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Edible oil refiners seek to hike prices

Reduced VAT era ends
STAR BUSINESS REPORT

Edible oil refiners in Bangladesh yesterday sought to increase their prices by up to 9.62 per cent as the industry will no longer enjoy a reduced tax benefit following the completion of its one-year tenure.

The National board of Revenue (NBR) had reduced the value-added tax (VAT) on edible oil by 10 per cent to 5 per cent in March last year in a bid to provide consumers with some relief in the face of growing international prices.

More than 90 per cent of the country's demand for edible oil is currently met through imports due to insufficient domestic production.

However, the government may not accept the proposal as global prices have fallen, said an official of the commerce ministry on condition of anonymity.

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Consider using renminbi as loan currency Chinese bank urges Bangladesh

STAR BUSINESS REPORT

The Export-Import (Exim) Bank of China has recommended that Bangladesh consider using renminbi (RMB) as a loan currency when receiving financing from the country in order to facilitate deeper bilateral cooperation and accelerate the implementation of digital connectivity projects.

"Considering the ongoing US dollar [USD] crisis and progress in establishing digital connectivity, we strongly recommend your side consider using RMB as a loan currency," said Li Qinxin, deputy general manager of the concessional loan department at Exim Bank of China.

On April 6, Qinxin had asked the Economic Relations Division about the potential use of RMB for a preferential buyer's credit (PBC) project.

In a letter, he also proposed that RMB be used for all the subsequent PBC projects.

An ERD official said although a decision is yet

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WHY CREDIT GROWTH IS SLOWING DOWN

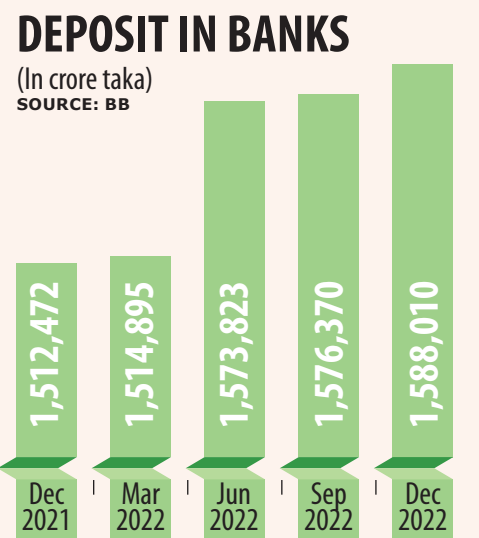
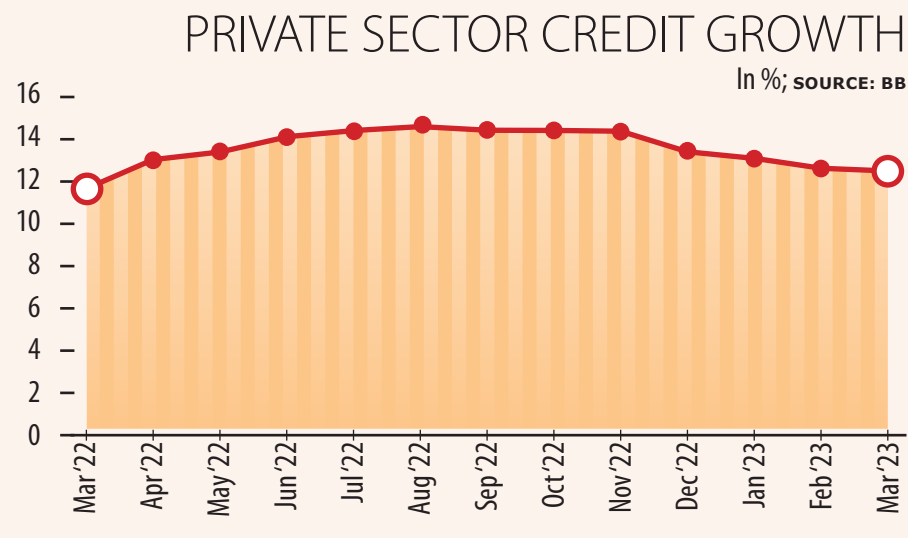
- Slowdown in deposit growth
- Liquidity stress in banks
- Lower new investment

