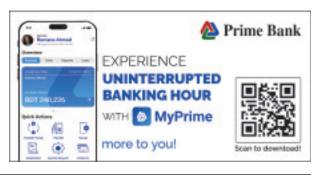
# 



# 11 banks facing a capital shortfall of Tk 33,575cr

Eleven banks in Bangladesh faced a collective capital shortfall of Tk 33,575 crore in March, up 9.3 per cent from a quarter ago, in a reflection of their worsening financial health caused by persisting irregularities and lack of governance, central bank data showed.

The fund deficit of the banks -- Bangladesh Krishi Bank, Agrani Bank, Rupali, Janata, Sonali, BASIC Bank. Rajshahi Krishi Unnayan Bank, ICB Islamic Bank, National Bank, Bangladesh Commerce Bank, and Padma Bank was Tk 30,697 crore in December.

Experts hold corruption and a lack of corporate governance perpetrated at the banks responsible for the large capital shortfall.

As of March, Bangladesh Krishi Bank had the highest amount of capital shortfall of Tk 14,093 crore among the 11 lenders.

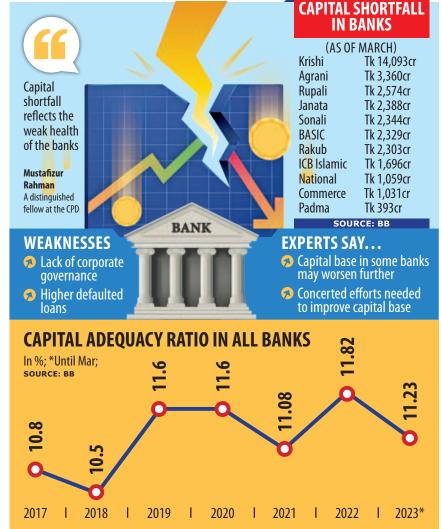
State-run Agrani's deficit stood at Tk 3,360 crore. It was Tk 2,574 crore for state-run Rupali and Tk 2,388 crore for Janata Bank, another government-owned bank.

The worrying situation is that the financial health of the banks that have higher capital shortfall is deteriorating," said Ahsan H Mansur, executive director

of the Policy Research Institute of Bangladesh. The high ratio of defaulted loans has deepened the capital shortfall in the banks.

READ MORE ON B3





# Dollar hits Tk 109 in inter-bank trade

STAR BUSINESS REPORT

Banks have traded dollar at as high as Tk 109 among themselves, reflecting persistent shortage of foreign currency in the market.

The central bank data showed that banks sold the greenback at rates as low as Tk 108.03 to a maximum of Tk 109 on June 14.

This was the highest rate for the US dollar, which has been appreciating against the Bangladesh's taka in the face of falling foreign currency reserves, as the requirement for external payment,

including import bills, continues to overshoot inflows.

Foreign exchange reserves stood at \$29.83 billion as of June 14, down from \$29.87 billion two weeks ago.

Bangladesh's foreign exchange reserves were \$41.82 billion at the end of June last year, according to data by the central bank. Since then, reserves

gradually fell as payment requirement for imports--though dropped 14 per cent plus in July-April of the current fiscal year--remained higher than the total inflow, particularly exports and remittances.

Export and remittance earnings growths are slowing down.

"The price of dollar will continue to go up so long the demand and supply gap remain in the market," said a head of treasury division of a private bank.

To reduce the crisis, the BB sold more than \$320 million to support banks to meet international payment obligations, said a senior official preferring anonymity as he is not authorised to talk with the media.

The official, however, said the inter-bank exchange rate of dollar declined to Tk 108.80 yesterday. The increasing cost of the greenback is pushing import

cost and prices of import-based commodities.

READ MORE ON B3

### **BB** hikes capital requirement for new banks

STAR BUSINESS REPORT

Bangladesh Bank yesterday said that the upcoming commercial banks in the country will have to ensure Tk 500 crore as paid-up capital instead of the existing Tk 400 crore requirement.

A central bank official said the new rule will be applicable to all who apply for licences to open new

Bangladesh vesterday issued a circular to this end.

