DSEX	6,281.87	▼ 37.25	Gold (Ounce)	$1,279.30 ▼	Dollar	81.95 (Buy) ▼	82.95 (Sell)	REPO Rate (20/11/2017)	3.54%
CSCX	11,765.96	▼ 69.60	Oil (Barrel)	$57.68 ▲	Euro	95.19 (Buy) ▼	99.58 (Sell)	REPO Rate (19/11/2017)	3.59%
Source: DSE and CSE			*Source: Yahoo Finance*		*Source: One Bank Limited*			*Source: Bangladesh Bank (W AV)*	

National News

International News

National News

Nonperforming loans on the rise

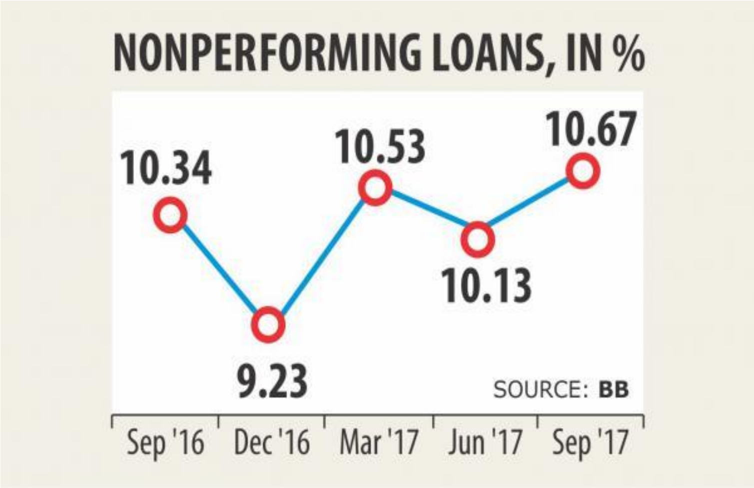
Nonperforming loans in the banking sector are on the rise this year on the back of increasing tendency of habitual defaulters to file writ petitions, which stall the loan recovery process.

At the end of last year, the sector's NPL ratio stood at 9.23 percent, which crept up to 10.53 percent at the end of March.

The ratio dipped to 10.13 percent over the following three months, only for it to shoot up to 10.67 percent at the end of September.

BB data shows the defaulted loans increased by Tk 6,159 crore to Tk 80,307 crore in September compared to the figure a quarter ago.

Some wilful defaulters continue to file writ petitions with the High Court to show their loans as unclassified, said Kazi Masihur Rahman, managing director of Mercantile Bank.



The habitual defaulters take fresh loans from banks soon after filing the writs as these give them a clean slate. The Credit Information Bureau reports they present then are flawless.

"But they do not pay back the loans," he said, while urging the central bank to take steps to rein in this tendency.

Banks are yet to take the requisite tough administrative and legal actions against habitual defaulters, said Salehuddin Ahmed, a former governor of Bangladesh Bank.

"This has encouraged others to run their business without paying back bank loans."

The default loan culture is becoming widespread in the country's financial sector due to a lack of strong corporate governance.

But some are becoming defaulters for legitimate reasons, Ahmed said."The private sector is yet to get relief from sluggishness as the export earnings did not increase as expected in recent months, while the inward remittance has registered only moderate growth."

Some businesspeople defaulted on loans in absence of a friendly business environment, he added. Banks should deal with the habitual defaulters strictly to recover the classified loans, said Md Arfan Ali, managing director of Bank Asia.

Source: http://www.thedailystar.net/business/nonperforming-loans-the-rise-1494805

Default loans leap over Tk 800 billion mark

Non-performing loans (NPLs) in Bangladesh's banking sector surged over Tk 800-billion mark for the first time at the end of September last.

According to the latest statistics from the central bank, the amount of NPLs, officially termed classified loans, rose to Tk 803.07 billion at the end of last September from Tk 657.31 billion a year back.

Thus, the default loans climbed 22.15 per cent up the previous mark on a year-on-year basis.

The Bangladesh Bank data also showed that the volume of default loans in the country's banking sector last declined at the end of December 2016 before a steep climb. In a continuous rise in every quarter since then, the volume scaled a new high at the end of the third quarter (July-September) this year (2017).

Non-performing loans at the end of the third quarter also increased by 29.16 per cent from the amount of Tk 621.72 billion at the end of the final quarter of the last calendar year.

The total non-performing loans accounted for 10.67 per cent of the total outstanding loans from the banking sector worth Tk 7527.30 billion counted at the end of September 2017.

Senior bankers earlier had expressed the fear that the situation might deteriorate in July-September quarter due to poor recovery of loans. They, at that time, also pointed out that flooding in different parts of the country might upset recovery drives.

A senior official of the central bank, however, argued that the rise in non-performing credits was not alarming and it would come down by the yearend.

"Maybe, some seasonal phenomena fuelled the classified loans as it happened earlier years," he said, without elaborating.

Dr Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh (PRI), termed the rise in default loans as a sign of the weakness of the banking sector.