- Feeble import financing
- Sluggish consumption amid high inflation

IMPACT ON ECONOMY

- Employment generation to face sluggishness
- GDP growth may come down
- Profitability of banks to decrease

- What should be done?**
- Withdraw interest rate cap of 9pc
 - Allow floating exchange rate
 - Expand social safety net to protect the poor



Demand for loans falls to 12-month low

AKM ZAMIR UDDIN and MD FAZLUR RAHMAN

Private sector credit growth in Bangladesh slipped to a 12-month low of 12.03 per cent in March, a development that may hurt GDP growth and job creation.

This was the fourth consecutive monthly decline, data from the Bangladesh Bank showed. The credit growth stood at 12.14 per cent in February.

Bankers blamed the liquidity stress in the banking system and banks' cautious approach in disbursing loans amid rising non-performing loans for the deceleration in credit growth.

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, says a majority of banks are now facing liquidity stress. "So, they are struggling to give out loans."

"In addition, non-performing loans in banks are on the rise, so banks are cautious about disbursing loans. This has affected the credit growth."

Default loans in the banking sector increased 16.8 per cent year-on-year to Tk 120,656 crore last year.

A mid-level official of a private commercial bank employed in Jamalpur says his bank has been following a go-slow policy since the beginning of 2022.

"We are witnessing that some customers are failing to make

instalments regularly after one or two months of securing loans. The number of borrowers belonging to this group is going up. So, we have become careful in giving out loans," he said.

Since the country's foreign exchange market is facing a shortage of US dollars amid

director of the Policy Research Institute of Bangladesh, says if banks want to expedite their credit growth, they would have to mobilise more deposits amid the tightening of the liquidity.

"The growth of deposits has been experiencing a weak trend for several months due to

For instance, if the inflow of remittances and export earnings increases, the central bank will release more taka in the market in exchange for the US dollar.

When the inflow of US dollars goes up, the central bank purchases the surplus greenbacks from the market. But the central bank has been selling the US currency for months to help banks clear import bills, which has dried up the liquidity base of lenders.

Between July 1 and April 27 of the ongoing financial year, the central bank supplied a record \$11.79 billion to banks in contrast to \$7.62 billion provided in the entire 2021-22.

Mansur warned that the slower credit growth would squeeze the GDP growth of the country and put an adverse impact on employment generation.

The dragging impacts of the coronavirus pandemic and the severe fallout of the Russia-Ukraine war have already taken their toll on the country's economy.

The International Monetary Fund maintained that growth would be at best 5.5 per cent in 2023 and 6.5 per cent next year. The government says the economy will expand by 6.5 per cent this fiscal year, down from 7.1 per cent in 2021-22.

Mohammad Ali, managing director of Pubali Bank, says that

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persistently higher import costs against lower-than-expected export and remittance earnings, banks are opening a lower number of letters of credit. This is expected to bring down the post-import financing of banks.

Import payments stood at \$48.79 billion in the first eight months of the ongoing financial year, down 10.27 per cent from a year ago.

The foreign exchange reserves stood at \$31.02 billion yesterday compared to \$44.01 billion a year ago, a decrease of about 30 per cent.

Ahsan H Mansur, executive

the lower interest rate and the volatility in the foreign exchange regime."

The deposit growth rose 5 per cent year-on-year to Tk 15,12,472 crore last year, according to the central bank.

"The lower deposit growth indicates that the credit growth will decrease more in the coming days," said Mansur, also a former official of the International Monetary Fund.

Besides, the inflow of the US dollar has faced a sluggish trend in recent months, hitting the liquidity level of banks as well, he said.

Govt re-imposes fumigation of US cotton

Lead time, production cost to rise for garment

STAR BUSINESS REPORT

The government has re-imposed the provision of fumigation of US cotton at ports, official documents showed, a move that may increase the lead time and cost of production for importers.

Previously, cotton brought from the US would have to be locally fumigated even if the raw material underwent such treatment before being shipped. This created barriers to export as the extra time and costs involved led to delays in completing work orders for nearly five decades.