Asked why the measure is not applicable for existing banks, the official said many of them cannot immediately raise their capital base. This includes state-run banks, which have long been struggling to manage their required capital.

He went on to say that the central bank had taken the decision to raise the paid-up capital requirement before the coronavirus pandemic, but it did not implement the rule given the business slowdown.

He hinted that the central bank might raise the requirement even further in the days ahead.

READ MORE ON B3

**National** 

**BUDGET** 

### Govt forced to borrow from banks to plug budget deficit **Says Mannan**

STAR BUSINESS REPORT

The government has no other alternative but to borrow from the banking sector to meet the budget deficit, Planning Minister MA Mannan said yesterday.

"Many countries, including the United States Saudi Arabia and Japan, take loans from the banking sector when they need. Bangladesh will do the same," he said.

The minister made the comments at



**MA Mannan** 

seminar on "Budget 2023-24: education and employment", at Professor Muzaffar Ahmed Chowdhury Auditorium in the University of Dhaka.

The Centre on Budget and Policy, a research institute affiliated with the university, organised the event.

The government will depend heavily on borrowing from Bangladesh Bank manage its budget deficit in the next fiscal year, like in the current year, amid the tax authority's continuous failure to generate adequate revenues, a reliance that may stoke inflationary pressures, worsen the current economic volatility and crowd out the private

The government has set a deficit financing target of Tk 261,785 crore for 2023-24. Of the amount, Tk 132,395 crore will come from the banking system.

"Many people say that if the government borrows more from banks, businessmen will get fewer loans. But we are forced to

borrow," said Mannan. The government will borrow Tk 1,55,395 crore READ MORE ON B3

# Focus on making apparel by recycling yarn, fabric

H&M urges local garment suppliers

REFAYET ULLAH MIRDHA

Local garment suppliers will have to focus on making apparels wholly from recycled materials by 2030 as the H&M is going to abide by a European Union (EU) due diligence law on protecting the environment and human rights.

As a part of the new rules, the H&M has a target to have 24 per recycled or sustainable materials by 2025, said Ziaur Rahman, regional country manager of the Swedish retail giant in Dhaka.

The recycled materials are yarn and fabric made from old and discarded clothing or scrap manufacturing garment processes, widely known as "jhoot'

No virgin cotton will not be used in the apparels and the only exception will be fibres from cotton grown from sustainable cultivation practices, Rahman told The Daily Star over the phone.

Through recycled materials, clothing items get a second life, he

Under the EU's due diligence act, the international clothing retailers and brands will have to use the recycled yarn and fabrics for garment items meant for the EU markets, he said.

The H&M started sourcing garment items made from the up their capacity, Rahman said. cent of its apparels sourced from recycled materials a lot earlier as a part of the retail giant's preparations to do business under the EU's due diligence act in the near future.

The circular economy tackles climate change and other global challenges like biodiversity loss, waste and pollution, by decoupling economic activity from the consumption of finite resources,

the H&M said. "In our current economy, we take materials from the Earth, at the first Bangladesh Circular make products from them, and Economy Summit held at the eventually throw them away as waste - the process is linear. In a

circular economy, by contrast, we stop waste being produced in the first place," the H&M said.

Currently, since the spinners and weavers cannot supply the required quantity of recycled materials like yarn and fabrics, the demand is met through imports although the Bangladeshi spinners are gearing

The H&M now directly procures garment items from 200 factories and the company is paying the "correct" prices for buying garments made from recycled yarn and fabric, Rahman added.

However, this is an opportunity for the country as mainly old clothes are getting a new life and being sold to the end consumers, he said.

Rahman also shared some of his knowledge on the subject Radisson hotel in Dhaka yesterday. READ MORE ON B3

## Chinese firm Mingda to invest \$76.41m in Bepza EZ

STAR BUSINESS REPORT

Chinese company Mingda (Bangladesh) New Material Co Ltd will invest \$76.41 million in Bepza Economic Zone to produce different types of cotton product.

It is the highest amount oi investment proposai that came from a single company among the ones who have signed agreements to establish factories inside Bepza EZ.