"Rise in non-performing loans beside slowdown in deposit growth is gradually reducing the loan-able funds of the banks," he said while talking to the FE Tuesday. "This will force the interest rates to shoot up in the near future and we will lose the benefit of the current lower interest rates."

A former economist at the International Monetary Fund (IMF), Dr Ahsan H Mansur also pointed out that if the course of default loan couldn't be reversed or arrested, it would continue to deteriorate.

"Some strong measures are needed to improve the situation and a strong political will is a must to make the steps effective," he added.

Dr Mansur holds the view that only a few banks are doing well with their professional managements and quality boards.

The central bank statistics further show that the total default loans from six state-owned commercial banks stood at Tk 385.17 billion end of September in a rise from Tk 345.81 billion as on June 30 this year, recording an 11.38 per cent rise.

Total non-performing loans from the 40 private commercial banks also increased by 7 per cent to Tk 339.73 billion during the period under review.

The classified loans from nine foreign commercial banks came down to Tk 22.98 billion on September 30 this year from Tk 23.21 billion on June 30, 2017.

The volume of classified loans from two development-finance institutions stayed almost unchanged at Tk 55.18 billion during the period under review.

Source: http://thefinancialexpress.com.bd/economy/default-loans-leap-over-tk-800b-mark-1511291649

ADP spending rises 42pc in Jul-Oct

Development spending rose 42 percent year-on-year to Tk 23,815 crore in the first four months of the current fiscal year on the back of increased use of foreign aid.

The spending by the ministries and divisions between July and October was 14.51 percent of the total allocation for the annual development programme, according to figures from the Implementation Monitoring and Evaluation Division.

At this point last fiscal year, Tk 16,772 crore was spent, which was 13.60 percent of the total allocation.

The government has allocated Tk 164,085 crore for development spending.

The use of foreign aid has been higher both in terms of implementation rate and amount.

In the first four months, aid spending stood at Tk 11,119 crore, almost treble the amount of Tk 4,861 crore from the same period a year earlier.

Aid utilisation was 18.80 percent in July-October in contrast to 12.15 percent in the same period a year ago.

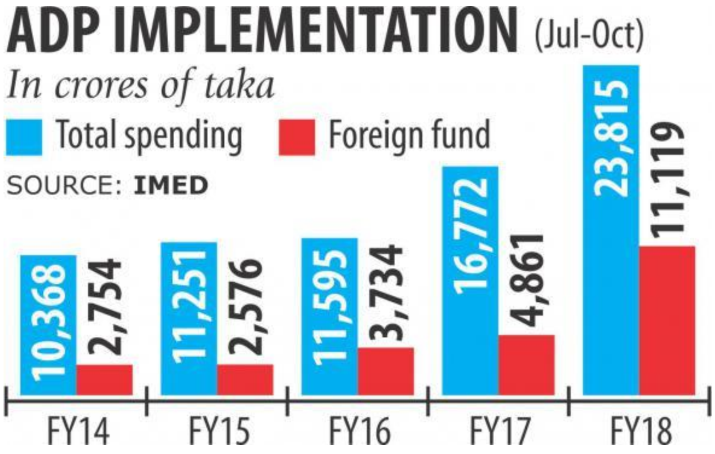
The government is contributing Tk 95,515 crore to the ADP from its own accounts. Of which, 12.10 percent was spent in the four-month period.

The implementation rate was 14.32 percent in the same period last fiscal year, meaning this year's outlay fell by more than 2 percentage points.

The spending, however, rose in terms of amount: Tk 11,555 crore was spent in the four-month period against Tk 10,124 crore a year earlier.

A planning ministry official said a major target of the government this fiscal year has been to speed up the foreign aid-funded mega projects.

The government plans to spend about $7 billion in foreign aid in the current fiscal year.



The spending is on the right path, the official said.

Of the 15 large ministries and divisions that account for 80.83 percent of the allocation combined, five spent higher than the average.

The power division spent the highest, 35.95 percent, followed by the local government division 22.67 percent, the agriculture ministry 19.72 percent, the road transport and highways division 19.65 percent and the shipping ministry 15.71 percent.

On the other hand, some ministries and divisions underperformed.

One of them is the bridges division, which is implementing a number of mega projects. But it could only spend 5.12 percent of the allocation it received in July-October.

The biggest project under the division is the Padma Bridge project, which got Tk 5,524 crore for the current fiscal year. But only Tk 342 crore was spent.

The total cost of the priority project is Tk 28,793 crore, of which half has been spent till October this year.

The budget set aside Tk 10,502 crore for the science and technology ministry in the current fiscal year, with majority of the fund going to the Rooppur nuclear power project.

In the first four months, the ministry spent only Tk 218 crore, or 0.21 percent, of the allocation.

A planning ministry official said the construction work of the power plant will start in full swing from January next year.

"So, at the end of the fiscal year the implementation rate will improve," he said.

The ICT division spent 11.05 percent of the ADP fund, the health services division 9.32 percent, and the secondary and higher education division 11.34 percent.

