



STOCKS	
DSEX	CSCX
▼ 0.82%	▼ 1.03%
6,799.64	11,936.46

COMMODITIES	
 Gold ▲	 Oil ▲
\$1,823.10 (per ounce)	\$83.21 (per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.80%	▼ 0.35%	▲ 0.66%	▲ 0.20%
60,545.61	29,507.05	3,263.90	3,498.63

CURRENCIES				
	USD	EUR	GBP	CNY
BUY TK	84.80	97.02	113.50	13.03
SELL TK	85.80	100.82	117.30	13.70



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BUSINESS

DHAKA TUESDAY NOVEMBER 9, 2021, KARTIK 24, 1428 BS ● starbusiness@thedailystar.net

IMF MISSION DUE ON DEC 5

Banking sector reform, subsidy to top agenda

REJAUL KARIM BYRON

The International Monetary Fund will inquire about Bangladesh's progress in reforming the local banking and subsidy sectors as well as ongoing vaccination drive as it is set to hold its first dialogue with the government since the coronavirus outbreak.

The Article IV consultation to be held from December 5 to 15 will focus on five key areas, namely the banking, subsidy, revenue and exchange rate reforms, the Covid-19 vaccination programme, as well as \$3 billion in loans that will be extended to the country over a three-year period.

During an Article IV

consultation, an IMF team of economists visits a country to assess its economic and financial developments and discuss the country's economic and financial policies with government and central bank officials.

Rahul Anand, assistant to the director of the IMF's Institute for Capacity Development, will lead the mission. The last time an IMF mission came to Bangladesh was in 2019.

The banking sector reform agenda will focus on default loans and the latest situation in the banking industry.

In 2019, the IMF gave a detailed proposal to Bangladesh on how to improve the situation of the banking sector. The crisis-lender

IMF MISSION: AGENDAS AND CONDITIONS



- ➔ Visit to take place from Dec 5-15
- ➔ Key agendas: banking, subsidy and revenue sector reforms, vaccination programme, exchange rate
- ➔ IMF wants exchange rate, energy price to be market-driven
- ➔ Govt raised fuel price last week in line with global price surge
- ➔ Last IMF mission came in 2019

has not pursued it because of the pandemic. The upcoming mission will push for the reform agenda, said sources at the finance ministry and Bangladesh Bank (BB).

The issue of non-performing loans (NPL) will get priority.

Official figures put the NPL rate at about 8.18 per cent in June.

But in 2019, the IMF said the ratio of bad assets, which stood at 11.50 per cent in the year, would double as not all sources of problem assets are captured by

the central bank's definition of defaulted loans.

The coronavirus pandemic exacerbated the NPL scenario as borrowers faced an unprecedented decline in business amid a collapse in demand, weakening their capacity to pay back.

The IMF mission two years ago felt a large number of defaults were by choice and not due to any unexpected financial hardship.

Besides, the balance sheet of some banks, including Padma Bank, has deteriorated.

The government has moved to address the banking reform issue. It has amended the Bank Company Act. Once the parliament passes the amendment, it will start addressing the bad loan issue.

The amendment includes a provision related to asset management corporations. The government plans to set up a state-run corporation to buy and trade distressed loans off banks as part of its efforts to clean up the financial sector.

The subsidy will be high on the agenda during the talks between the IMF and the government.

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Southeast Bank fined Tk 10 lakh for flouting stock rules

STAR BUSINESS REPORT

The Bangladesh Bank has imposed a fine of Tk 10 lakh on Southeast Bank for breaching rules by making an excessive amount of investment in a single company in the stock market.

The private commercial bank was the latest lender to have faced penalty for breaching security rules.

Southeast Bank parked 22.05 per cent of its paid-up capital with National Life Insurance Company Ltd (NLICL), in clear violation of the Bank Company Act 1991, according to a central bank probe.

A lender is allowed to invest a maximum of 10 per cent of its paid-up capital and 5 per cent of the total capital in a company.



The investment made by the bank in NLICL was 9.83 per cent of the total capital, said the report. The paid-up capital of the bank stands at Tk 1,188 crore.

The higher-ups of the two companies – Southeast Bank and NLICL – colluded with each other, it said.

Alamgir Kabir, chairman of Southeast Bank, is currently playing the role of an adviser of NLICL, while Zakir Ahmed Khan, an independent director of the insurance company, is an adviser of the bank.

The central bank earlier warned the bank of its excessive investment, asking it to comply with the Bank Company Act by reducing the exposure.

The bank informed the central bank in September that it had sold 23.40 lakh shares in phases.

In addition, the lender sought another six months to sell the rest of the shares in order to follow the rules.

