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Govt to amend procurement rules

REJAUL KARIM BYRON and REFAYET ULLAH MIRDHA

A high-level government committee yesterday suggested 11 proposals for amending the procurement rules, including making it mandatory for foreign firms to form joint ventures with local bidders when it comes to fulfilling government procurement rules.

The recommendations were placed before the cabinet committee on purchase during a virtual meeting with Finance Minister AHM Mustafa Kamal in chair.

After the meeting, Kamal said it is a good proposal as the capacity of domestic contractors has improved a lot over the years.

“We usually prefer foreign firms rather than local ones in bidding for tenders but we want to gradually come out this attitude”

“The proposal has already been widely discussed and will be finalised in the next meeting,” Kamal said, adding that the objective is to increase the number of local contractors and improve their capacity.

Earlier, a five-member committee headed by Abdur Rouf Talukder, senior secretary of the finance ministry, prepared the amendment proposals.

“We usually prefer foreign firms rather than local ones in bidding for tenders but we want to gradually come out this attitude as the capacity of our domestic contractors has improved,” Kamal told reporters.

However, local contractors are yet to develop the capacity needed for highly technical issues. “So only in those cases we will hire foreign firms through bidding,” he said.

As per the recommendations, the procurement process will be implemented by local sub-contracting firms that will have to spend up to 20 per cent of the total estimated cost from their own funds.

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NBFIs loans to subsidiaries beyond regulatory limit

NBFIS	lending to subsidiary (in crore Tk)	Capital (in crore Tk)	% of loan against capital
Union Capital	458	59	773
Prime Finance	372	358	104
Fareast Finance	302	2	14,201
International Leasing	259	-3,353	-8
Aviva Finance	285	356	80
GSP Finance	240	300	80
FAS Finance	168	-302	-56

SOURCE: BANGLADESH BANK

BB OBSERVATIONS

- To take up to 302yrs to recover the funds
- NBFIs efforts are feeble to recover fund
- Some NBFIs showed reduced outstanding balance without recovery
- Reduction of outstanding balance goes against rule
- Some of NBFIs now unable to repay depositors
- Interest of depositors may be severely affected

Seven NBFIs risk losing Tk 2,050cr for anomalies

AKM ZAMIR UDDIN

Seven non-bank financial institutions (NBFIs) are now finding it difficult to recover Tk 2,050 crore they had lent to their subsidiaries and associates in breach of rules.

Preliminary analysis indicates that the funds have been misused, with neither Bangladesh Bank nor the Bangladesh Securities and Exchange Commission (BSEC) stepping in to prevent it.

What is more, the NBFIs, a majority of which are now unable to pay back their depositors, have not classified these funds.

The seven are Fareast Finance & Investment, FAS Finance & Investment, GSP Finance Company, International Leasing & Financial Services (ILFS), Union Capital, Aviva Finance, and Prime Finance & Investment.

As per the Financial Institutions Act 1993, NBFIs are permitted to disburse a maximum of 30 per cent of their capital to an individual or company, which also could be their subsidiaries and associates.

But the seven lent the amounts violating the single

borrower exposure limit.

The central bank has recently stepped up its monitoring on them and has subsequently sought data from the BSEC on how the funds were used.

The BSEC is the regulator for monitoring subsidiaries and associates of the NBFIs as they have mainly been formed to invest in the stock market.



A BB official said the funds given out to the subsidiaries were supposed to be turned into classified loans, but the NBFIs had not done so.

In addition, the central bank did not monitor the NBFIs' investments properly but it has recently stepped up the supervision.

The NBFIs set a roadmap in 2018 to realise the funds by

2025, but the recovery rate of the loans is very low, according to the BB's documents seen by The Daily Star.

It will take anywhere from 140 years to 302 years if the ongoing recovery trend continues.

Some non-banks showed smaller figures as the outstanding loans in documents they provided to

and 2011.

The single borrower exposure limit of the fund stands at 14,201 per cent of the non-bank's capital, which stood at Tk 2.13 crore as of September last year.

Contacted, Muhammad Ali Zaryab, managing director of the lender, said the then management and board had not followed any rules in transferring the funds to the associate, in which Fareast Finance has a 50 per cent stake.

The funds were transferred to the associate just through the issuance of treasury notes, a gross violation of banking norms, he said.

