

## 5 projects to seek extra Tk 1,119cr

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Although the government discourages implementing agencies of development projects in Bangladesh from seeking time and cost revisions, several proposals in this regard are placed at each meeting of the Executive Committee of the National Economic Council (Ecne).

Today's meeting will be no different as five of the eight proposals to be placed before the Ecne are for increasing their deadlines by two to five years.

The five projects will also seek additional funds of Tk 1,119 crore collectively, up by some 40 per cent from their initial estimates, citing higher equipment costs owing to the higher US dollar price among other issues.

**Prime Minister Sheikh Hasina on many occasions has expressed dissatisfaction over the sorry state of project implementation as long delays mean that more money is spent while people are deprived of benefits in the meantime**

As such, the five projects could cost as much as Tk 3,903 crore to complete after revision.

Prime Minister Sheikh Hasina has repeatedly expressed dissatisfaction over the sorry state of project implementation in the country as long delays mean that more money is spent while people are deprived of benefits in the meantime.

For instance, Bangladesh Police aims to enhance its efficiency through a small project that initially involved Tk 80 crore for the purchase of 12 armoured vehicles, 20 escort vehicles and 5 floodlight vehicles.

The project taken up in July 2019 was originally set for completion by June 2021 but a proposal for its second revision will be placed today, seeking a time extension of two years till June 2023.

Besides, the cost of the project could be revised upward four times to Tk 309.48 crore, according to documents from the planning ministry.

The reason behind the proposed cost revision is the imposition of 826 per cent VAT against the value of armoured and escort vehicles.

Meanwhile, the fisheries and livestock ministry will place its first proposal for revising the Sustainable Coastal and Marine Fisheries project.

The project aims to modernise laws related to marine fisheries, formulate three national fishery management plans, install vessel monitoring systems in five trawlers, and place tracking systems on 10,000 commercial fishing boats.

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## Foreign banks see spike in deposits

Many savers ditch local lenders

SOHEL PARVEZ

Foreign banks operating in Bangladesh registered an 8.57 per cent growth in deposits in the October-December quarter of 2022, the highest since 2018, as many savers shifted their funds from local banks amid a confidence crisis.

Nine multinational lenders logged Tk 73,980 crore in deposits in the fourth quarter, up from Tk 68,143 crore in the third quarter, according to the Quarterly Scheduled Banks Statistics released by the Bangladesh Bank yesterday.

On a year-on-year basis, the banks recorded a 14 per cent growth in deposits even though several well-known multinational banks offer lower interest rates on deposits compared to their local competitors.

"Due to the perceived high-risk around a few local banks and financial institutions, cautious savers preferred to park

their deposits with foreign banks despite lower returns," said Mamun Rashid, a former CEO of Citibank, NA Bangladesh.

State-owned commercial banks logged the second-highest growth in deposit collection followed by private banks.

Government-owned banks witnessed their deposit grow by 0.96 per cent year-on-year to Tk

401,032 crore in the October-December quarter. Private banks, including Islamic ones, saw money parked by savers grow 0.22 per cent.

Islamic banks lost Tk 11,426 crore in deposits as a section of savers withdrew funds amid a confidence erosion in the wake of allegations of loan irregularities in some shariah-based banks, according to the October-December

quarterly report on Islamic banking of the central bank.

Overall, deposits rose 0.74 per cent to Tk 15,88,010 crore in the fourth quarter of 2022 compared to the third quarter when it stood at Tk 15,76,370 crore.

The growth of deposits, however, slowed to 5 per cent at the end of December, way lower than 9.6 per cent a year ago, BB data showed.

According to Syed Mahbubur Rahman, managing director of Mutual Trust Bank, multiple factors affected the deposit growth last year.

"Many people did not have enough liquidity owing to the higher inflation. It affected their scope to save. Besides, a section of people looked for investment opportunities outside banks as the interest rates on deposits were below the rate of inflation," he said.

Inflation rose 8.78 per cent in February, breaking a five-month declining trend.

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## Banks may lose 40% assets if global standards followed

Says FRC chairman

STAR BUSINESS REPORT

Banks and non-banks in Bangladesh are not properly following the International Financial Reporting Standard (IFRS) and so, the real picture is not seen in their financial reports, said Md Hamid Ullah Bhuiyan, chairman of Financial Reporting Council (FRC).

The FRC is an independent oversight body that aims to bring trust, credit worthiness, transparency and accountability in the audited reports and accounting of publicly listed companies.

"If they [financial institutions] followed the IFRS properly, then their assets would erode 40 per cent due to the carry over classified loans," he added.

**"The classified loans are being carried forward year after year. However, there is very little possibility to get back the fund," the FRC chairman said**

At present, financial institutions in the country operate in line with the central bank's directives while the IFRS is not followed.

Bhuiyan yesterday made these comments while speaking at CMJF Talk, organised by the Capital Market Journalists' Forum (CMJF) at its office in Dhaka.

"The classified loans are being carried forward year after year. However, there is very little possibility to get back the fund," the FRC chairman said.