The railways ministry, the primary and mass education ministry, the energy and mineral resources division, the housing and public works ministry and the water resources ministry were able to spend between 4.15 percent and 9 percent.

4 brokerages fined Tk 70 lakh for rule breach

The Bangladesh Securities and Exchange Commission on Tuesday slapped Tk 70 lakh in fine in total on four brokerage houses for breaching securities rules.
The capital market regulator imposed the penalty at a commission meeting presided over by its chairman M Khairul Hossain, a BSEC press release issued on the day said.
The commission fined Sharp Securities Tk 25 lakh as a BSEC inspection found that the firm committed a number of irregularities including providing loans to relatives of its directors and staff, giving margin loans beyond the BSEC-allowed limit and having a shortage of capital in its consolidated customer account.
The brokerage house also provided loans as a dealer and took out cash of more than Tk 5 lakh at a time in breach of securities laws.
The BSEC imposed penalty of Tk 20 lakh on Globe Securities Limited as the regulator found a shortage of capital in the brokerage house's consolidated customer account in violation of rules 8A(1) and 8A(2) of Securities and Exchange Rule, 1987.
A BSEC inspection also found that the securities house opened beneficiary owners' accounts in the name of approved representatives, breaching the regulations of the DSE and the BSEC.
The commission also fined SB Securities Tk 15 lakh as a BSEC inspection found that the firm breached a number of BSEC rules and regulations.
The regulator found a shortage of capital in SB Securities' consolidated customer account.
The brokerage house also breached securities laws by providing loans to its directors' relatives and staff and giving loans for purchasing shares from the 'Z' category. The firm also took out money from the negative BO accounts.
The BSEC also penalised Khurshid Securities Limited Tk 10 lakh as its inspection found a shortage of capital in the brokerage house's consolidated customer account.
The regulator also found discrepancies in clearing account and back office of depository participants that broke laws under the Securities and Exchange Commission Act 2000. The firm also provided margin loans to investors beyond the limit set by the commission.
The commission at the meeting also approved draft prospectus of a Tk 50-crore open-end mutual fund, LankaBangla Al-Arafah Shariah Unit Fund.
Of the fund size, sponsors will contribute Tk 10 crore, while Tk 16 crore will be collected through private placement and the rest Tk 24 crore will be collected from general investors. The face value of each unit of the fund will be Tk 10.
Al-Arafah Islami Bank Employees Gratuity is the sponsor of the fund while LankaBangla Asset Management will act as an asset manager and Investment Corporation of Bangladesh will act as a trusty and custodian of the fund.

Source: http://www.newagebd.net/article/28870/4-brokerages-fined-tk-70-lakh-for-rule-breach

Q1 revenue collection Tk 3,355cr short of target despite good growth

Tax receipts by the National Board of Revenue fell short of target by Tk 3,355 crore in the first quarter of the current fiscal year 2017-2018 though the collection registered a healthy growth in the period compared with the same period of last FY.
According to official data of the revenue board, tax officials managed to collect Tk 43,745 crore in July-September of the year against the target of Tk 47,100 crore set for the months.
Overall revenue collection grew by more than 20 per cent in the first three months of the fiscal year compared with that of the same period of last FY 2015-2016 when revenue collection was Tk 36,436 crore, according to the data.
Officials of the revenue board said that though the revenue collection witnessed a healthy and satisfactory growth, it was not enough to achieve the target of Tk 2,48,190 crore with 34 per cent growth set for the entire fiscal year.
They said that the government set an ambitious target for the NBR without considering the historical trends and

economic health of the country.
They, however, said that the revenue board would continue to put all efforts including enhancing monitoring, inspection, expediting intelligence activities, resolving disputes and collecting outstanding dues to achieve the target.
The target may also be slashed significantly, particularly for the VAT wing by the end of the year, they said, adding that the target for VAT was set at higher amount in line with the new VAT law, the implementation of which has been deferred for two years.
Revenue earnings on an average grew by 14.28 per cent in the last five years with the highest growth at 18.96 per cent in the last FY 2017.
According to the NBR data, income tax collection faced shortfall of the highest amount at Tk 1,333 crore in July-September followed by customs with Tk 1,119 crore and value-added tax with Tk 902 crore.
Income tax, customs and VAT collection grew by 18.66 per cent, 22.68 per cent and 19.19 per cent respectively in the period.
Field offices of the NBR collected Tk 16,746 crore in VAT, Tk 14,025 crore in customs duty and Tk 12,975 crore in income tax in July-September against the target of Tk 17,647 crore, Tk15,144 crore and Tk 14,308 crore respectively.
A high official of the NBR told New Age that revenue collection usually remained comparatively slow in the first few months of the fiscal year and expedited in later half of the year.
Economic activities particularly implementation of the annual development programme remain lower in the months which put effect on revenue collection, he said.
The pace of tax collection will gradually increase in coming months, he said.
The NBR has already instructed its field offices to use all possible alternatives to achieve the target, he added.
The revenue board will have to collect the highest Tk 91,000 crore in VAT, Tk 87,190 crore in income tax and Tk 70,000 crore in customs duty in the current fiscal year.
NBR collected Tk 1,85,004 crore in the last fiscal year.