“We do not know anything about where the fund had gone,” he said, adding that the funds might have been siphoned off.

There had also been regulatory failures in stopping the misuse of the funds since the regulators concerned had hardly taken any timely measures to recover the fund, he said.

“The existing management is now trying to realise the money. But it will take years if the ongoing recovery trend

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Hardship persists for households as food prices keep rising

Overall inflation falls after 6 months

REJAUL KARIM BYRON and MAHMUDUL HASAN

Amid soaring prices of food, products and services, inflation in Bangladesh fell to 5.86 per cent in January, the first decline in six months, official data showed yesterday.

The 19-basis-point decline from 6.05 per cent in December came on the back of a fall in non-food inflation, down 74 basis points at 6.26 per cent in the first month of 2022, according to the Bangladesh Bureau of Statistics (BBS).

The non-food inflation had touched a six-year high of 7 per cent in December, largely because of the impacts of the hike of diesel and kerosene prices in November.

Economists and consumers rights activists, however, were alike sceptical.

“The credibility of inflation data is now facing questions,” said Towhique Islam Khan, a senior research fellow of the Centre for Policy Dialogue.

“Because it is not capturing the ground reality, particularly, the struggle of the general people.”

He said the massive drop in non-food inflation didn't reflect the hike in diesel price, which increased the cost of transportation and other products.

Food inflation rose to 5.6 per cent last month, an increase of 14 basis points from 5.46 per cent a month ago, hurting the low-income groups and the poor, who spend a majority of their incomes on food.

This is because the prices of most of the items such as rice, wheat, pulses, sugar, fish, beef, mutton, egg, edible oil and milk rose in January compared to a month ago, BBS data showed.

Between 2020 and 2022, the price of coarse and fine Boro rice has increased to Tk 45 and Tk 65 respectively, from Tk 34 and Tk 54. The price of flour has risen by Tk 10 per kilogramme to Tk 43.

The average prices of pumpkin, cauliflower, cabbage, papaya, green bean, gourd, cucumber, brinjal, radish, carrot, tomato and pea have risen by about 60 per cent from the prices mentioned by the state-run Department of Agriculture Marketing in 2019, an analysis of the prices at

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Online sales take off ahead of Ekushey Book Fair

MAHMUDUL HASAN and SUKANTA HALDER

Although Amar Ekushey Book Fair-2022 began on Tuesday after being deferred for half-a-month due to the surge of Covid-19 infections, readers have already started purchasing the books published targeting the annual event thanks to online platforms.

The higher Covid-19 infection rate and delay in the launch of the fair had disappointed young poet Aleem Haider. He apprehended this year's fair would be as depressed as it had been last year.

This was a matter of concern over the sale of his new book, Shwapnoloker Shontrash, where he rediscovers his village's beauty and opulence of nature during the height of the pandemic.

But to his surprise, his publisher Moni Mohammad Ruhul Amin, director of Agradoot, told him last week that more than 100 copies had already been sold online.

“There was a vacuum in book sales last year due to the pandemic but writers, readers and publishers have taken preparations for this year with a greater presence online,” said Haider.

Amin said most of the online orders for books of his establishment this season were made through platforms like Rokomari.com and Othoba.com.

“Besides, customers can pre-order or order directly from our website too. We have developed an online mechanism since readers are more prone to making online orders amid the pandemic,” he said.

According to publishers and online platforms, sales over the internet increased anywhere from 50 per cent

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An employee of Rokomari.com, an online book-seller, scans a barcode before sending it to the packaging section from where it will be delivered to the customer.

PHOTO: COLLECTED

EU to support Bangladesh for sustainable LDC graduation

STAR BUSINESS REPORT

The European Union will keep supporting Bangladesh to help the South Asian country make sustainable graduation from the grouping of least-developed countries.

Charles Whiteley, the EU's ambassador to Bangladesh, gave this assurance in a meeting with Md Saiful Islam, president of the Metropolitan Chamber of Commerce and Industry (MCCI), at the latter's office in Dhaka's Gulshan yesterday, according to a press release.

Whiteley said there are untapped areas of cooperation where many EU member countries might be able to collaborate with Bangladesh to render technical support on various aspects, such as renewable energy and skills development.

Addressing the

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