DHAKA TUESDAY JUNE 4, 2024, JAISHTHA 21, 1431 BS • starbusiness@thedailystar.net

Star BUSINESS

The net foreign portfolio investment in Bangladesh's stock market continued to fall in the July-March period of FY24

Story on B4

Banks asked to beef up security measures

STAR BUSINESS REPORT

Bangladesh Bank yesterday issued a circular directing all scheduled banks in the country to ensure adequate security at their bank branches.

The central bank said some banks are not taking enough security measures at their business centres despite its previous instructions to this end.

The central bank's latest directive came amid security concerns at the branches of scheduled banks after about 149 bhori of gold ornaments (1,738g) belonging to a client went missing from a locker of Islami Bank Bangladesh's Chawkbazar branch in Chattogram on May 29.

The BB said some banks are not taking enough security measures despite its previous instructions

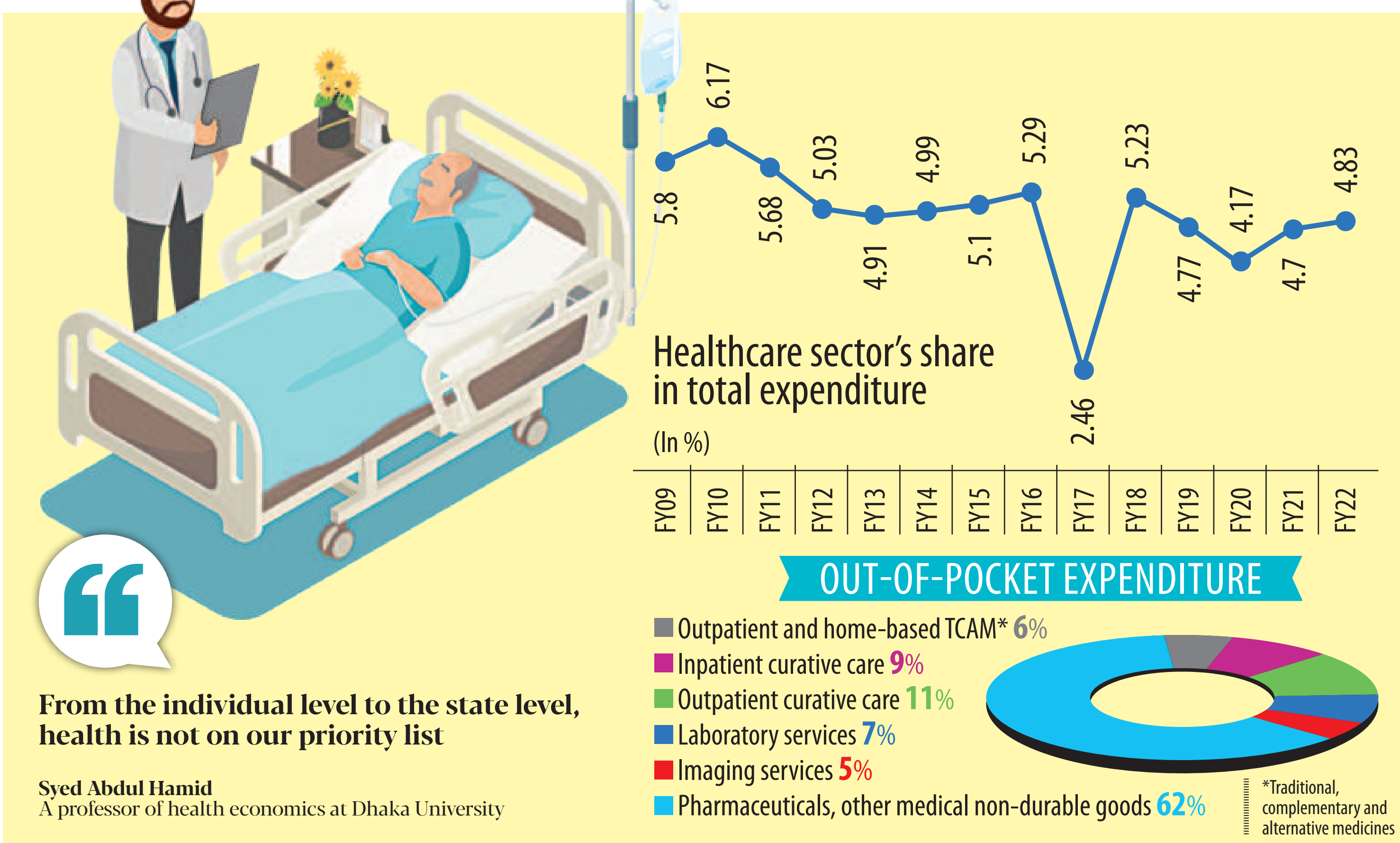
Earlier on November 20 last year, the BB asked the scheduled banks to set up CCTV cameras or spy cameras at the entrances, inside and outside of their branches and instructed them to connect those security devices to their central information network, according to the circular.

The banks were also directed to keep the security devices running round the clock.