Source: http://www.newagebd.net/article/28868/q1-revenue-collection-tk-3355cr-short-of-target-despite-good-growth

Former BB governor: Mobile banking is a route for plunder

The former governor urged the ACC to identify causes of the widespread corruption and fight it out effectively.

Former Bangladesh Bank governor Dr Mohammed Farashuddin has come down heavily on the "anomalous" banking sector, saying that looting continues in the sector in the name of mobile banking in absence of a proper regulatory framework.

He was addressing as the chief guest a discussion arranged by the Anti-Corruption Commission (ACC) at the Shilpakala auditorium in Dhaka, marking the national anti-graft agency's 13th founding anniversary on Tuesday.

He said: "I express strong disapproval of the so-called mobile banking services… As the authorities went directly for technology advancement rather than form a regulatory framework, the looting is continuing in the name of mobile making.

"This is why Bangladesh Bank has already closed down several hundred thousands mobile banking accounts and revoked licences of many agents."

Sharing his personal experience, he said: "Recently, I went to such an agent to send some money to one of my teachers in Bogra. The agent on the receiving end deducted money from the amount sent, even though I have been charged 2% on the transaction, while one has to pay only Tk0.5 per transaction through banks."

The former governor urged the ACC to identify causes of the widespread corruption and fight it out effectively, according to UNB.

"ACC is unlikely to get the desired results by arresting thousands of lower-grade public officials...it should focus on nabbing high-ups," he said, adding that the ACC, National Board of Revenue, and Bangladesh Bank should work together to prevent corruption by forming institutional teams.

There is no alternative but to prevent corruption to ensure sustainable development in the country, he stressed.

Underscoring the need for creating a strong social movement to make people aware of the adverse effects of graft, Farashuddin urged media and civil society to play a strong role in this regard.

Terming corruption and development twin brothers, ACC Chairman Iqbal Mahmood said if the regulatory framework, including the ACC, works effectively, it will be possible to check the menace.

He said public officials, civil society and media people must work together to check corruption in the country.

Source: http://www.dhakatribune.com/business/regulations/2017/11/21/farashuddin-mobile-banking/

Mobile-based financial transactions mark fall

Fast-growing mobile-based financial transactions took a knock, dropping around 5.04 per cent, quarter on quarter, during the third quartile of this year.

Sources concerned, however, attributed the downturn largely to 'seasonal effects'.

According to the figures from Bangladesh Bank, a total of 475.67 million mobile-based transactions took place in the country during the July-September period of this year, the total value of which was 771.01 billion.

This represents a decline by around Tk 41 billion in the total amount of MFS transactions from the second quarter of this year, when a total of Tk 812.01 billion was transacted through MFS channels.

Apart from the amount of transacted, the actual number of mobile transactions also declined slightly during the same period, as it was found that the total number of MFS transactions dropped by around 1.93 per cent during the third quarter.

When contacted, industry-insiders claimed the trend is largely an aftereffect of two Eids, as the religious festivals usually see a sudden month-to-month fluctuation in MFS transactions.

"Usually, the mobile-based transaction reaches its peak just before the Eid when people receive their salary along with bonuses. This is also the time when they send their money back home in large amounts through MFS channels," said Shamsuddin Haider Dalim, head of corporate communications of bKash, country's leading MFS provider.

"However, this Eid influx in MFS is usually followed by ebb in the following months when mobile-based transaction sees a temporary slowdown compared to the pre-Eid period," Mr Dalim added.

A deeper look into the MFS data supports such claims. Because, when analyzed on a month-to-month basis, it was found that one of major declines in MFS transaction came in July, immediately after the Eid-ul-Fitr which was observed in the last week of June.

During that one single month (July), MFS transactions dropped deeper by 22 per cent.
Although the mobile-based transactions soared by a robust 32.72 per cent immediately in the following month of August, it again dropped by a massive 33 per cent during September.

Eid-ul-Azha was observed at the very beginning of September this year, and consequently, most of the Eid-related transactions took place in August.

Records from previous years also support the claim on such seasonal seesaw effects. Notably, the third quarter of last year, which also coincided with two major Eids, saw a 4.0 per cent quarterly decline in MFS transaction.

Among the transaction types, salary disbursement through mobile saw the biggest monthly drop in July (70.27 per cent). In addition, there was a 22.98 per cent decline in cash-in transaction and 20.31 per cent decline in cash-out transaction during that month.

Meanwhile, in September, the largest decline in terms of mobile-based transactions came in terms of government payment (77.53 per cent). Apart from that, there was a 74.07 per cent drop in salary disbursement and 37.03 per cent decline in inward remittance.

According to the latest figures, there are around 57.73 million registered MFS clients and more than30 million active MFS accounts in the country. The number of MFS agents in the country had stood at 773,283 by the end of September.