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Strike of goods transporters taking toll on trade

DWAIPAYAN BARUA and AKANDA MUHAMMAD JAHD

Though the strike involving public transport was withdrawn on Sunday evening, the owners and workers of vehicles engaged in transporting goods continued to enforce their countrywide protest as of yesterday evening, taking a toll on export, import and trade.

Around 1,300 TEUs (twenty-foot equivalent units) of export-laden containers could not be taken from the private inland container depots (ICDs) to the Chattogram port on time prior to the departure of three container vessels.

Two of the vessels, AS Sicilia and Xpress Lohtse, both bound for Colombo, had deferred their scheduled departure on Sunday and waited an additional day.

Now the freight forwarders will need to manage space to carry the containers to the transshipment ports, said Syed Nazrul Islam, first vice-president of the Bangladesh Garment Manufacturers and Exporters Association.

But if the process gets delayed further, the cargoes may miss their mother vessels altogether, and this may prompt buyers to demand discounts or costly air shipment, he said.

AS Sicilia was supposed to take more

than 1,300 TEUs on board but could get only 902 TEUs till Saturday. Waiting for the whole of Sunday, it got no more.

"Since there was no hope of withdrawal of the strike by yesterday morning, our management suggested the vessel leave," said Shahed Sarwar, deputy managing director of the ship's local agent, Crown Navigation.

Xpress Lohtse left behind 632 TEUs.

Port Kelang-bound Kalamoti Trader left taking only 100 TEUs, leaving behind 249 TEUs.

AHM Kamal, director of the ship's local agent Famfa Solution, said the initial plan was for around 1,500 TEUs but it was revised down to 349 TEUs for the strike.

Two Singapore-bound vessels -- SOL Hind and Kota Bistari -- pushed back their scheduled departure as they were yet to receive 545 TEUs and 350 TEUs respectively.

An official of PIL Bangladesh, the local agent of Kota Bistari, said the vessel would leave today, taking whatever that manages to reach it.

Bangladesh Inland Container Depots Association Secretary Md Ruhul Amin Sikder said 10,700 TEUs got stranded at 19 ICDs till yesterday evening.

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RAJIB RAIHAN

Trucks left lying idle by an inland container depot of Esack Brothers Industries in Chattogram yesterday as owners of transports engaged in carrying goods continued their strike for the fourth consecutive day over a fuel price hike.

S Korean firm to invest \$31.17m in Adamjee EPZ

STAR BUSINESS REPORT

Kido Dhaka Company Ltd, a Dhaka-based South Korean company, is going to establish a high-end garments and sportswear manufacturing industry at Adamjee Export Processing Zone with an investment of \$31.17 million.

This fully foreign-owned company will annually produce two million pieces of different types of jackets made of cloth, leather, fibre, and fleece as well as baby warmers, soft shells, sweatshirts, vests, work-wear, coveralls, hospital gowns, and other personal protective equipment, according to a press release.

The investment is expected to create job opportunities for 6,040 Bangladeshi workers.

Kido Dhaka Company will generate more employment opportunities for the Bangladeshi nationals gradually as it has plans to invest more through taking closed

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Construction cost goes up 20pc

JAGARAN CHAKMA

The construction cost in Bangladesh has gone up by 20 per cent in the past year because of the surge in the price of raw materials, which could affect the implementation of development projects, said industry people.

Prices of steel, cement, bitumen and stone chips have surged in the last one year due to the rising demand for raw materials globally after economies reopened following the ease of the coronavirus pandemic.

"As a result, the cost of construction has gone up by 20 per cent," said Mir Nasir Hossain, a former president of the Federation of Bangladesh Chambers of Commerce and Industry.

Steel prices jumped 44.22 per cent in the past one year as millers hiked the rates in the wake of spiralling scrap prices in the international market. Now, it is being retailed at Tk 77,500 per tonne, up from Tk 53,000 a year ago.

The price of stone chips increased by 56.41 per cent, bitumen 59.52 per cent, and cement 19.44 per cent.

Bitumen prices in international markets have gone up to \$670 per tonne this week from \$420 in 2020.

Per 50kg bag cement sells for Tk 430, which was Tk 360 in July 2020, according to the industry people.