Besides, the central bank asked the lenders to give necessary instruction to the branches so that they provide CCTV footage to the nearby police stations if necessary.

The banks have also been directed to deploy additional numbers of armed security guards and to arrange appropriate training for them.

Despite the directives, some banks have not complied with the instructions to ensure security at their branches, the central bank said.



SOURCE: FINANCE MINISTRY

Falling healthcare budget forces people to spend more out of pocket

WASIM BIN HABIB *and* MOHAMMAD AL-MASUM MOLLA

After sweeping to power in 2009, the Awami League-led government in its first year spent around Tk 5,104 crore in the health sector, which was six percent of the total budget for the fiscal year of 2009-10.

Since then, the health sector witnessed considerable development in terms of infrastructure and physicians, among others. However, the government's actual expenditure in the key sector has remained stagnant, and in certain fiscal years, exhibited a decline.

For instance, the outlay for the health sector was Tk 25,028 crore in 2021-22, representing 4.8 percent of the budget of Tk 518,188 crore. It was five percent in the previous fiscal year when the government spent Tk 21,647 crore under a Tk 460,160 crore budget.

Such a dismal spending, one of the lowest in the world, frustrates the health experts who say that the citizens, particularly the poor and those belonging to limited-income brackets, bear higher treatment costs because of the government's poor attention to improving and widening healthcare services.

BUDGET REVIEW

In fact, Bangladesh has the second highest out-of-pocket expenditure (OOP) on health globally, with 68.5 percent of medical expenses being borne by the people in 2020, the latest for which data from the National Health Accounts, a wing of the Health Economics Unit of the government, was available. War-torn Afghanistan topped the chart at 78 percent.

This out of pocket expenditure has been growing at a steady pace. In 2012, it stood at 62 percent. The ratio is way higher than the World Health Organization's recommended maximum of 20 percent.

The average OOP healthcare expenditure of low- and middle-income countries in 2019 was 35.25 percent, according to a write-up published on East Asia Forum, a platform dedicated to publishing analysis on Asia, in 2022.

The World Health Organization has defined health spending as catastrophic when the share of households' out-of-pocket payments is greater than 40 percent of its capacity to pay for health care.

"From the individual level to the state level, health is not on our priority list. The government also does not give proper attention to it, which increases out-of-pocket expenditure," said Syed Abdul Hamid, a professor of health economics at the University of Dhaka.

He said due to poor attention, people are getting sick, and hospitals become overburdened with patients.

However, since government hospitals can't deal with a huge number of patients, they are compelled to go to private hospitals. Yet, they are not getting the expected services.

The situation has reached a point where people with means receive medical services in countries such as India, Thailand and Malaysia, draining the valuable foreign currencies.

"The net loss is that Bangladesh is becoming an unhealthy nation,

READ MORE ON B3

Govt to set conservative revenue target

REJAUL KARIM BYRON *and* AHSAN HABIB

BUDGET FY2025

The government is going to set a conservative target for revenue earnings in 2024-25 in order to keep it closer to reality, thus moving away from a tradition that has always seen it chase a goal that was hard to achieve.

The overall revenue generation target will be Tk 537,000 crore in the new fiscal year that begins on July 1. This is 7.4 percent higher than that of the goal of the outgoing financial year.

For 2023-24, the government had aimed at a 15 percent higher revenue generation target. In previous years, the target was also in double digits.

In recent years, economists have always criticised the government for chasing unrealistic targets since the collection remains unmet at the end of the year.

The National Board of Revenue (NBR), which raises 85 percent of revenues for the country, is expected to miss the collection target for the 12th consecutive year in FY24. Recently, the NBR chief also stated that the government had set an unrealistic revenue target without considering its capacity.

Finance ministry officials said the International Monetary Fund (IMF) has suggested undertaking a target that is realistic and achievable. Therefore, the government has been cautious in setting the goals for FY25.

Of the revenue generation target, the NBR will get the task of raising Tk 480,000 crore in the next fiscal year, which is 11.6 percent higher than in FY24.

In FY24, the NBR's tax revenue growth has been fixed at 16 percent. It hovered around 20 percent in previous years.

READ MORE ON B3

STOCKS

DSEX ▲	CASPI ▼
0.03%	0.12%
5,235.63	15,000.39

COMMODITIES

Gold ▲	Oil ▼
$2,328.21	$76.84
(per ounce)	(per barrel)

ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.29%	▲ 1.13%	▲ 0.37%	▼ 0.27%
76,468.78	38,923.03	3,348.87	3,078.49

Regulator, GP holding talks over Tk 6,000cr late fees

MAHMUDUL HASAN

The telecom regulator and Grameenphone have initiated negotiations regarding late fees of around Tk 6,000 crore based on an audit claim, as both parties seek an out-of-court settlement on the matter.

A committee of the Bangladesh Telecommunication Regulatory Commission (BTRC), headed by vice-chairman Md Aminul Haque, already sat with officials of the country's top mobile network operator multiple times.

"We have heard elaborately from them (Grameenphone) and we have also expressed our views," Haque said.