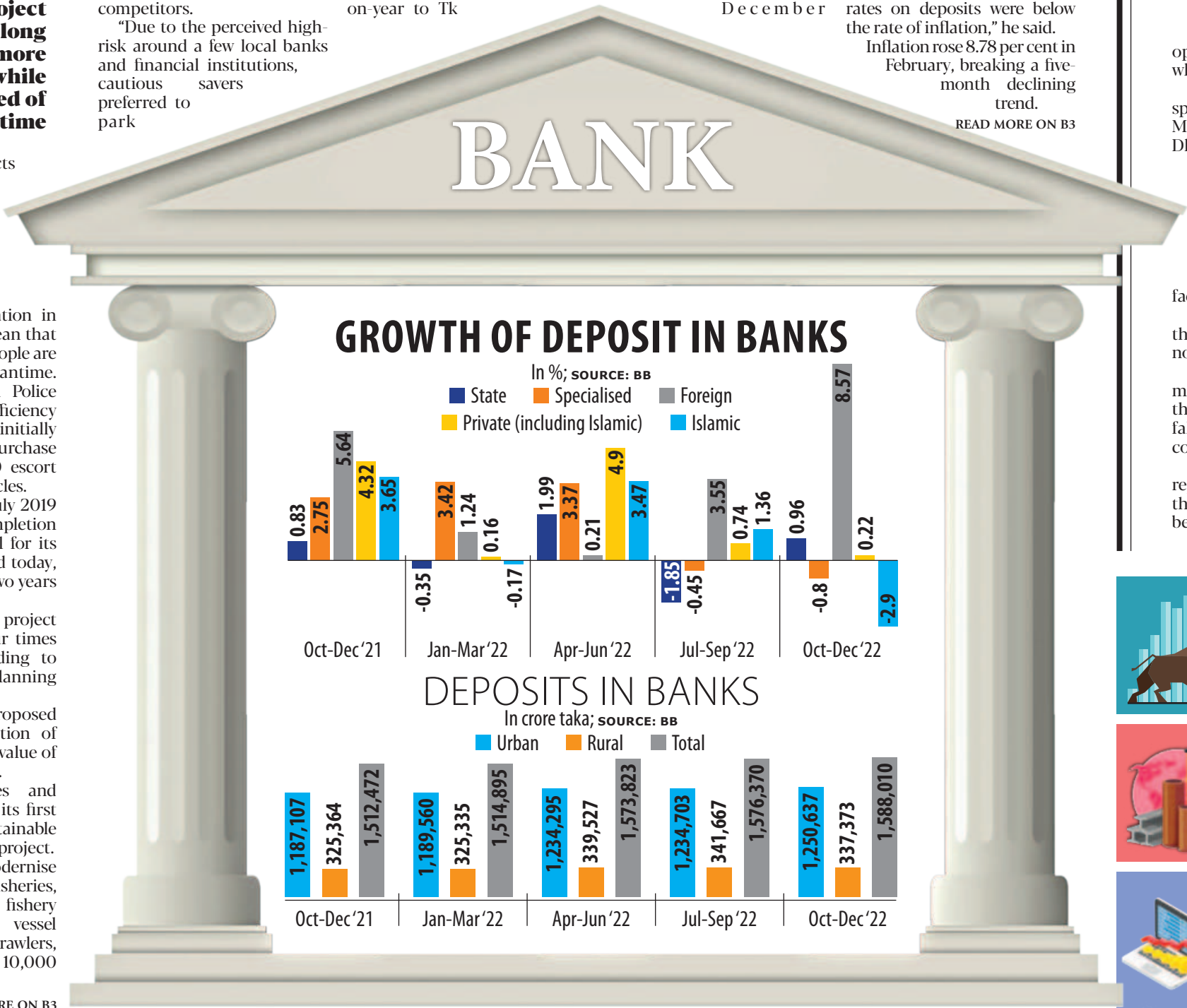
Borrowers now reschedule loans by paying a very minimal amount and then borrow from other banks. As a result, the other banks also face the same problem.

"We are requesting the central bank to make the banks bound to follow the IFRS. But we did not get any positive signal yet," he added.

Bhuiyan then said many companies make money from the capital market by manipulating their financial reports with general investors falling victim. So, the FRC plans to work on listed companies after getting the adequate manpower.

In order to ensure transparency in financial reporting, the FRC is going to enlist auditors. If they commit any wrongdoing, then they too will be punished.

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STOCKS	
DSEX ▼	CASPI
0.05%	Flat
6,204.17	18,324.78

COMMODITIES	
Gold ▲	Oil ▼
\$1,981.47 (per ounce)	\$65.80 (per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.62%	▼ 1.42%	▼ 1.37%	▼ 0.48%
57,628.95	26,945.67	3,139.76	3,234.91

## Should tax-free income limit rise as inflation bites?

AHSAN HABIB

Mohammad Firoz works at a garment accessories manufacturing company and earns Tk 29,000 per month.

Last month, his five-member family was forced to move to a tin-shade room from a small flat in the capital's Mirpur as Firoz is failing to maintain the family expenses since the cost of living shows no sign of going down.

He has divided the room, which is large, with a board: he, his wife and their two school-going children live in one part of the room while his mother stays in the other part.

"My income is not enough to meet the tuition fees of the two children, afford the medicines for my mother, pay the house rent, and buy food. I have no way to earn more money," said Firoz.

He is one of the hundreds of thousands of fixed and low-salaried people in Bangladesh who are facing the same struggle because their monthly salary of Tk 25,000 to Tk 30,000 can't cover the expenditures since inflation has stayed at a higher level for nearly a year.

But the irony is if their monthly income

crosses Tk 25,000, they are bound to pay income taxes as the tax-free income limit is Tk 3 lakh.

Both fixed and low-income people and analysts have described the income tax slapped on the earnings of Tk 25,000 as harsh amid higher consumer prices.

In most cases, employers deduct the tax from an employee's salary every month and deposit it in the government coffers.

"How can the government impose the income tax on such a low level of salary?" asked Firoz.

The tax-free income threshold should be raised to Tk 3.50 lakh considering the added pressure stemming from the rise in commodity prices, particularly those of food items, said Towfiqul Islam Khan, a senior

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