The government eased the rule of double fumigation and issued a circular on February 19 this year as the US is becoming an important source of cotton for local millers, traders and importers.

However, it has again imposed a similar fumigation provision, according to a gazette notification on April 25.

The new provision means sanitary and phytosanitary certificates and papers certifying that imported consignments are free from Boll Weevil, a cotton pest in North America, will have to be obtained by importers.

The rules said that the raw cotton from the US and the western hemisphere will have to be fumigated, according to Mirajul Islam Ukil, joint secretary of the commerce ministry.

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Banks raise dollar prices for remitters, exporters

STAR BUSINESS REPORT

Bankers yesterday decided to pay a total of Tk 110.70 to migrant workers and non-resident Bangladeshis for a US dollar from this week in order to encourage them to send foreign currency through formal channels, according to a meeting.

Banks will offer Tk 108 for each greenback and they would quote the purchase prices by adding 2.5 per cent incentive given by the government at their exchange houses abroad.

Until yesterday, banks officially bought a greenback at Tk 107.

The new rate will be effective from the next working day, said a banker who took part in the meeting of the Association of Bankers Bangladesh, and the Bangladesh Foreign Exchange Dealers' Association.

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STOCKS	
DSEX ▼	CASPI ▼
0.18%	0.08%
6,262.68	18,451.91

COMMODITIES	
Gold ▲	Oil ▲
\$1,989.78	\$76.67
(per ounce)	(per barrel)

ASIAN MARKETS			
MUMBAI ▲	TOKYO ▲	SINGAPORE ▼	SHANGHAI ▲
0.76%	1.40%	0.35%	1.14%
61,112.44	28,856.44	3,270.51	3,323.27



With the holiday centring Eid-ul-Fitr now well and truly over, the loading and unloading of containers at Chattogram port is back in full swing. Here, empty cargo vans are seen entering the country's premier seaport through its fifth gate. The photo was taken yesterday.

PHOTO: RAJIB RAIHAN

Petroleum marketers' profit rises on higher commission

STAR BUSINESS REPORT

State-run petroleum marketing companies posted higher earnings in the first three quarters of the current financial year (2022-23) thanks to the increased commission they get from the government for selling petroleum.

Of the companies, Jamuna Oil recorded a 99 per cent surge in earnings while Padma Oil and Meghna Petroleum, respectively the largest and second largest oil marketers on behalf of the government, posted 33 per cent and 31 per cent growth in profits.

Noman Ahmed Talfader, company secretary of

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PRICE SENSITIVE INFORMATION

This is for information of all concerned that the Board of Directors of Bank Asia Limited in its 495th meeting held at 3:00 p.m. on April 30, 2023, in the Board Room of the Bank Asia Tower (Level-10), 32 & 34 Kazi Nazrul Islam Avenue, Kawran Bazar, Dhaka-1215, has approved the un-audited financial statements of the bank for the first quarter (Q1) ended on March 31, 2023, and disclosed the following financial indicators of the Bank:

Particulars	March 31, 2023		March 31, 2022	
	Taka (Solo)	Taka (Consolidated)	Taka (Solo)	Taka (Consolidated)
Profit before Tax & Provision	2,482,030,507	2,494,502,847	2,610,480,423	2,648,761,426
Profit after Tax	1,321,806,679	1,329,083,947	1,260,480,423	1,233,235,088
Net Asset Value (NAV)	28,138,644,371	27,960,742,702	26,889,582,337	26,710,718,054
Net Asset Value (NAV) per Share	24.13	23.98	23.06	22.91
Earnings per Share (EPS)	1.13	1.14	1.08	1.06
Net Operating Cash Flow per Share (NOCFPS)*	13.57	13.77	4.84	4.84

* Net Operating Cash Flow per Share (NOCFPS) increased due to cash inflow by way of increased in Deposit and decreased of Loans and Advances

The details of un-audited financial statements of the Bank for the first quarter ended on March 31, 2023 will also be available on the website of the Bank at www.bankasia-bd.com

Dated: Dhaka April 30, 2023

Corporate Office
Bank Asia Tower
32 & 34, Kazi Nazrul Islam Avenue
Kawran Bazar, Dhaka-1215