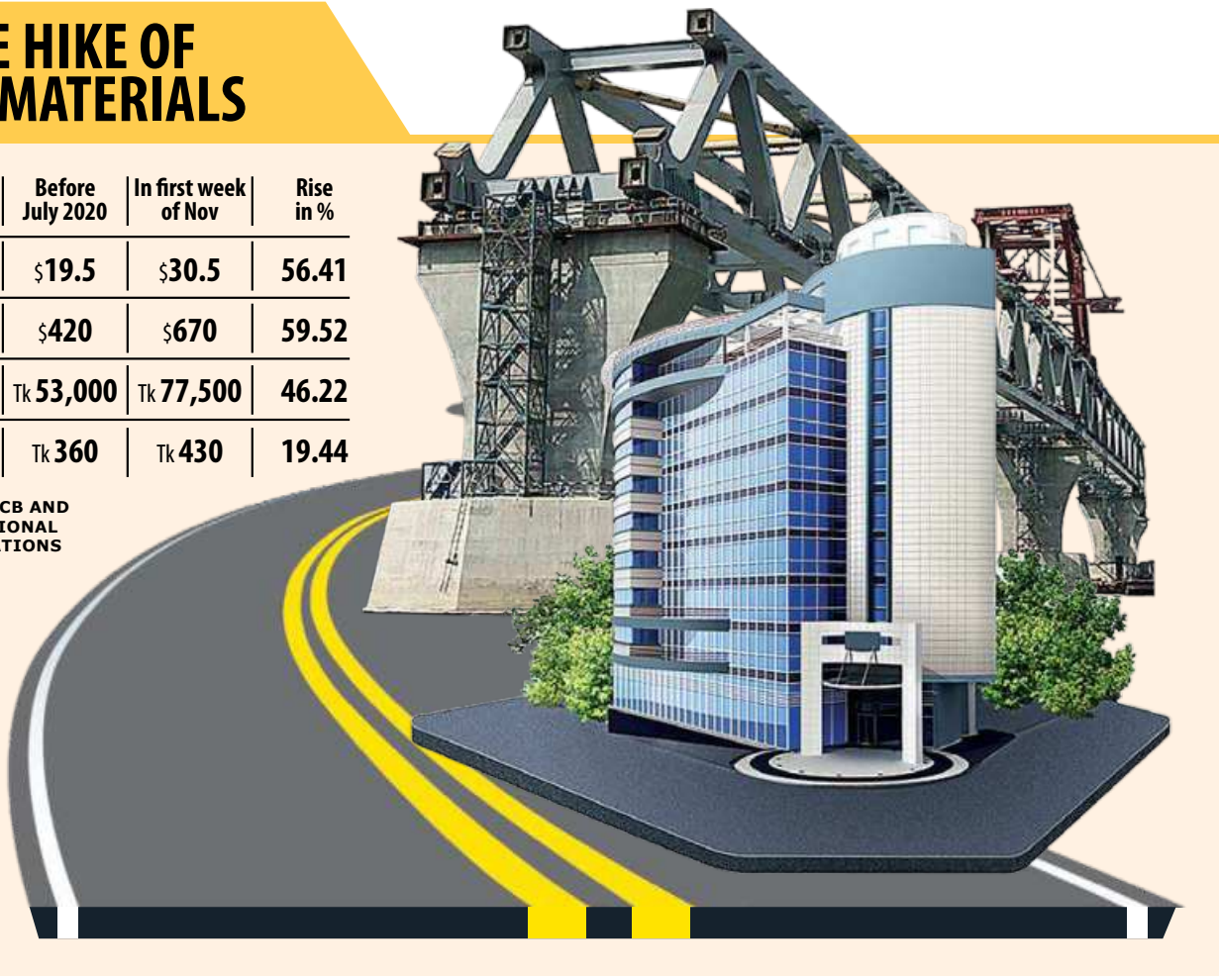
Hossain says the execution of the annual development programme (ADP) would

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PRICE HIKE OF RAW MATERIALS

Items	Before July 2020	In first week of Nov	Rise in %
STONE (per tonne)	\$19.5	\$30.5	56.41
BITUMEN (per tonne)	\$420	\$670	59.52
STEEL (per tonne)	Tk 53,000	Tk 77,500	46.22
CEMENT (per 50kg bag)	Tk 360	Tk 430	19.44

SOURCE: TCB AND INTERNATIONAL ORGANISATIONS



Panel formed to review commodity pricing formula

REFAJET ULLAH MIRDHA

The commerce ministry yesterday formed a six-member committee to review the existing formula, which the government has been following since 2011 to fix the prices of basic commodities.

The committee will submit the review report on the formula in a month, AHM Shafiquzzaman, head of the panel and additional secretary to the commerce ministry, told The Daily Star.

He spoke after a workshop on the price fixing formula at the commerce ministry in Dhaka.

"There are some grey areas in the price fixing formula as it was made more than a decade ago. We have a lot of room to work on to improve the price fixing formula of some selected basic commodities."

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