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RELAXED RULES FOR LOANS Banks can show interest receivables as income

STAR BUSINESS REPORT

Banks can show interest receivables for 2022 as income on their books on the term loans that have been extended a relaxed repayment facility up to December, said the central bank yesterday.

Interest receivable is the amount of interest that has been earned but has not yet been received in cash.

On December 18, the Bangladesh Bank relaxed its loan repayment policy, saying the real income of borrowers has fallen due to the severe impacts of the prolonged Russia-Ukraine war.

Thanks to the relaxation, borrowers can avoid being classified as a defaulter if they clear 50 per cent of their instalments payable in the final quarter of 2022 instead of 75 per cent previously.

The move has been taken to keep the foundation of banks solid and raise their shock-absorbing capacity, BB said

At the time, the BB did not specify whether the interest receivables could be transferred to the income segment and provision has to be kept and if yes, by how much.

In a notice yesterday, the BB said banks can transfer the interest receivables on the term loans to their income sector after analysing the risks facing the recovery of such advances.

The move has been taken to keep the foundation of banks solid and raise their shock-absorbing capacity, it said.

The interest receivables on the rescheduled and restructured loans or on the loans that have been given a one-time exit facility can't be shifted to the income segment if the interest is not realised in the form of cash.

Besides, an additional 2 per cent general provision has to be kept against the loans. This means banks will have to keep a total of 3 per cent provision from the existing 1 per cent.

Lenders will have to earmark an additional 1 per cent provision against the loans.

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ILLUSTRATION: BIPILOB CHAKROBORTY

2022: Soaring prices gave consumers a hard time

SUKANTA HALDER

In January, Monirul Islam did not have to think twice about the bill while eating out in the morning or ordering beef or chicken items for lunch.

But the private sector employee has been forced to

2022 THE YEAR THAT WAS

tighten his belts since his salary has not increased whereas the cost-of-living rocketed for the hike in the prices for everything he uses or consumes.

In order to deal with higher inflation, Monirul started by cutting the food and clothing budget. But it was not enough since inflation showed no sign of cooling down.

In the middle of 2022, the 39-year-old encashed his deposit pension scheme, way before it matured, in order to pay for the medical expenses of his son and set aside some money for his wife, who was expecting.

In January, Monirul had calculated how much it would cost him if he sends his five-year-old son to school next year. But

the budget has to be doubled owing to the rise in the prices of educational accessories.

"Throughout the year, I have cut costs one after another," he said.

Monirul represents millions of people who are currently going through the same difficulty for the rising cost-of-living and stagnant incomes.

Inflation in Bangladesh has nearly doubled since January, owing to higher import costs,

before surging to a 10-year-high of 9.52 in August. It slightly fell to 8.91 per cent in November.

According to the Trading Corporation of Bangladesh, the price of rice has gone up by 7.14 per cent, loose flour by 66.67 per cent, soybean oil by 23 per cent, lentils by 25 per cent, powdered milk by 30-42 per cent, sugar by 45.16 per cent, salt by 23.8 per cent, and eggs by 7.35 per cent in the last one year.

As gas and crude oil prices

kitchen market. However, the price of chicken has been high throughout 2022. Besides, soap, toothpaste, cosmetics, tissues and other essential products have become costlier. In fact, it would be hard to find a product whose price has not gone up.

In a relief, many landlords did not increase their house rent in 2021 owing to the dragging impacts of Covid-19. But, many of them have raised the rent recently, compounding pressure on the tenants.

Akram Hossain, who came to the kitchen market in the New Market area last week, said his four-member family was always selective about fish. But it has had to rely on low-priced fish in the last four months just to save money for a rainy day.

"I haven't bought beef even once in the last month."

Hossain, who runs of a shop selling utensils, also cut the number of social events he would attend.

"I have received invitations from relatives for five programmes in the last three months. But I went to only one event."

As the cost-of-living crisis persists, more and more people are standing in queues to buy rice and flour sold at subsidised

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fuel prices and transport fares, mostly driven by the impacts of the dragging Covid-19, supply disruptions and the Russia-Ukraine war, hurting the pockets of the lower, lower-middle and middle-income groups and the fixed income people.

Inflation stood at 5.86 per cent in the first month of the year

rose in the global markets for the war-induced supply disruptions, Bangladesh was forced to hike the price of fuels twice since November 2021 in order to lessen fiscal pressures. As a result, the transport fare has increased by 30 to 40 per cent.