The list of products Mingda (Bangladesh) will produce includes imitation silk cotton, tile cotton, needle punched cotton, different types of artificial/manmade fabric, artificial fabrics, including geotextile, different hospital products, bags and packaging items, including

READ MORE ON B2

# Flats, houses to be costlier MD of bti blames duty hike of

construction materials JAGARAN CHAKMA

Flats and houses will become expensive as the government has increased the duties on basic construction materials such as cement, steel and tiles in the proposed budget, said a top executive of a real estate company.

Khan, managing director of bti, one of the top developers in the



**FR Khan** 

country, said the property registration cost used to be 15 per cent, which was already a burden for property owners. Now, it has been increased to 19

For example, the owner of a flat priced at Tk 1

crore would have pay to spend almost Tk 20 lakh to register the property alone even if it is a secondhand property. "How can this be affordable? It is not affordable

at all considering the present condition of the economy," he said. According to Khan, the property registration

cost in Bangladesh is too high compared to India, Pakistan, Malaysia, and Thailand, where the fee ranges between 4 per cent and 6 per cent.

READ MORE ON B2



Workers use their brute strength to load mahogany tree trunks onto a truck in Binoykathi area of Jhalakathi. Meant to be transported to Jashore, this high-quality timber is hard and extremely strong and can be used in making furniture, boats and musical instruments. Each of the workers on the other hand receives Tk 1,000 for a day's worth of such work. The photo was taken recently.



ndl	STOCKS		
	DSEX 📥	CASPI 🗻	
	<b>0.08%</b> 6,280.02	<b>0.06%</b> 18,560.73	

A OIL	COMMODITIES		
	Gold 🔻	Oil 📥	
	<b>\$1,940.26</b> (per ounce)	<b>\$69.19</b> (per barrel)	

	ASIAN MARKETS				
<b>▼</b>	MUMBAI	ТОКУО	SINGAPORE	SHANGHAI	
	0.49% 62,917.63	0.05% 33,485.49	0.77% 3,242.85	0.74% 3,252.98	

# BUSINES

# Bank Asia launches 'Digital Nano Loan'

STAR BUSINESS DESK

Bank Asia Limited has launched a "Digital Nano Loan" transform its business with the rapidly changing technological environment to give customers better banking experiences and facilitate their access to formal financial services.

Adil Chowdhury, president and managing director of the bank, launched the new loan service at Bank Asia Tower in Karwan Bazar of Dhaka on Wednesday.

He also witnessed submission of a loan application through a newly

developed app and its subsequent sanctioning and disbursement to a press release.

loan disbursement The process makes use of a credit scoring model analysing financial and metadata. Initially, loans amounting from Tk 500 to Tk 50,000 will be provided, payable in six months.

Chowdhury expressed optimism that the product would change the horizon of lending and contribute to rapid boosting of the customer base.

He also asked officials of the department and division customer having an account with concerned to work in a the bank within minutes, said a coordinated manner to face technological and business-related challenges.

Ziaul Hasan, deputy managing director and lead of the project, Hossain Ahmad, senior executive vice-president and CIO, Md Serajul Islam, chief executive office of the bank's technology partner Era-infoTech, Quazi Mortuza Ali, senior vice-president (agent banking), and officials concerned of the bank and Era-infoTech were



Adil Chowdhury, president and managing director of Bank Asia, launches the "Digital Nano Loan" of the bank at the Bank Asia Tower, Karwan Bazar in Dhaka on Wednesday. PHOTO: BANK ASIA



HBM Iqbal, chairman of Premier Bank, presides over the bank's 24th annual general meeting virtually held yesterday. The shareholders approved 12.50 per cent cash and 7.50 per cent stock dividends for 2022. Moin Iqbal, vice chairman, BH Haroon, Abdus Salam Murshedy, M Imran Iqbal, Shafiqur Rahman, Jamal G Ahmed, and Nahyan Haroon, directors, Naba Gopal Banik and Kaisar A Choudhury, independent directors, AHM Ferdous, alternate director, M Reazul Karim, managing director, M Shahidul Islam, consultant, and Mohammad Akram Hossain, company secretary, attended the meeting. PHOTO: PREMIER BANK

# Abul Khair Steel gives Ctg factory tour to engineering students

STAR BUSINESS DESK

Abul Khair Steel, a concern of Abul Khair Group, recently organised a factory visit for engineering students of different universities to foster collaboration between academia and industry and provide practical understanding of steel manufacturing processes.

