAN CLASSIFICATION

FBCCI demands extension, analysts oppose

STAR BUSINESS REPORT

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) yesterday requested Bangladesh Bank to extend the implementation of the relaxation policy on loan classification until July next year.

Businesses are still passing through dreadful times due to the slowdown stemming from the pandemic as economic activities are yet to become stable, said the country's apex trade body.

But economists and bankers strongly opposed the FBCCI's demand, reasoning that enabling another round of the relaxed policy would have a severe impact on the economy.

The trade body placed the proposal at its annual general meeting in Officers' Club Dhaka. FBCCI President Md Jashim Uddin presided over the meeting.

The organisation has already sent a letter to the central bank, requesting to consider the issue positively.

Uddin told The Daily Star that the central bank's relaxed loan classification policy would cease to come into effect this month.

But businesses are still compelled to purchase imported products, including industrial raw materials, at a much higher rate than that in the pre-pandemic period, he said.

On top of that, Omicron, the latest variant of the

REASONS FOR THE DEMAND

Higher prices of raw materials in global market
Businesses still going through tough times
Omicron spreading rapidly

WHY ANALYSTS OPPOSE

Banks will be unable to repay depositors
Reinvestment to face a setback
Private sector credit growth to fall

coronavirus, has already spread across the globe, which is why the FBCCI has urged the central bank to continue to keep the relaxed policy enabled, he said.

Borrowers, who have taken loans of up to Tk 10 crore from banks, should be treated as non-defaulters in spite of their inability to pay any instalment until June next year, according to the FBCCI proposal.

Clients, whose outstanding loans ranged from Tk 10 crore and above to Tk 500 crore, should be considered non-defaulters if they can give only 2 per cent of their payable instalments within the period.

Those who have over Tk 500 crore in loans should be allowed to avoid the default zone if they are able to pay 1 per cent of their payable instalments.

As per the central bank policy, borrowers are now allowed to avoid the default zone by providing only 25 per cent of the total amount payable in instalments against their loans this year.

The BB brought the loan moratorium policy into effect last year, enabling all borrowers to avoid having their loans classified.

Ahsan H Mansur, chairman of Brac Bank, said the central bank should not entertain the FBCCI's demand as the economy has been strongly bouncing back.

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Envoy Textiles to raise Tk 168cr

STAR BUSINESS REPORT

Envoy Textiles Limited plans to issue zero coupon bonds to raise about Tk 168 crore for financing its captive power plant project and pre-pay a portion of the high-cost loan.

A zero-coupon bond, also known as an accrual bond, is a debt security that does not pay interest but instead trades at a deep discount, rendering a profit at maturity, when the bond is redeemed for its full face value.

The listed company announced the issuance of the bonds through private placement in a posting on the Dhaka Stock Exchange website yesterday.

The board of directors of the textile maker decided to issue the 5-year series zero coupon bonds with a face value of Tk 200 crore but at a discounted value of Tk 168.4 crore.

The issuance of the bonds is subject to approval of the Bangladesh Securities and Exchange Commission.

Envoy Textiles has also decided to buy a commercial space to use as extended corporate office at a cost of around Tk 8 crore.

Stocks of Envoy Textiles rose 3.76 per cent to Tk 49.70 at the DSE yesterday.

Energy price hike pushes up inflation

REJAUL KARIM BYRON and MAHMUDUL HASAN

Consumers in Bangladesh were squeezed further in November as inflation kept rising, driven mainly by non-food inflation as the impacts of last month's hike of diesel and kerosene prices are taking a hold.

The Consumer Prices Index (CPI) rose 28 basis points to a 13-month high of 5.98 per cent from October's 5.7 per cent. This was up for the fourth consecutive month, according to the Bangladesh Bureau of Statistics.

Non-food inflation, which surged 39 basis points to rocket to a 63-month high, was the driving force for the rising general inflation.

The non-food inflation surged to 6.87 per cent last month from 6.48 per cent a month ago, the highest since August 2016, Bangladesh Bank data showed.

With a view to arresting the losses of state-run Bangladesh Petroleum Corporation from the surging global energy prices, the government in the first week of November increased the price of diesel and kerosene by 23 per cent, the biggest jump in a decade.

The move prompted the public transport operators to call a countrywide strike, inflicting immense sufferings onto the common people and bringing the movement of goods to a standstill.

Three days later, the government hiked the bus fare by as much as 28 per cent and launch fares by up to 43 per cent in order to appease the operators.

"Inflation in Bangladesh is catching up with global trends," Zahid Hussain, a noted economist, told The Daily Star.

As in the case of the rest of the world, the cost push has been the most important

driver, which, in turn, came from the increases in energy prices.

Prices in the transport and communication sector increased the most, at 2.3 percentage points, in November relative to the previous month, he added.

