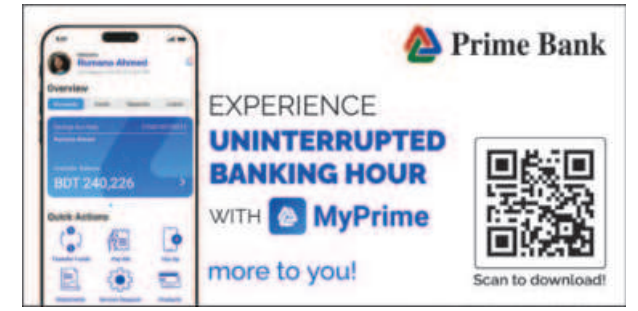


# Star BUSINESS



## Budget to be placed on Jun 1

Size about Tk 7.59 lakh crore

**STAR BUSINESS REPORT**

Finance Minister AHM Mustafa Kamal is scheduled to present the national budget for fiscal year 2023-24 on June 1.

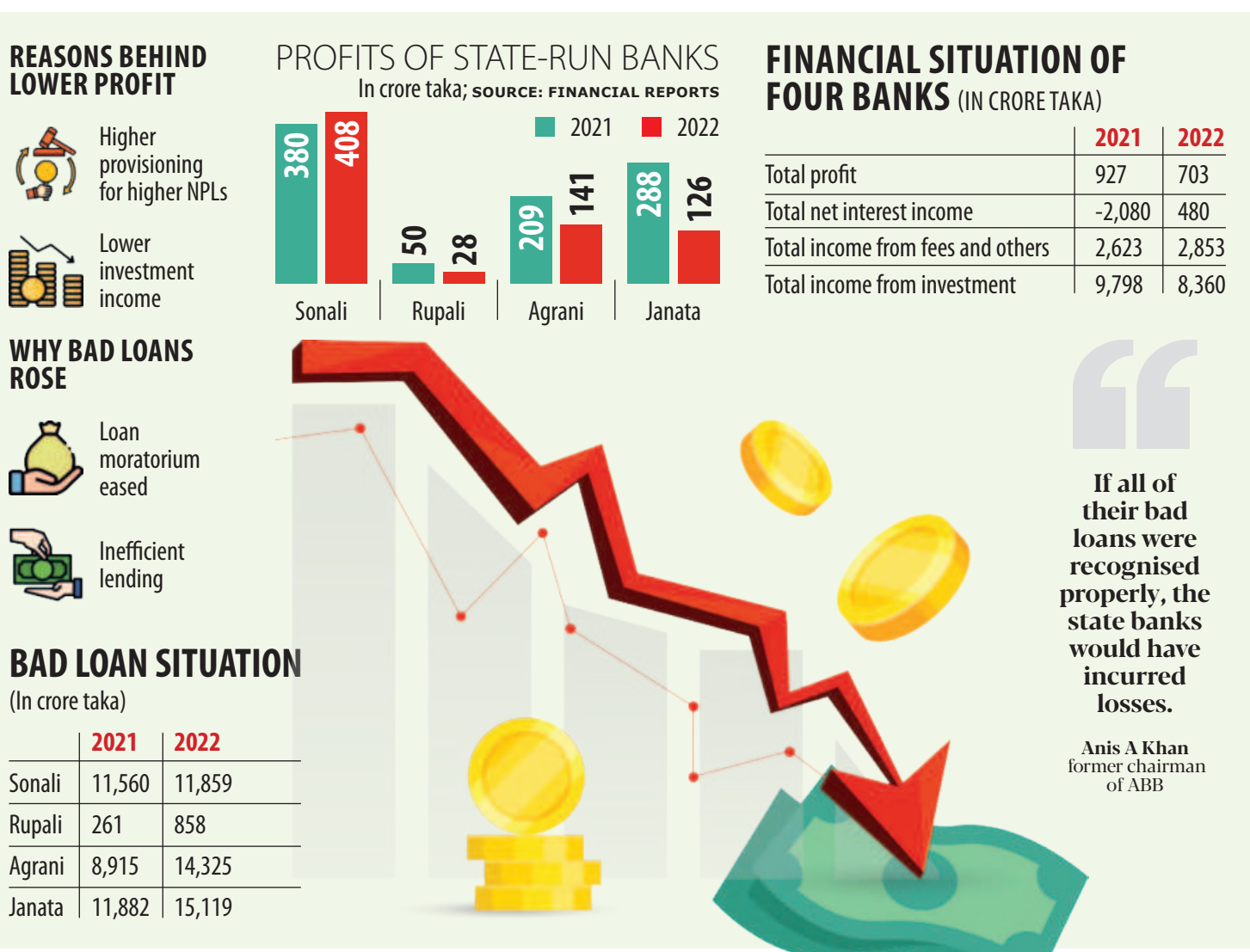
The finance division published a document yesterday as a part of the preparation for the next national budget.