Source: http://thefinancialexpress.com.bd/economy/mobile-based-financial-transactions-mark-fall-1511245918

JS body for passing banking companies act with no change

A parliamentary body today recommended for passing the Banking Companies (Amendment) Act-2017, which allows the doubling of the number of directors in a bank's board from a single family and extends the tenure of directors.

The parliamentary standing committee on finance made the recommendation in a meeting after scrutiny of the proposed law.

The committee will place its report in the parliament tomorrow, Awami League Lawmaker Abdur Razzaque, chief of the parliamentary watchdog, today told The Daily Star after the meeting at the Jatiya Sangsad Bhaban.

The act has proposed to double the number of directors in a bank's board from a single family and extending the tenure of share-holding directors.

Economists and former central bankers opposed the proposed law saying it would hurt the interest of depositors.

As per the proposed legislation, the tenure of bank directors would be extended to nine years from the current six years. They could become directors again after a three-year hiatus.

Besides, four members of a family would be able to become directors of a bank's board. The number is currently two.

The parliamentary standing committee on finance earlier in a meeting on October had postponed discussion on Banking Companies Act as Finance Minister AMA Muhith was not present there.

Abdur Razzaque at that time told reporters that the standing committee wants to know from the finance minister about the reasons for doubling the number of directors in a bank's board from a single family and extending the tenure of share-holding directors as civil society and banking related persons have been speaking against it.

But talking to The Daily Star, Abdur Razzaque today said: “although I had some reservation regarding the bill, the committee unanimously recommended passing the bill without bringing any change in it.”

He also said as the government wants to pass the bill soon, the committee recommended to pass the bill without any change.

Razzaque also said the bill is likely to be passed in the ongoing session of parliament.

Asked why the standing committee did not hold an elaborate discussion on the bill especially on the provision of doubling the number of directors in a bank's board from a single family and extending the tenure of share-holding directors, Razzaque said the committee members did not oppose any provision of the bill.

Earlier on May 8, the cabinet approved the proposal to amend the Banking Companies Act, doubling the number of directors in a bank's board from a single family and extending the tenure of share-holding directors.

The Banking Companies Act was last amended in 2013 regarding share-holding directors' tenure and how many of a family could become directors.

The 2013 amendments were in line with the advice of the International Monetary Fund and followed international best practices. It came against the backdrop of directors getting involved in irregularities.

After the amendments approved by the cabinet, Mirza Azizul Islam, a former adviser to a caretaker government, told The Daily Star, “This is definitely not desirable from the point of good governance in the banking sector.

“I think the government has surrendered to the pressure exerted by the business lobby. Other than this, I don't find any justification for the amendment.”

The former adviser said if four directors were from the same family, their interest would be reflected in the bank's policies.

On September 12, the Banking Companies (Amendment) Act-2017 was placed in the parliament amid strong opposition from Jatiya Party terming the government move unethical.

Source: http://www.thedailystar.net/business/jatiya-sangsad-js-body-passing-banking-companies-act-no-change-1494517

AB Bank shares suddenly in demand despite losses in Q3

AB Bank's shares were suddenly in demand yesterday although the private commercial lender incurred losses in the third quarter.

The bank was the most traded shares on the Dhaka Stock Exchange yesterday with securities valued nearly Tk 86 crore changing hands. AB was one of the top gainers as it rose 6.72 percent.

The bank advanced Tk 1.6 to close at Tk 25.40, the highest since April 4, according to the DSE.

The bank is trying to mobilise capital through issuing rights share which may have a positive impact on its stocks, said a senior executive of AB Bank.

The board of the bank decided to issue two rights shares against three existing ordinary shares and is expected to get the approval from the Bangladesh Securities and Exchange Commission (BSEC).

The decision will be approved at an extraordinary general meeting scheduled to take place today.

In July, the bank submitted a proposal to the stockmarket regulator, seeking permission to offer four rights share against five existing shares at a price of Tk 10 but the BSEC authorities did not give consent.

Under these circumstances, the bank revised its proposal and expects that it will now get approval, said the executive of AB Bank.

AB Bank incurred a loss of Tk 11.45 crore in the third quarter this year, in a reversal of a profit of Tk 25 crore it made in the same period last year.

The loss was due to squeeze in business activities as it could not raise capital, according to the bank.

The bank reported negative earnings of Tk 0.17 per share in the July-September period although it was in the positive at Tk 0.37 in the same period last year, according to the DSE.

Daily Market:

The market closed in green yesterday riding on large cap shares. The broad index, DSEX, gained 12.2 points to close at 6,319.1.

Banking shares mostly dominated the turnover list generating daily turnover of Tk 1,158 crore, up 19 percent from the previous session.

A merchant banker said retail investors are injecting funds in banking stocks considering the third quarter earnings report.

He said some business groups are purchasing shares of some banks to take directorship in the boards, leading to huge turnover of the stocks in the category.

LankaBangla Finance, Dhaka Bank, Square Pharma, Shahjalal Bank and City Bank were among the highest traded shares.