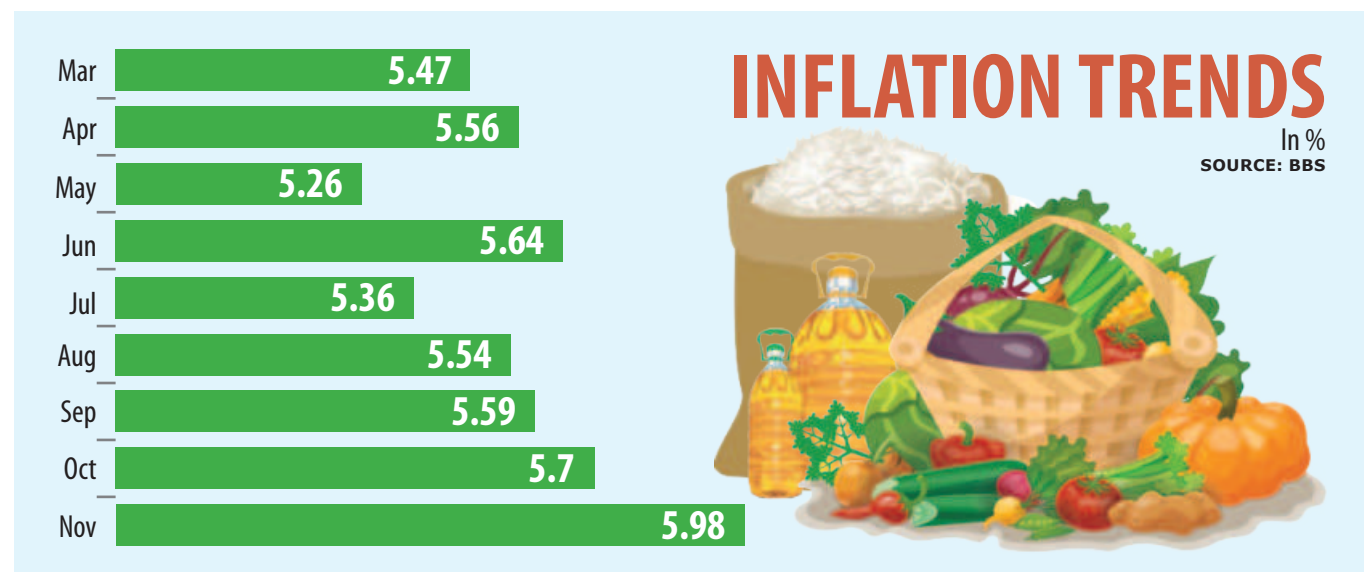
"Unfortunately, the inflationary impact of the increase in energy prices may

world through global factors like higher food and energy prices, and soaring shipping costs, said the International Monetary Fund last week.

Personal Consumption Expenditures, a measure of underlying inflation in the US, surged 5.7 per cent year-on-year in November, the biggest leap in nearly 40 years.

role as evidenced from the increased prices of clothing, footwear, furniture and recreation.

The rising inflation has created a difficult dilemma for the finance ministry and the Bangladesh Bank, according to Hussain. "Inflation is squeezing the real spending power of consumers. As a result



continue for some more months as the knock-on effects pass through the rest of the economy," said Hussain, also a former lead economist of the World Bank's Dhaka office.

As the world economy recovers from the pandemic, inflation is mounting in advanced and emerging economies.

Pent-up demand fueled by stimulus and pandemic disruptions is helping accelerate inflation, spread around the

Food inflation in Bangladesh is also at a higher level for the elevated commodity prices at home and abroad. It was up 21 basis points at 5.43 per cent in November, the highest in five months.

In Bangladesh, commodity prices have been surging for the last few months, owing to their record price levels in the global markets, an unprecedented level of shipping costs, and supply constraints. The demand-pull has also played a

the incentives for businesses to invest is damaged. A fiscal expansion to repair the damage may backfire by further fueling inflation."

Hussain said the central bank has set a 14.8 per cent private credit growth target. In order to achieve it, the BB must ensure adequate liquidity in the banking system while maintaining the 9 per cent cap on the lending rate.

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Sonali Paper's trading rises abnormally

STAR BUSINESS REPORT

Sonali Paper and Board Mills is witnessing an inexplicable rise in its share value and as a result, the company's stocks are trading at an abnormal level, according to analysts.

Sonali Paper's trade volume at the Dhaka Stock Exchange (DSE) was worth about Tk 153 crore yesterday while the company's total paid-up capital was Tk 21 crore.

The low paid-up capital based company's trading accounted for 17 per cent of the DSE's total turnover, which stood at Tk 885 crore.

In a recent disclosure, Sonali Paper had announced that one of its directors planned to sell his shares.

Mohammad Javed Noman, the directors in question, then reported that he completed the sale of one lakh of his shares in the company at the prevailing market price.

"How a company like Sonali paper, whose paid-up capital is just Tk 21 crore, can lead the DSE's total turnover is beyond me," said a top official of a merchant bank preferring anonymity.

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