The event was participated by some 110 final-year engineering students from the Bangladesh University of Engineering and Technology, Chittagong University of Engineering & Technology, Rajshahi University of Engineering & Technology, Khulna University of Engineering & Technology, Military Institute of Science and Technology and Ahsanullah University of Science and Technology, said a press release.

During the two-day event, styled "AKS World of Steel", starting June 9, the students were provided a guided tour of the company's mega-factory in Chattogram to witness the entire steel production process. The students also had the opportunity to interact with experienced engineers and technical staff who shared insights gained from their years of experience in the steel industry.



A group of 110 final year engineering students from BUET, CUET, RUET, KUET, MIST and AUST posed for photographs after a two-day visit to Abul Khair Steel's Chattogram plant organised by the company recently. PHOTO: ABUL KHAIR STEEL

# GREE

Mohammed Nurun Newaz, chairman of Electro Mart group, cuts a ribbon to inaugurate a sales and display centre of the company at Banasree, Rampura in Dhaka recently. Mohammed Nurussafa Mazumder and Md Nurul Afser, deputy nanaging directors, Mahmudun Nabi Chowdhury, general manager for sales marketing, and Md Julhak Hossain, senior manager for retail sales, were present.

# Dhaka Bank, Swisscontact to work for garment workers

STAR BUSINESS DESK

Dhaka Bank recently signed a memorandum of understanding (MoU) with the "Sarathi-Improving Financial Health" project of Swisscontact, which is jointly funded by the MetLife Foundation, the Happel Foundation, and Swisscontact.

AMM Moyen Uddin, deputy managing director of the bank, and Bipasha S Hossain, team leader of Sarathi at Swisscontact, signed the MoU at the former's head office in Dhaka, said a press release.

Under the MoU, the bank and Sarathi aim to increase access to savings and loans, promote responsible financial management, and contribute to the overall wellbeing of readymade garment workers and their communities.

Mosleh Saad Mahmud, executive vice-president of the bank, and Salma Akhter, manager for partnerships and present.



AMM Moyen Uddin, deputy managing director of Dhaka Bank, and Bipasha S Hossain, team leader of Sarathi at Swisscontact, exchanged signed documents of a memorandum of understanding on increasing access to affordable savings and loans for RMG communities at the former's head office in Dhaka recently. PHOTO: DHAKA BANK

### Fashion retailers resilient despite consumer fears

REUTERS, London

A strong start to June for Sweden's H&M and the return to profitability at online fashion retailer ASOS helped to allay concerns around a sector hit recently by weakening demand in the US.

Signs of resilience came as a relief to investors concerned that economic uncertainty is driving shoppers in key markets like Europe, the US, and China to spend less on clothes.

Shares in H&M gained 6 per cent as analysts forecast a stronger third quarter after flat sales from March to May.

H&M, which has lagged Zara owner Inditex, has sought to increase its fashion appeal and further develop its higher-priced brand Cos, targeting shoppers that are less vulnerable to a higher cost of living, as fast-fashion giant Shein takes market share with cheap clothes.

Bank of America analysts said H&M's sold-out collaboration with luxury brand Mugler could also help boost half-year earnings expected on June 29.

ASOS, which is trying to recover from a sharp increase in inventory and debt, is also highly dependent on young shoppers who want the latest trends at low prices. Despite sales falling, it said it focuses on

profit per order was paying off. The online retailer, bruised by shoppers' return to physical stores post-pandemic, has cut stock by 15 per cent since the start of the year and said it was removing unprofitable brands from its platform.

"Our experience in the current trading environment is that when we create a product that really resonates with our customers and is priced correctly, full-price sales are very strong," ASOS said.