The prices of fish, meat and vegetables fluctuate in the

When should Bangladesh bid 3G adieu?

MAHMUDUL HASAN

Although many countries have already shut down 3G, the third generation of wireless mobile telecommunications technology, or announced phase-out plans, Bangladesh is yet to set a specific deadline as a chunk of customers still use it.

With 4G being steadily deployed countrywide, operators are eyeing to phase out the technology in the coming years.

Ageing 3G networks eat up a substantial share of the operator's capital expenditure and operating expense and the investment does not justify average revenue per user, said the industry people.

Moreover, it is important to free up valuable spectrum resources for the 4G expansion, they said.

The 4G is technologically superior to 3G, offering much faster data speeds.

The maximum upload rate of 3G is 5 megabytes per second while it can go much higher with 4G, about 500 megabytes per second.

The maximum download rate of 3G is about 21 megabytes per second. But 4G technology can download videos at a much faster rate, going as high as 1 gigabit per second.

Only Robi Axiata announced at the end of the third quarter of 2021 that it plans to phase out 3G by 2023.

It kicked off the transition from Chapainawabganj, Naogaon and Natore.

"In some of the areas of Rajshahi Division, Robi has already shut down 3G. Now we are working in Sylhet," said Shahed Alam, chief corporate and regulatory officer at Robi Axiata.

The main barrier to quickly phasing out 3G is the presence of the existing 3G users in the networks, according to officials of operators and regulators.

"There are many customers with 4G handsets who do not have 4G SIM. So, we are helping them by providing discounted or free SIMs," said Alam.

In Bangladesh, there were about 28 million 3G subscribers as of September this year, according to Bangladesh Telecommunication Regulatory Commission (BTRC). Of them, about 14 million use 3G.

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STOCKS	
DSEX ▲	CASPI ▲
0.05%	0.10%
6,202.21	18,327.51

COMMODITIES	
Gold ▲	Oil ▲
\$1,818.19	\$79.43
(per ounce)	(per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.39%	▲ 0.46%	▲ 0.41%	▼ 0.46%
60,826.22	26,507.87	3,269.53	3,054.43

Ensure conducive investment climate NRBs urge govt

STAR BUSINESS REPORT

Members of NRB World Association, a platform of non-resident Bangladeshis (NRBs), yesterday urged the government to ensure a conducive environment for investments in a bid to attract more foreign funding.

They also demanded sovereign bonds so that they can invest with state security. In addition, they asked for the formulation of an "NRB Card" to ensure that they can avail facilities in the country as fast as possible.

NRB members made these demands at a summit, styled "NRB Professionals' Summit-2022", organised by the association at the Sheraton Dhaka in Banani.

"We need a conducive environment for investment so that our businesses can run properly," said Golam M Mathbor, former president of the American Institute of Bangladesh Studies (AIBS) in the US.

From the airports, to banks and every other space, these entrepreneurs need a conducive policy that supports their businesses, he added.

"To get proper facilities that would support the businesses, we need the NRB Card. Also, the availability of sovereign bonds for NRBs should be ensured," said Md Shaheduz Zaman, president of the Bangladesh Business Chamber of Singapore.

"We want to invest and the government is trying to help but their endeavour needs to ramp up," he added.

The country's recent economic success is backed by development in the energy sector, woman empowerment, progress in the agricultural sector and digitisation, said Salman F Rahman, adviser to the prime minister on private industry and investment.

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Sakhawat John Chowdhury, second from left, president of NRB World Association and managing director of NKsoft Corporation in the US, attends the NRB Professionals' Summit-2022 at Sheraton Dhaka in Banani yesterday. Inset, Salman F Rahman, private industry and investment adviser to the prime minister, is seen with the guests.

PHOTO: PALASH KHAN

Lubricant import LCs to require minimum advance

STAR BUSINESS REPORT

Bangladesh Bank yesterday asked banks to take a minimum cash advance from importers while opening letters of credit (LCs) for lubricant and engine oil in order to enable running the operations of industries smoothly.

The advance payment, also known as the cash LC margin, should be kept at the minimum level for the products depending on the bank-client relationship, Bangladesh Bank said in a notice.

The importers of the raw materials of lubricant and engine oil will also enjoy the facility.

The central bank in the circular said the initiative would help run the production of industrial goods and electricity in a smooth manner.

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