Source: http://www.thedailystar.net/business/ab-bank-shares-suddenly-demand-despite-losses-q3-1494241

BB gives Lafarge 90 days to remit Tk 504cr

Bangladesh Bank has kept the valuation of Holcim shares unchanged at Tk 57,202 -- 47 percent lower than the price proposed by Lafarge -- in its final approval, casting a pall of uncertainty on the proposed merger of the two cement giants.

The central bank has given Lafarge 90 days more to remit the money to Amsterdam-based Holderfin, whose shares in Holcim Cement Bangladesh it is acquiring.

As per the approval given back in September 17, Lafarge can remit a total of Tk 504.78 crore for 88,244 shares of Holcim within one month, meaning the process was supposed to be completed by October 17. But Lafarge could not do it.

Lafarge had valued each share of Holcim at Tk 1.06 lakh and it sought permission from the BB to remit Tk 936 crore.

Earlier in October, Lafarge asked the BB to review its decision, according to a position paper of the company.

“For the interest of both Lafarge Surma Bangladesh and Holcim Cement (Bangladesh), its shareholders, employees and for the future investment in Bangladesh, allowing the remittance of the full amount under the share purchase agreement is very important,” it said in its position paper.

Otherwise, there is every possibility that this deal will fail, which will be a bad example for the present and potential foreign investment in Bangladesh, it added.

In December last year, Lafarge Surma signed an agreement with Amsterdam-based Holderfin to purchase its holdings of Holcim Cement Bangladesh for Tk 936 crore ($117 million). Each of Holcim's 88,244 shares was valued at $1,325.88 (Tk 1.06 lakh).

The central bank has set the share price of Holcim in line with the international valuation method, said a BB official.

It compared the share price of Holcim with that of British American Tobacco Bangladesh, whose share is considered the most expensive in the Dhaka stock market.

The BB also looked at the share price of Heidelberg Cement Bangladesh, a comparable stock for both Lafarge and Holcim.

The world's leading cement makers, France's Lafarge and Switzerland's Holcim, merged in July 2015 to form LafargeHolcim.

LafargeHolcim and Cementos Molins, a Spanish cement manufacturer, own through their joint venture with Surma Holding, the majority of the shares of Lafarge Surma Cement.

In November last year, the board of Lafarge Surma announced that it was exploring the opportunity of combining the businesses of Holcim Bangladesh and Lafarge Surma. The acquisition was approved by the board a month later.

Subsequently in January this year, Lafarge Surma Cement changed its name to LafargeHolcim Bangladesh Ltd.

Upon completion of the transaction, Lafarge will become a major player in the local cement market with an annual production capacity of 4.2 million tonnes.

Contacted yesterday, LafargeHolcim declined to comment on the matter.

Source: http://www.thedailystar.net/business/bb-gives-lafarge-90-days-remit-tk-504cr-1494235

Ailing Farmers Bank gets Tk 96cr from BB

Cash-strapped Farmers Bank yesterday got a shot in the arm after the Bangladesh Bank agreed to provide short-term loan amounting to Tk 96 crore by way of repo to meet its instant liquidity demands.

Repo is a short-term loan from the central bank of a country to a commercial bank in the event of any shortfall of funds. A bank has to count 6.75 percent interest if it takes loans through the repo from the Bangladesh Bank.

The last time the instrument was used by the Bangladesh Bank was back in August 8 last year, when a bank took out a loan for Tk 47.50 crore.

“Farmers Bank had to take the loan because of acute liquidity crunch,” said a BB official. For instance, on Monday, the bank had just Tk 65 lakh in its current account with the central bank, according to BB.

Earlier this month the bank twice failed to honour a cheque worth Tk 35.44 crore presented by the Bangladesh Telecommu-nications Company Ltd due to fund shortage. The state-owned telecom firm eventually got the sum.

The bank tried to collect funds from different banks but could not get the amount it needed, the BB official said, adding that the four-year-old bank pledged securities worth Tk 102 crore for the loan.

Typically, lending through repo occurs on an overnight basis, but banks can renew the loan upon mutual understanding.

AKM Shameem, managing director of Farmers Bank, told The Daily Star yesterday that the loan was taken to meet the demand for cash from clients. He, however, declined to elaborate on the matter.

The scam-hit bank sought a deposit support amounting to Tk 300 crore from the central bank on November 9 to tackle its liquidity crunch but was denied.

Farmers Bank has failed to maintain the statutory liquidity ratio and cash reserve ratio as stated in the Banking Company Act, as a result of which it has incurred penalty of Tk 18 crore so far.

It also could not pay back the amount borrowed from call money market.

The bank owes Tk 124 crore in the call money market and the amount is being rolled over since January, according to data from the BB.

In a desperate bid to attract funds, the bank is now offering up to 12 percent interest for deposit -- the highest in the market.

As of September, the bank's weighted average interest rate on deposits is 8.79 percent in contrast to the industry average of 4.9 percent.

The high interest rates have pushed up the bank's cost of funds, which in turn has sent its lending rate spiralling up to about 14 percent in contrast to the industry average of 9.45 percent.

