

Star BUSINESS



Rising rubber production helping local tyre industry

JAGARAN CHAKMA

Rising rubber production in Bangladesh is helping local tyre manufacturers cut the country's reliance on the imports of the product used in making bicycles, motorcycles, three-wheelers and easy bikes, said an industry insider.

According to the Bangladesh Rubber Board and producers, 67,939 tonnes of raw rubber were grown last year, up 58 per cent from 43,000 tonnes in 2021, driven by an increase in the number of gardens and acreages under cultivation.



Luthful Bari

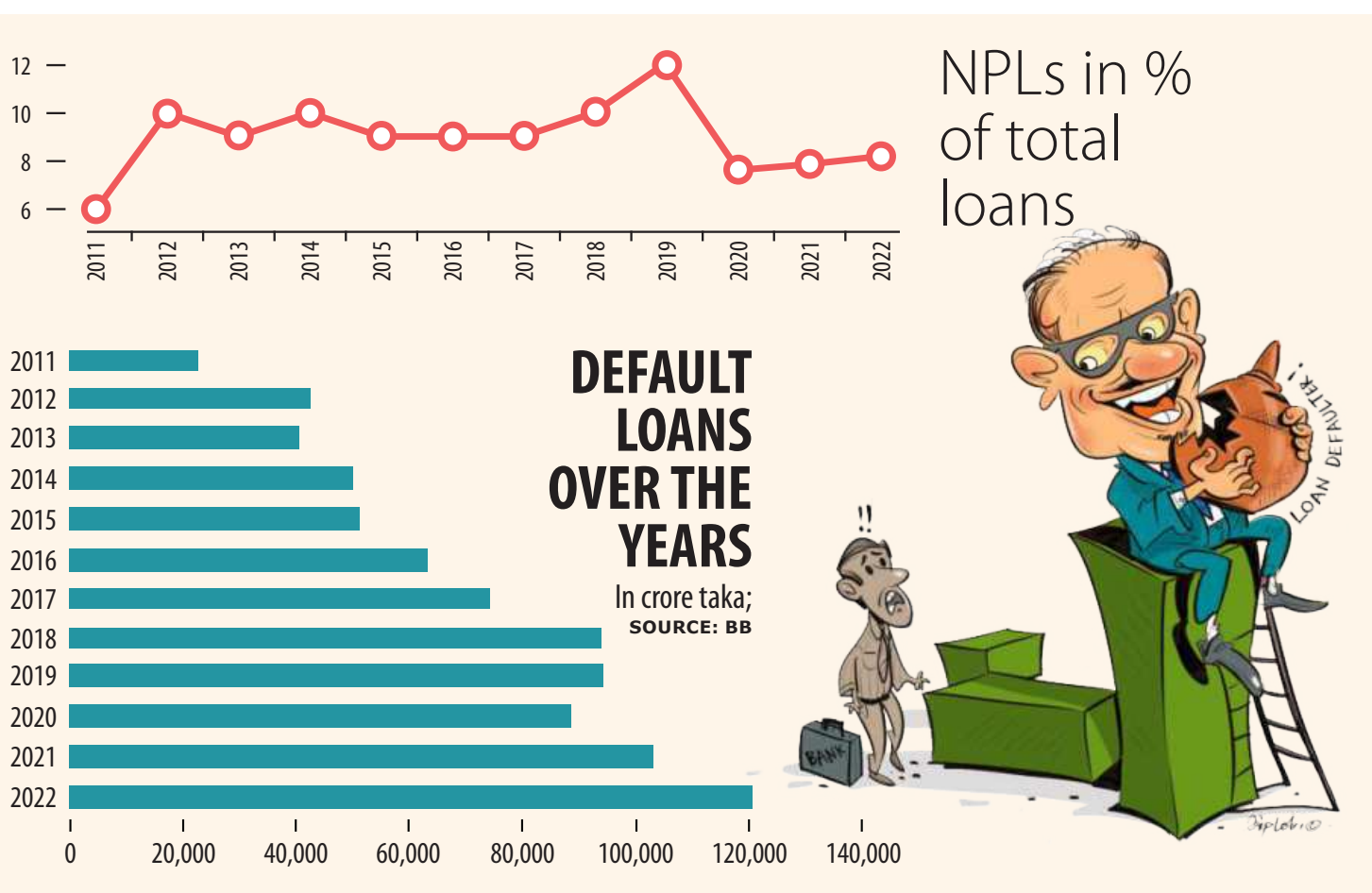
Growers put the size of the local raw rubber market at Tk 1,020 crore. Both producers and processors are benefiting from the rising production.

"This is because growers can sell their produce while processors don't have to import raw rubber," said Luthful Bari, chief operating officer of Meghna Group, one of the major rubber users in the country, during an interview with The Daily Star on Saturday.

"The local production saves at least Tk 250 crore in foreign currencies every year."

Meghna Group's enterprise Meghna Innova Rubber Co Ltd, Hussain Tyre, and Gazi tyre are the

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Relaxed rules can't tame default loans

AKM ZAMIR UDDIN

Default loans in Bangladesh's banking sector jumped 17 per cent year-on-year to Tk 120,656 crore last year owing to a lack of corporate governance and the ongoing business slowdown.

