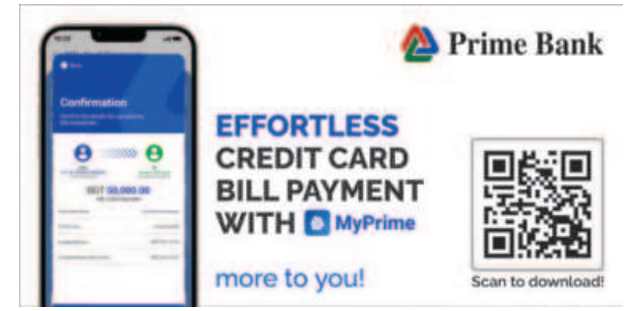


Star BUSINESS



BGMEA wants to import scrapped clothes

STAR BUSINESS REPORT

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) wants to import recycled apparel items from them as their demand is on the rise globally.

Bangladesh, the second largest apparel exporter worldwide after China, ships scrapped clothing items through informal channels as they are not used by local manufacturers to a large extent.

But the demand for the apparel items made from recycled clothing items is increasing globally owing to consumers' growing awareness about the impact of the apparel supply chain on environment.

For example, globally, the fashion industry is responsible for 10 per cent of all greenhouse gas emissions, with textile production alone is estimated to release

Recycled clothing items can save the environment since their production would involve less water and energy consumption

1.2 billion tonnes of greenhouse gases into the atmosphere every year, according to a BBC article.

The fashion industry is responsible for 20 per cent of global waste water.

But recycled clothing items can save the environment since their production would involve less water and energy consumption.

"We export jhoot (scrapped) clothes but the time has come to import them to make garments from them in order to save the environment," said Faruque Hassan, president of the BGMEA, at a press conference on the recently concluded Made in Bangladesh Week at the Hotel InterContinental in Dhaka.

Hassan said the supply of electricity to the factories has improved a lot recently but the gas crisis is still there.

The waiting time at the Chattogram port has also come down to two days on the back of the improvement in the efficiency at the country's premier port, he said.

"The progress needs to be maintained," he said, adding that the efficiency

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REASONS FOR NATIONAL BANK'S LOSSES

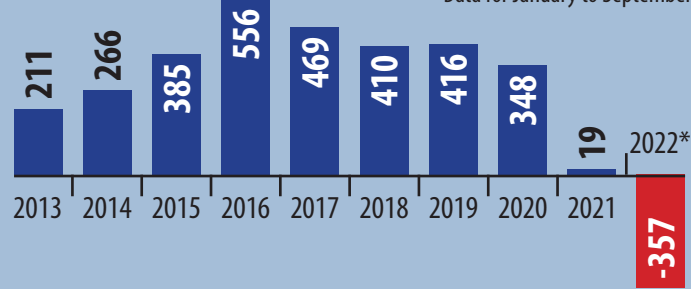
- High non-performing loans (NPLs)
- NPLs stood at Tk 11,336 crore as of September 2022
- NPLs accounted for 27% of the total loans
- Restrictions on lending
- Massive fall in interest income
- Decline in the investment income

What NBL says:

"Due to a liquidity crunch in the market, apart from the dragging impact of the coronavirus pandemic, borrowers could not pay instalments on time, so their loans have become classified.

NATIONAL BANK'S PROFIT IN THE LAST TEN YEARS

in crore taka, SOURCE: NBL'S FINANCIAL STATEMENTS *Data for January to September



National Bank sinks to losses

Lower interest income and higher bad loans to blame

AHSAN HABIB

National Bank Ltd (NBL) that raked in Tk 550 crore in annual profit a few years ago incurred unprecedented losses of Tk 357 crore in January-September of 2022 due to lower interest incomes and higher non-performing loans.

The about-face in fortunes raised eyebrows since NBL was the lone bank to have been in the red during the nine-month period among all the listed lenders that disclosed data on the Dhaka Stock Exchange.

In 2016, the first-generation private commercial bank logged a profit of Tk 567 crore. But its financial performance started to erode before plunging to a loss in January-September. It even made a profit of Tk 134 crore in the identical period a year earlier.

The losses in January-September of 2022 were driven by a massive drop in interest incomes. In the nine months, the income from the segment plunged by Tk 579 crore, or 25 per cent, to Tk 1,736 crore.

As a result, the net interest income, the difference between interest income from loans and the interest paid on deposits, stood at Tk 346 crore in the negative in the first three

quarters, versus Tk 137 crore in the same period a year earlier.

"National Bank's business was hit as there was a restriction from the central bank on giving out fresh loans so that the advance deposit ratio comes down," said Md Mehmood Husain, managing

and small loans. "So, our revenue dropped," Husain said.

Another reason for the loss was its loan to Maisha Group. The loan has turned into NPL after its owner died and his successor struggled to run the business.

and advances could not be taken to income. Consequently, the profitability and earnings per share (EPS) decreased significantly compared to the previous period, it added.

The EPS stood at Tk 1.11 in the negative in the three quarters, down from Tk 0.42 in the same period of 2021.