"We have reached a certain point, but we can't say whether it is now going in a positive or negative direction. Because our dialogue is still going on," he added.

"It will take time to reach a decision."

The telecom regulator ran an audit into Grameenphone's financials from its inception to December 2014 and claimed Tk 12,579 crore from GP.

The claims include unpaid annual spectrum fees, value added tax, and revenue sharing.

However, Grameenphone disputed the claims.

The dispute triggered a legal battle between the operator and the BTRC, with the company filing cases in 2019.

Based on audits of GP from 1997 to 2014, the BTRC sent a notice in April 2019 asking it to clear the payments.

Later, GP filed a case before a district court contesting the claims. The Supreme Court in November of that year ordered the operator to pay Tk 2,000 crore to the commission in three months.

READ MORE ON B3

Islamic banks face liquidity challenges: Fitch

STAR BUSINESS REPORT

Liquidity shortages are still affecting Bangladesh's Islamic banking sector, which is more vulnerable than the conventional banks, according to a report released by Fitch Ratings yesterday.

The American credit rating agency added that though the Islamic banking market share is sizable in Bangladesh, it has been stagnant over the past two years.

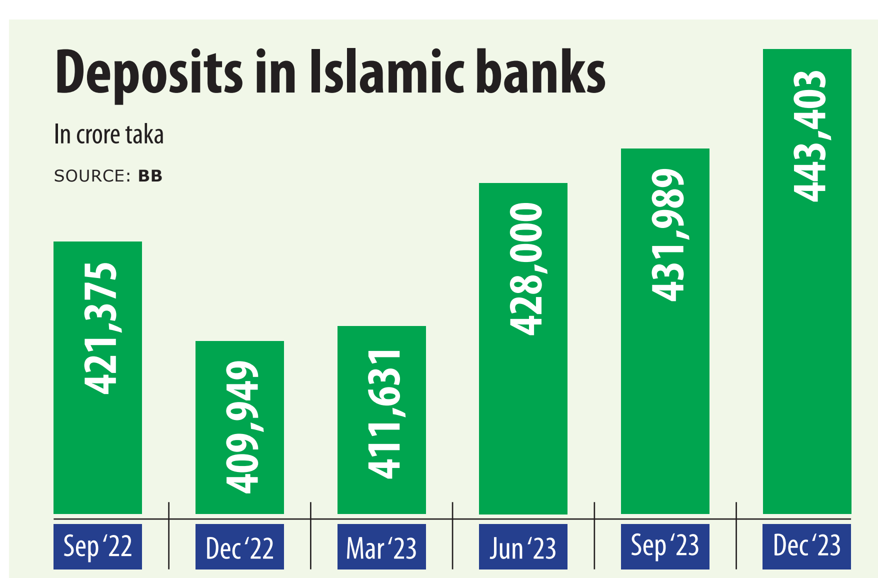
The share of Islamic banks in terms of deposit in the overall banking sector came down from 25.8 percent in 2022 to 25.3 percent at the end of last year.

Meanwhile, their share in the overall lending among all banks fell from 29.2 percent in 2022 to 28.9 percent in 2023.

Islamic banks' liquidity coverage ratio (LCR) tumbled to 58.7 percent at the end of last year compared to 87.7 percent in 2022 and 188.5 percent in 2021.

Fitch Ratings said this is partly due to the flight of deposits, governance issues and comparatively lax prudential requirements for Islamic banks.

It also said the liquidity profiles are showing signs of improvement, with some stabilisation possible in 2024



and 2025.

The report added that Fitch was monitoring the liquidity position of several Islamic banks, including ICB Islamic Bank.

It said ICB's cash balance fell by over 90 percent year-on-year at the end of March this year based on its unaudited financial statements.

ICB is the smallest Islamic bank in Bangladesh, with a 0.3 percent share of the sector, and therefore its negative performance is unlikely to materially affect the market share of the total Islamic banking sector, as per the report.

READ MORE ON B2

Nagad Digital Bank gets licence

STAR BUSINESS REPORT

Nagad Digital Bank PLC has become the first company to receive a digital bank licence given by the Bangladesh Bank (BB).

The BB yesterday listed Nagad Digital as a scheduled bank, according to a notice of the banking watchdog.

"We have been advocating for a digital bank to transform Bangladesh into a smart economy through cashless transactions," said Tanvir A Mishuk, founder and CEO of Nagad Ltd, after receiving the licence at a programme at the BB headquarters in Dhaka.

The board of directors of the regulator gave the final approval for Nagad on May 28 after it met the criteria mentioned in the letter of intent (LoI) handed over to it in October last year.

Nagad Digital Bank has issued 12.5 crore shares among seven sponsors. Of them, three companies -- Osiris Capital Partners (USA), Blue Haven Ventures (USA) and Finclusion Ventures Pte Ltd (Singapore) -- hold more than 10 percent shares.

The remaining four shareholders are: Zen FinTech (USA), Trupay Technologies,

READ MORE ON B3