As of August, the bank's total deposits amounted to Tk 5,170 crore and loan portfolio Tk 4,854 crore. The bank's advance-deposit ratio has been above 85 percent for several months, which goes against central bank rule.

Source: http://www.thedailystar.net/business/ailing-farmers-bank-gets-tk-96cr-bb-1494811

$100m deal to accelerate Moheskhali FSRT

A USD 100 million turnkey deal has been signed for the Floating LNG Storage and Regasification Terminal (FSRT) in Moheskhali of Cox's Bazar.

Summit LNG Terminal signed a turnkey contract recently with Geocean SAS and MacGregor for design, engineering, procurement, fabrication, installation and testing of the project's Fixed Infrastructure (FI).

A subsidiary of Summit Power International, Summit LNG Terminal inked the USD 100 million project with the marine work contractor consortium and the project will be completed with next 16 months, reports UNB.

The FI will consist, among others, of Disconnectable Turret Mooring (DTM) plug for FSRU vessel system with anchors (suction piles), flexible riser with floatation and tether system, control and hydraulic umbilical, PLEM, Stern Mooring System, FSRU vessel offshore pipelines and landfall works.

Summit LNG Terminal had signed Time Charter Party (TCP) agreement in August 2017 with Excelerate Energy for securing FSRU vessel.

Source: http://thefinancialexpress.com.bd/economy/100m-deal-to-accelerate-moheskhali-fsrt-1511271521

Accenture closes Dhaka office

Accenture, a global professional services company, left Bangladesh shutting its Dhaka office on Monday without paying the current month's salary and other benefits to its staff members, according to some employees.

Some 300 employees staged demonstration in front of Accenture's office in Gulshan and threatened to go on a hunger strike to realise the dues and benefits, Shahin Ahmed, general secretary of the Accenture Employees Union Bangladesh, said yesterday.

The demonstration will continue until the demands are met, he said.

The announcement of the closure of operations came from a tri-party talk among the Accenture management, employee leaders and government representative.

The management of the firm sent a common email to its employees Sunday night, communicating that it was closing the office, Ahmed said.

Raihan Shamsi, chief executive officer of Accenture Communications Infrastructure Solutions Ltd, declined to comment.

Based in Dublin, Ireland, Accenture made foray into Bangladesh in 2013 after acquiring 51 percent share of Grameenphone's GPIT, which used to provide IT solutions to the mobile phone operator.

Accenture had also hoped to provide end-to-end solutions to banks, financial institutions, fast-moving consumer goods, pharmaceuticals and telecom companies. But company insiders said it did not gain much traction.

Accenture also failed to retain work order from Grameenphone. In an open tender this year, it lost out to Wipro, a global information technology company based in Bangalore, India.

Under these circumstances, the outsourcing firm announced its plan to wind up the operations in July this year.

Since the decision was shared with employees, the union has been demanding 60 basic salaries, a practice that is followed by Grameenphone in case of golden handshakes, along with benefits such as provident funds, gratuity funds and leave encashment facilities.

But Accenture did not agree to give even 30 basic salaries, said Ahmed.

Aminul Islam, a joint secretary of the labour and employment ministry, who attended the talks as government representative, expressed his surprise after knowing that Accenture had closed its office without concluding the negotiation. "I have informed our minister (Md Mujibul Haque) about the situation and we will act according to his decision," said Islam.

Although the employees union demanded 60 basic salaries, the government is trying to settle it at 36 basic salaries, the joint secretary also said.

Accenture had 556 employees. After the final decision on closure, 191 of them joined Wipro, which has already opened office in Dhaka. Grameenphone holds 49 percent share in Accenture Bangladesh.

Earlier this month, Sigve Brekke, CEO of Telenor Group, the majority shareholder of Grameenphone, was asked about the Accenture issue but he also refused to make any comment.Accenture has operations in more than 120 countries.

Source: http://www.thedailystar.net/business/accenture-closes-dhaka-office-1494715

Amended Draft Labour Law: Govt goes for slab-based worker participation for TU registration

The government has proposed four slabs of worker representation requirement for getting trade union registration in industries as the International Labour Organisation suggested that the Bangladesh government should reduce the existing obligation — 30 per cent of workers of a factory.

The labour ministry on Tuesday finalised the proposal on requirement of worker participation threshold for forming trade union day before the meeting of Committee of Experts on the Application of Conventions and Recommendations of the ILO to be held today (Wednesday) in Geneva.

The labour ministry on Tuesday sent afresh the drafts of amended labour law and export processing zones law with further changes to the ILO in line with its commitment.

In today's meeting, the CEACR of ILO would review Bangladesh's labour issues.

According to the state minister for labour Md Mujibul Haque, the ministry has set the worker representation requirement at 20 per cent for industries having more than 7,500 workers, 24 per cent for units of 5,001 to 7,500 workers, 27 per cent for industrial units having 2,001 to 5,000 workers and 30 per cent for the factories having workers up to 2,000.

