

## ICB could lose Tk 438cr for unusual investment decisions

Audit finds some of its investments became default loans or remained unrealised

REJAUL KARIM BYRON and AHSAN HABIB

Unusual investment decisions made by the state-run Investment Corporation of Bangladesh (ICB) could inflict a loss of Tk 438 crore on taxpayers as the funds have either turned into default loans or remained largely unrealised, according to an audit report.

For example, abnormal investments in ailing Padma Bank Ltd caused ICB a loss of Tk 174 crore, the Office of the Comptroller and Auditor General (OCAG) found.

The supreme audit institution of the country carried out the audit on ICB's activities for the financial years of 2015-16 to 2017-18.

The audit report showed ICB made an equity investment in Padma Bank Ltd after it bought shares at Tk 13.33 each against a face value of Tk 10. The total investment was Tk 60 crore.

It also opened a fixed deposit worth Tk 197.18 crore with the bank. After the maturity, some of the funds were returned and ICB still has unrealised deposits of Tk 114 crore and interest of Tk 6.86 crore.

The equity investment of Tk 60 crore is yet to be

tradable as the bank has not gone public yet.

The investment approval letter of ICB included a condition that the bank would be listed on the stock markets within three years of starting activities. So, ICB's Tk 174 crore is at risk considering the weak financial health of the bank, according to the OCAG.

ICB has also invested in some other companies but some of the investment decisions were not normal and a proper analysis-based. So, funds worth Tk 264 crore were going to be lost, according to the OCAG.

It said opening the FDR involving a huge amount of money with the new bank has been abnormal.

"It was not a right decision to keep such funds in the bank even after knowing the weak financial health of the bank."

ICB has injected funds into Best Holdings, the owning company of Le Meridien Dhaka hotel, through the purchases of convertible secured bonds of Tk 150 crore in 2018.

According to the ICB's project assessment committee, the loan repayment capacity of Best Holdings was not at

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ICB invested in the equity of Farmers Bank hoping its performance would be better and it would provide good dividends. However, the performance was not up to the mark

Abul Hossain  
managing director of ICB.

## Wage growth below inflation for 10th month

SOHEL PARVEZ

For the 10th consecutive month, monthly wage growth of workers has remained below inflation, a trend that indicates a worsening poverty situation as many people are being compelled to cut consumption amid falling real income.

In November this year, wages of low and unskilled workers grew 6.98 per cent, which was 1.87 percentage points below the average inflation rate of 8.85 per cent in the same month.

In October, wages of workers in 44 occupations in agriculture, industry and services grew 6.91 per cent against a consumer price hike of 8.91 per cent, showed data of the Bangladesh Bureau of Statistics (BBS).

"This clearly shows that real wage is on the downward trend," said Hossain Zillur Rahman, executive chairman of the Power and Participation Research Centre (PPRC).

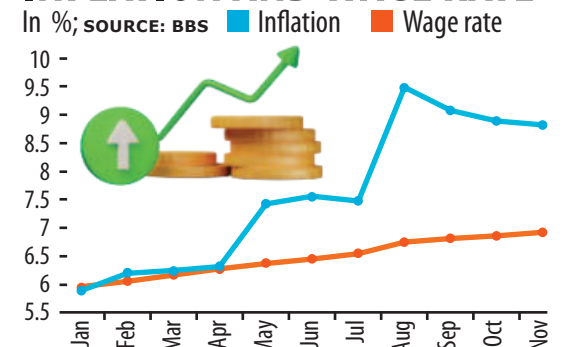
"We see its expression as many people have to adjust household consumption, sacrifice nutrition, and other discretionary expenditures as inflation is higher than their income growth," he said.

He said the poverty situation was deteriorating and a large section of low and fixed-income people who were above the poverty level were at risk economically.

"Besides, many lower middle-income families also face a tough time. However, they are not getting policy attention in terms of their needs," said Rahman.

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## INFLATION AND WAGE RATE



## Bangladesh's cotton import to drop: USDA

STAR BUSINESS REPORT

Bangladesh's cotton import may drop to 8 million bales in marketing year 2022-23 which began in August, said the US Department of Agriculture (USDA) at the end of last week.

This will be resulting from high international raw cotton prices, reduced garment production due to a domestic power shortage and a slowdown in the world economy, it said.

The latest projection is about 10 per cent below its previous one of April this year.

Bangladesh is the world's second largest garment exporter and is highly dependent on the imports to make yarn.

In its report on cotton and products with regard to Bangladesh, the US agency said Bangladesh's domestic raw cotton use was likely to drop 11 per cent to 8.3 million bales in marketing year 2022-23.

Bangladesh began receiving more garment purchase orders as many brands shifted from competitor countries such as Vietnam and Indonesia in the beginning of 2021, following the Covid-19 lockdowns, it said.

"The higher volumes of RMG exports continued until

the middle of CY (calendar year) 2022, with the Russia-Ukraine war and ongoing economic turmoil negatively affecting the RMG sector," it said.

Garment purchase orders slumped approximately 20 per cent to 30 per cent in June and July this year, it added.

"Many US and European brands also deferred their shipments," said the USDA report.

Bangladesh imported 8.52 million bales in the previous marketing year, said the agency.

It said Bangladesh's yarn and fabric consumption would be 1.8 million tonnes and 6 billion metres, around 10 per cent and 3.5 per cent higher respectively from that in the previous year.

In marketing year 2021-22 Bangladesh's domestic raw cotton consumption was estimated at 8.8 million bales, according to the USDA.

The report said the textiles industry was composed of yarn, fabric, and dyeing-printing-finishing mills and they have about 15 million bales of cotton consumption capacity.

Some 80 per cent of the produced yarn is purely cotton while the remaining 20 per cent is mixed yarn from cotton and artificial fibres.

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