Md Nazeem Anwar Choudhury, deputy managing director of Prime Bank, and Norizan Binti Yaacob, general manager of Holiday Inn Dhaka City Centre, exchanged signed documents of a memorandum of understanding over hotel services and its discount offers on the premises of the hotel in the capital recently. PHOTO: PRIME BANK

# Prime Bank clients to get Holiday Inn discounts

STAR BUSINESS DESK

Prime Bank Limited and Holiday Inn Dhaka City Centre recently signed a memorandum of understanding (MoU) on hotel services and discount

Md Nazeem Anwar Choudhury, deputy managing director of the bank, and Norizan Binti Yaacob, at The Ilish Restaurant and Attitude general manager of the hotel, inked the MoU on the premises of the hotel in the capital, said a press release.

Under the MoU, the hotel will be offering "Buy-One-Get-One", free buffet and special discounts on operations of the hotel, along with rooms, gym and pool membership, other senior officials from both sides café and bakery, A-La-Carte menu were present.

Restaurant for the bank's credit cardholders.

Mamur Ahmed, head of consumer sales of the bank, and Shahidus Sadeque Talukder, director of



Zafar Alam, managing director of Social Islami Bank, cuts a ribbon to inaugurate five agent banking outlets of the bank from its head office in Dhaka yesterday. Mohammad Forkanullah and Abdul Hannan Khan, deputy managing directors, Md Mashiur Rahman, head of agent banking, Joynal Abedin, head of branches control division, Md Moniruzzaman, head of marketing and brand communication, and Syed Joynul Abedin, head of shariah supervisory committee secretariat, were present.

PHOTO: SOCIAL ISLAMI BANK

# Flats, houses

Various duties and taxes on basic construction materials such as steel and cement have been raised for the next financial year, which begins on

The prices of construction materials have already gone up owing to their spike in the global markets and higher import costs driven by the sharp fall in the value of the taka against the US dollar. The implementation of the fiscal

measures proposed in the budget will push up the prices of apartments automatically. "As a result, people will feel discouraged to buy flats," said Khan. He noted that the budget proposed

 $doubling \, the \, property \, registration \, tax$ in order to increase the government's revenue collection.

"The proposed fiscal measures will only exacerbate the woes of real estate developers and the public."

Although cutting the property registration cost will be a challenge for the government because of limited fiscal space stemming from lowerthan-expected revenue generation, he still suggested the authorities lower the

costs and associated taxes and duties. "Taxes levied on basic raw materials should be reduced to a bearable level."

He said real estate companies and developers have been suggesting the government adopt favourable measures for the real estate sector for a long time but nobody has paid any heed to it.

When an individual goes to register properties, they should be able to show the actual value of flats or land.

"This means if the market value of a property is Tk 2 crore, the amount should be mentioned in the official documents. And this will be possible when the registration cost is tolerable," said Khan.

He thinks a lower registration cost will be a win-win situation for all stakeholders: owners, buyers, realtors and the government.

"In a lower registration regime, everyone wins. This will resolve the issue of undeclared money as well. But that has not happened.

According to Khan, the peripheral regions of the capital city should have proper facilities to help middle and lower-income groups own properties.

Khan called for reducing the taxes imposed on basic construction raw materials to make housing affordable and re-evaluating the regulations related to the newly approved detailed

# Chinese firm Mingda

FROM PAGE B1

geo-bag and non-woven bag. Around 2,830 Bangladesh nationals will get employment opportunities in the factory, the Bangladesh Export Processing Zones

Authority (Bepza) said in a statement. Ali Reza Mazid, member for investment promotion at Bepza, and Huang Shangwen, director of Mingda (Bangladesh) New material Co Ltd, signed an agreement in this regard at Bepza Complex in Dhaka yesterday.

We will start construction of the factory very soon keeping in mind the safety and environmental issues and start production by the end of the year," said Shangwen. "We have some factories in China and now we are going to set up factories in Bangladesh

because of a wage hike in China." He wished to expand Mingda's business in Bangladesh considering

the success of this new project. At the event, Major General Abul Kalam Mohammad Ziaur Rahman, executive chairman of Bepza, thanked Mingda (Bangladesh) for choosing Bangladesh as well as Bepza

EZ as their investment destination. For establishing a new factory inside the export processing zone, Bepza mainly emphasises on three things: product diversity, amount of investment and employment opportunity, Rahman said.

He urged Mingda (Bangladesh) to nsure optimum use of the land.