Earlier, the labour ministry had sent the drafts of the amended labour law and EPZ law to the ILO on August 31 as per the commitment Bangladesh made at the International Labour Conference held in Geneva in July last year.

Later, the state minister sought feedback from the CEACR on the drafts during the 331st session of ILO governing body meeting held in the first week this month.

In response to the labour ministry's call, the ILO has recently sent its comments suggesting review of 12 issues including worker representation threshold for forming trade union.

The government verbally conveyed the ILO's relevant committee during the 331st session of the ILO governing body in Geneva that it would lower the requirement threshold by 3 percentage points to 27.

The fresh changes included definition of workers, relaxation of the provisions related to registration of professional trade unions in civil aviation establishments and trade unions of seafarers.

The labour ministry agreed to withdraw the requirement of majority support to form a trade union in civil aviation establishments and obligation linked to affiliation with international organisations.

The labour ministry also agreed to remove the restriction on forming a single union for the seafarers.

The commerce, law and labour ministers on Tuesday held separate meetings with the Bangladesh Export Processing Zones Authority and discussed the draft EPZ act.

Source: http://www.newagebd.net/article/28865/govt-goes-for-slab-based-worker-participation-for-tu-registration

International News

Tencent becomes more valuable than Facebook

Chinese social media and video game giant Tencent became more valuable than Facebook on Tuesday as investors sent the company soaring into the top five of the world's biggest firms.

Tencent's Hong Kong-listed shares have doubled in value this year, and on Monday it became the first Asian company with a market capitalisation of half a trillion dollars.

By the end of the trading day on Tuesday, Tencent's outstanding shares were worth a combined 4.08 trillion Hong Kong dollars ($523 billion), surpassing Facebook's $519 billion.

Despite its stratospheric climb, Tencent is still some way behind the world's most valuable company, Apple, which is currently valued at $873 billion. Last week, Tencent said profit had grown nearly 70 percent in the third quarter, when compared with the same period last year, well outpacing expectations. Its accelerating growth has sent its shares shooting higher in recent days.

Critics say many of China's tech companies copy the latest idea seen in the US. That has not been the case for Tencent, which has transformed its WeChat smartphone app into a product wholly unlike other social networking applications seen around the world.

"Tencent is an enterprise that focuses on innovation," said Huang Hao, an associate researcher at the National Academy of Economic Strategy of Chinese Academy of Social Sciences. "Its product ideas are not simple emulations of those of foreign businesses."

But it also has a distinct advantage over some of its western peers: Facebook and Twitter are blocked in China, cutting off a market of up to 1.3 billion people. The nearly one billion users who flock to Tencent's WeChat app, and older platform QQ, can chat, post photos, play games, transfer money and pay for a variety of services in China. They exchange 38 billion messages each day.

Source: http://www.thedailystar.net/business/tencent-becomes-more-valuable-facebook-1494697

China widens foreign access to financial sector

China will raise foreign ownership limits in financial firms in a step granting access to a tantalising multi-trillion dollar financial services market, as the world's second-biggest economy seeks to position itself as a major global finance hub.

The move, announced on Friday by vice finance minister Zhu Guangyao, comes a day after US President Donald Trump reiterated calls for better access to Chinese markets in meetings with Chinese President Xi Jinping.

Xi is driving broad economic reforms by opening up China's capital markets, internationalising the yuan currency, and seeking technical know-how through the pursuit of massive inbound and outbound investments.

The latest changes include raising the limit on foreign ownership in joint-venture firms involved in the futures, securities and funds markets to 51 percent from the current 49 percent.

They will take effect immediately following the drafting of specific related rules, Zhu told a news conference, adding China is "formulating a timetable and roadmap for financial sector reform and opening up".

The foreign business community gave a cautious welcome to the news.

"Financial services further opening definitely has been high on our list," said Ken Jarrett, President of American Chamber of Commerce in Shanghai.

"It's a step in the right direction. We'll have to see the detailed rules. In China you always have to pay attention to the fine print to see how quickly it moves, but to finally ease up on the cap is something that is welcome."

The plan to ease ownership restrictions comes as Beijing faces mounting pressure from Western governments and business lobbies to remove investment barriers and onerous regulations that restrict overseas companies' operations in its markets.

During his trip to Beijing this week, Trump said that trade between the two nations was unfair, and called for greater market access for US companies.

"We really have to look at access, forced technology transfer, and the theft of intellectual property, which just, by and of itself, is costing the United States and its companies at least $300 billion a year," Trump said.

"Both the United States and China will have a more prosperous future if we can achieve a level economic playing field. Right now, unfortunately, it is a very one-sided and unfair one."

Reuters reported on Tuesday that China planned to allow global banks to take a stake of up to 51 percent in their onshore securities ventures for the first time and tie up with local non-financial firms.

China has been sluggish to give foreign players more access to its financial sector, but has promised to quicken the pace as foreign investment into Asia's economic powerhouse slows.

Source: http://www.thedailystar.net/business/china-widens-foreign-access-financial-sector-1494691