As a first-generation bank that was set up in 1983, NBL is supposed to attract deposits at a lower cost. But the cost has been as high as a new bank, said Husain, adding that the bank is targeting to change the deposit mix and attract more funds.

One of the factors for the high cost of deposits could be the lack of confidence of depositors in the bank after it made headlines for all the wrong reasons recently.

For example, the BB in April this year banned 10 members of Sikder family and two officials of Sikder Group from using international credit cards for two years as they took loans from NBL beyond their credit card limit grossly violating rules. The individuals include directors of the bank.

In January, the central bank fined NBL Tk 55 lakh as it had tried to hide the loan-related information of the cardholders.

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director and chief executive officer of the bank.

In Bangladesh, conventional banks must maintain an 87 per cent ADR (advance deposit ratio), meaning they can lend Tk 87 for every Tk 100 mobilised in the form of deposits.

The Bangladesh Bank ordered NBL in April last year that it can't make fresh loans before bringing down the ADR below the regulatory limit. The bank had maintained more than 90 per cent ADR for a long time.

NBL is allowed to disburse only agricultural and micro, cottage

The loan amounting to the group is around Tk 3,200 crore, according to Husain.

The bank's default loan stood at Tk 11,336 crore as of September, accounting for 27 per cent of the total loans, central bank data showed.

Due to the liquidity crunch in the market, apart from the dragging impact of the coronavirus pandemic, borrowers could not pay instalments on time. As a result, the loans have become classified, said NBL in its financial report.

The interest on such loans

Foreign aid disbursement slumps

REJAUL KARIM BYRON

Commitments and disbursements of foreign assistance for development projects in Bangladesh fell in the July-October period of the current fiscal year, which may deepen the pressure on foreign exchange reserves.

According to data from the Foreign Aid Budget and Accounts of the Economic Relations Division (ERD), commitments declined by around 85 per cent year-on-year in the first four months of the current fiscal year while disbursements were down 25 per cent.

Commitments reduced to \$413 million – \$300 million credit and the rest grant – from \$2,761 million.

The disbursements slipped 25 per cent year-on-year to \$1,977 million in July-October this year from \$2,626 million in the identical period a year earlier.

An ERD official said the decline was an outcome of the global economic crisis alongside a go-slow strategy of the government and development partners.

However, negotiations are ongoing for loans and agreement signings are in the pipeline for a number of projects, said the official, adding that the situation may improve in the coming days.

Japan disbursed the highest, \$580 million,

The disbursements slipped 25 per cent year-on-year to \$1,977 million in July-October this year from \$2,626 million in the identical period a year earlier

against a number of mega projects, including the Matarbari coal-fired power plant, the Bangabandhu Sheikh Mujib railway bridge, and the third terminal of the Hazrat Shahjalal International Airport.

Next was China with \$453.73 million, followed by the World Bank with \$365.23 million and the Asian Development Bank with \$240.77 million.

In the four months to October, the government repaid \$724.27 million of foreign debts whereas it was \$749.17 million during the corresponding period in the previous fiscal year, ERD data showed.

The foreign currency reserves of Bangladesh have been under pressure for months for higher import costs, fuelled by the Russia-Ukraine war.

The reserves stood at \$46.4 billion at the end of 2020-21 and \$41.83 billion at the end of the last financial year. But it fell to \$34.06 billion on November 23.

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STOCKS		WEEK-ON-WEEK
DSEX	0.81%	6,215.12
CASPI	0.82%	18,339.67

COMMODITIES		AS OF FRIDAY
Gold	\$1,754.6	(per ounce)
Oil	\$76.55	(per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
0.03%	0.35%	0.26%	0.40%
62,293.64	28,283.03	3,244.55	3,101.69

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SUSTAINABILITY FORUM (GLOBAL)

MASOOD KHAN	EROMUL HUSSEIN	YASIR AZMAN	ZUVER AKHTAR	ASHISH KAPOOR	MOCHAT ANWAR
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PANEL 01: INNOVATIVE TRANSFORMATION

AJIL ISLAM	ERSHAD HOSSAIN	MAHIN RASHID	SHWAPNA BHOWMICK	MARINA AZAF	MUHAMMAD AL KASHEM
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SUSTAINABILITY FORUM (LOCAL)

SABERUDDIN IMRAN	DR. SANJEEV ANANTHAKRISHNAN	SHARIF ZAHIR	SHARMIN ZAMAN	KHUSHROD ALAM	DR. MASRUH REAZ
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PANEL 02: OPERATIONAL EFFICIENCY

PROF. IMRAN ELAHMAN	SAKY ANIF TASAN	ADIL CHOWHURY	TANZEEM CHOWHURY	ASADUL HABIB SIPTAYAN	ICAZA HATIZ
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PANEL 03: ADAPTIVE RESPONSIVENESS

VIJAYA SARATHI KILIAN	RAJESH SHARMA	SAP ISLAM	DR. NAZNEEN ISLAM	SHEKH BAKRUL KARIM
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SUMMIT SPEAKERS AND KEYNOTES

ANIS A. KHAN	NAJIBUDDIN AL BAO	SURAFYA ZANNATH	MASZAHIN FERDUS	ESRAT KARIM EVE	PROF. SHAMIM HABIB
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