In the document, responsibilities on budget day have also been defined so that everyone can do their respective works smoothly.

This year the budget will be presented earlier than the previous occasions because of the Eid-ul-Azha, one of the largest religious festivals for Muslims.

The government wants to finish the next national budget before the vacation of Eid-ul-Azha, officials of the ministry said.

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## Forex reserves fall to \$29.77b after ACU payments

**STAR BUSINESS REPORT**

The country's foreign exchange reserves have fallen to \$29.77 billion as Bangladesh Bank cleared import bills to the tune of \$1.18 billion through Asian Clearing Union (ACU).

The reserves stood at \$42.20 billion in May last year, meaning that the amount decreased by 29.45 per cent over the past year, showed central bank data.

With Bangladesh Bank having made the payment to the ACU last week, the funds were adjusted from the country's foreign exchange reserves on Sunday.

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, said neither the central bank nor government took effective measures in recent times, which was why the reserves have been declining.

He fears that the reserves may drop further in the days ahead as the central bank's upcoming policies, which may be declared in its next monetary policy in July, would not be able to bring a halt to the downward trend.

**The reserves stood at \$42.20 billion in May last year, meaning that the amount decreased by 29.45 per cent over the past year, showed central bank data**

## Unions for Tk 23,000 minimum wage for RMG sector

**REFAYET ULLAH MIRDHA**

The first meeting of a newly formed wage board for garment workers is scheduled to be held on May 24 on a proposal of major trade unions for offering workers a minimum monthly payment of Tk 23,000.

The amount has been proposed considering the needs of a four-member family alongside other major factors such as the current high inflationary pressure, house rent, medical allowance, transport costs and the overall cost of living.

It is very difficult to run a family below the proposed amount as inflation is high, said Amirul Haque Amin, president of National Garment Workers Federation.

This amount is logical also the value of the US dollar has increased since the last wage board for the garment workers was formed in December 2018, he said.

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# Bad loans pile up at state banks, eating away profits

**AHSAN HABIB**

Four state-run commercial banks registered 29 per cent year-on-year spike in bad loans in 2022 as the central bank's relaxed classification rules introduced in the wake of the Covid-19 outbreak ended and their inefficient lending persisted.

This forced Sonali, Janata, Agrani and Rupali banks to set aside higher provisions. As a result, their collective profits declined more than 24 per cent to Tk 703 crore last year.

The bad loans at the four banks surged to Tk 42,161 crore last year from Tk 32,618 crore a year ago, according to their financial statements. The loan loss provision, an income statement expense set aside as an allowance for uncollected loans and loan payments, rocketed 35 per cent to Tk 3,543 crore.

"Defaulters are getting policy support in various ways, including the increase in the number of installments, the extension of the repayment period and the waiver of interest. So, many borrowers don't bother about repaying loans to the state-run banks," said AB Mirza Azizul Islam, a former finance adviser to a caretaker government.

On March 19 of 2020, less than

two weeks after the government first reported the country's maiden coronavirus cases, the Bangladesh Bank asked lenders not to consider businesspeople as defaulters even if they fail to repay instalments until June 30 that year. The facility was

extended several times and was in place even in 2022.

As part of the relaxed loan classification, the repayment period for defaulted loans was increased to eight years from two years. The down payment requirement for rescheduling was lowered to as little as 2.5 per cent. Non-performing loans can be rescheduled up to four times, said the World Bank last month.

The largest lender in Bangladesh, Sonali Bank's bad loans rose 2.58 per cent year-on-year to Tk 11,859 crore in 2022.

The volume represented 14 per cent of its total loans.