As a result, the ratio of bad loans rose to 8.16 per cent of the outstanding loans in December compared to 7.93 per cent in the same month in 2021, data from the Bangladesh Bank showed.

Analysts say that the forbearance for loan repayments and the relaxed loan rescheduling policy offered by the central bank have failed to rein in the upward trend of non-performing loans (NPLs).

NPLs, however, decreased 10.2 per cent in the final quarter of 2022 from Tk 134,396 crore reported in the July-September period.



"The trend of the last quarter can't be considered as a major progress as many banks might have reported a lower-than-actual volume of bad debts through window dressing," said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh.

Window dressing refers to the manipulation of accounts so as to present financial statements in a way that portrays a better

position than the actual scenario. Mansur, also a former official of the International Monetary Fund, said banks normally recover a nominal amount of loans compared to hefty unpaid installments just before the end of a year in a bid to paint a rosy picture of their balance sheets.

The central bank has recently relaxed the rules on rescheduling to bring down the rate of default loans.

In July, the BB allowed defaulters to reschedule term loans, whose repayment tenure is more than a year, by giving only 2.5-6.5 per cent down payment of their total NPLs instead of the previous 10-30 per cent.

Similarly, the down payment for the NPLs related to working capital or demand loans was made 2.5-5 per cent from 5-15 per cent previously.

"Such a relaxation has apparently painted a better picture of the banking sector. But it will erode the strength of the sector in the long run," said Mansur, also the chairman of Brac Bank.

"A lower amount of default loans usually helps shareholders enjoy a better profit."

Mansur suggests the central bank align its loan classification and rescheduling policies in line

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NBR plans to widen bonded warehouse facility

STAR BUSINESS REPORT

The National Board of Revenue plans to bring more export-oriented sectors under the bonded warehouse privilege so that entrepreneurs can import raw materials duty-free, said its chief yesterday.

"Upon completion of the present bond automation project, it will be feasible to expand it. If the facility is extended before the automation, it might be misused," said NBR Chairman Abu Hena Md Rahmatul Muneem.

He made the comments at a pre-budget meeting at the NBR's head office in the capital's Agargaon with the Bangladesh Investment Development Authority (Bida), the Bangladesh Export Processing Zones Authority (Bepza) and the Bangladesh Economic Zones Authority (Beza).

The agencies placed a number of proposals seeking tax benefits. The NBR organised the meeting to hear the views and concerns of businesses and stakeholders as part of its preparation to framing tax proposals for the fiscal year of 2023-24, which begins in July.

Studies have shown that a good export market for shoes, leather goods and bicycles has been created. And discussions are going on whether they can be given some support even before the completion of the bonded automation project, Muneem added.

The bonded warehouse facility allows export-oriented industries to import raw materials and packaging materials without paying any duties or taxes.

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STOCKS	
DSEX ▼	CASPI ▼
0.29%	0.24%
6,227.93	18,383.63

COMMODITIES	
Gold ▲	Oil ▼
\$1,842.64	\$76.43
(per ounce)	(per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.52%	▼ 0.66%	▲ 0.52%	▼ 0.77%
61,002.57	27,513.13	3,328.37	3,224.02



A stall attendant lets visitors have a better look at bedsheets at the monthlong Chattogram International Trade Fair on the Railway Pologround in the port city. Organised by the Chittagong Chamber of Commerce and Industry, the fair aims to promote domestic products at home and abroad. The photo was taken yesterday. PHOTO: RAJIB RAZHAN

UK seeks level-playing field for investment

STAR BUSINESS REPORT

A level-playing field needs to be maintained for foreign companies interested in investing and operating in Bangladesh, emphasised the United Kingdom (UK) in a statement after a dialogue yesterday.

The UK also invited Bangladesh to engage with its private sector to pursue a commercial dispute resolution system to unlock the full potentials of foreign direct investment (FDI) in the south Asian country.

The second Bangladesh-UK Trade and Investment Dialogue was held in Dhaka with Tapan Kanti Ghosh, senior secretary to the commerce ministry, representing the Bangladesh side.

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US remains top source of remittance

STAR BUSINESS REPORT

For the second consecutive quarter, the United States of America has been the biggest source of remittance for Bangladesh, leaving the Kingdom of Saudi Arabia (KSA) in second place even though the Middle Eastern nation hired the highest number of workers during the period.

Bangladeshis in the North American country sent \$966.89 million in the October-December period of 2022, up nearly 16 per

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WE MOURN Mr. Abdur Rouf Chowdhury (1937-2023)

We express our deepest compassion on the demise of **Mr. Abdur Rouf Chowdhury**, Founder and former Chairman of Bank Asia, Founder Chairman of Rangs Group and leading business personality of the country. We extend our heartfelt condolences to the members of his bereaved family and hope that they will overcome the irreparable loss with time.

May Almighty Allah grant his departed soul eternal peace.