Substandard loans increased 132 per cent to Tk 519 crore. However, the doubtful loans fell 2 per cent to Tk 165 crore. Provisions against the bad assets were 5.9 per cent higher at Tk 1,644 crore.

Based on the classification status, banks have to maintain 50 per cent in provision for doubtful loans and 100 per cent for bad loans.

On the back of higher net interest income and commission and charges income, Sonali's profits rose 7.36 per cent to Tk 408 crore.

A top official of a state-run bank said borrowers enjoyed the moratorium on loan classification in 2020 and 2021 and the facility continued in 2022, albeit in less

relaxed form. So, the bad loans rose.

The situation was also dire at Agrani Bank whose profits slumped due to the higher bad loans and lower investment incomes and income from commissions and charges.

Agrani's profits fell 32 per cent to Tk 141 crore in 2022. Bad loans surged 60 per cent to Tk 14,325 crore.

Substandard loans increased 13 per cent to Tk 799 crore while doubtful loans dropped 25 per cent to Tk 273 crore.

Salehuddin Ahmed, a former governor of the central bank, said the lending rate of the state-run banks was lower compared to private banks, so their profits were lower compared to their portfolio.

"On the other hand, the volume of bad loans is increasing at a higher rate at the state banks as they lack professional management."

Janata Bank's profits tumbled 56 per cent to Tk 126 crore last year. Bad loans increased 27 per cent to Tk 15,119 crore.

Its substandard loans dropped 87 per cent to Tk 41 crore while doubtful loans fell 70 per cent to Tk 36 crore.

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STOCKS	
DSEX ▼	CASPI ▼
0.12%	0.04%
6,261.62	18,474.87

COMMODITIES	
Gold ▲	Oil ▲
\$2,022.69	\$73.32
(per ounce)	(per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 1.16%	▼ 0.71%	▼ 0.27%	▲ 1.81%
61,764.25	28,949.88	3,257.66	3,395.00



Mohammad Shamsheer Ali Sheikh, a farmer in the Laxmipur village under Rajbari sadar upazila, and one of his workers weed out comparatively smaller jute plants from his field owing to the high density of the crop. The 60-year-old grower has so far spent Tk 6,000 to grow the crop on 30 decimals of land and he may have to spend another Tk 4,000. He expects to collect seven to eight maunds of jute, which is selling for Tk 2,600 to Tk 3,100 per maund in the local market. The photo was taken on Friday.

PHOTO: SUZIT KUMAR DAS

## Tax collection growth halves in March

**STAR BUSINESS REPORT**

Revenue collection growth reduced by half in March this year from a year ago, suffered by decline in income and customs tax receipts amid falling corporate earnings and a downturn in imports, which analysts say is likely to weigh on the government's budget spending, especially for development.

Value added tax (VAT), the biggest source of revenue for the state, was the only saviour that helped the National Board of Revenue (NBR) log 4.3 per cent higher growth in overall revenue to Tk 29,473 crore in March from Tk 28,254 crore a year ago, according to preliminary data released by the NBR yesterday.

Collection from VAT, an indirect tax paid by consumers, soared nearly 18 per cent year-on-year to Tk 10,501 crore in March.

On the other hand, income tax collection decreased 2.8 per cent year-on-year. In March, taxmen logged Tk 10,648 crore, down from Tk 10,958 crore a year ago.

Customs duty collection from imported items declined 1.37 per cent year-on-year to Tk 8,182 crore this March.

Including March's collection, the NBR's total receipts stood at Tk 225,513 crore in the first nine months of the current fiscal year beginning from July 2022.

The amount was 8.3 per cent higher from the same period a year ago, when the NBR posted more than 14 per cent year-on-year growth.

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## Google, Facebook to face 15% tax on digital ad income

**STAR BUSINESS REPORT**

Global tech giants such as Google and Facebook will face 15 per cent withholding tax deduction from payments made by local companies against advertisements given in the digital sphere, said the National Board of Revenue (NBR).

And in case of payments made to foreign television channel and radio stations for advertisements of their products broadcasted in foreign television channels and radios, 20 per cent withholding tax should be deducted by banks, said the tax authority in a clarification to Bangladesh Bank.

The NBR issued the clarification in response to a query by the central bank in March this year regarding

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