The Bepza has so far signed lease agreements with 21 companies of home and abroad to establish factories in Bepza economic zone and invest over \$500 million, according to the statement.

# Meena Bazar opens 3 outlets

STAR BUSINESS DESK

Retail chain Meena Bazar has gone through further expansion, launching three new outlets at Uttara 3, Uttara 4 and Nazimuddin Road in Dhaka yesterday.

Kazi Inam Ahmed, director of Gemcon Group, its parent company, inaugurated the Uttara outlets while investors Md Kamruzzaman and Md Mokhlasur Rahman opened the one on Nazimuddin Road, said a press release.

The company has been operating in Bangladesh since 2002. With the new ones, the company now has 26 outlets across Dhaka and Chattogram.

Ahmed Shoyeb Iqbal, chief operating officer of expansion, brand and online, Md Razibul Hasan, expansion and corporate sales general manager, and Shameem Ahmed, chief operating officer of operations, and other officials were also present.

### Poorer nations will cut food imports for price hike: UN

AFP, Paris

High food prices will prompt poorer nations to cut back on food imports this year, the UN's Food and Agriculture Organization said

Global production of maize, milk and meat has increased this year, allowing developed nations to ramp up their own food imports, the FAO said in its biannual global Food Outlook report.

But imports in the world's 47 least developed countries, mainly in Africa, will fall 1.5 per cent, the FAO said. The drop will be closer to five percent in developing countries that are net food importers, including Turkey, Egypt and Pakistan, highlighting a fall in purchasing power, it said.

Russia's invasion of Ukraine, a major grain exporter, sent food and energy prices soaring last year.

Although cereal and cooking oil have fallen off their peaks from March last year, they remain elevated, the FAO said.

Prices for fruit, vegetables and daily products are continuing to rise, curbing demand.

The global food import bill will hit a record \$1.98 trillion this year, up 1.5 per cent on 2022, but volume will be lower due to the higher prices, the

Lower international prices for a number of primary food items have not translated into lower prices in supermarkets, suggesting "costof-living pressures could persist in 2023", the FAO said.



A farmer tends to vine crops such as bottle gourd and okra growing on a string trellis overhanging a pond along the edges, increasing utility of a space whose use would otherwise been simply limited to fish cultivation. The photo was taken at Shahapur of Rangpur union in Khulna's Dumuria upazila recently. PHOTO: HABIBUR RAHMAN

# Income tax bill business-friendly

**ICAB** says

STAR BUSINESS REPORT

The proposed Income Tax Bill 2023 is investment and business friendly in many ways, according to the Institute of Chartered Accountants of Bangladesh

"It introduced many new areas of admissible expenses for tax determination apart from widening the cap on expense limit," said Md Moniruzzaman, president

He yesterday made this remark while speaking at a webinar on the "Draft Income Tax Act 2023 and Salient Features of Finance Bill 2023-2024".

Moniruzzaman said the measure to implement automation in the appeal, tribunal, return filing and assessment handling processes would reduce the arbitrary powers of tax officials.

Other changes were also included in can be implemented. the proposed income tax act, including the imposition of an environment

based environmental surcharges on multiple vehicles are expected to protect our environment and reduce hectic traffic congestion," he added.

And to promote local manufacturing of import substitutes and reduce the related tax burden, VAT exemption in excess of 5 per cent at the production stage of optical fibre cable is a good measure.

The ICAB president went on to say the government needs to be pragmatic in addressing certain challenges, such as restoring macroeconomic stability, revenue mobilisation, financing the budget deficit and protecting social spending.

"If the government fails to address them properly, it may destabilise the macroeconomy," he said.

Moniruzzaman believes that despite the existing challenges, this "timely budget"

steps to expand the existing tax net Barua, partner of Snehasish Mahmud & while implementation of the document Co. Chartered Accountants, also spoke at "The constant current or kilowatt- verification system will help achieve the the event.

targeted revenue, he said.

However, Nasiruddin Ahmed, former chairman of the National Board of Revenue (NBR) criticised the move to increase the net wealth surcharge to Tk 4 crore from Tk 3 crore.

"Are we trying to make rich people richer through this new rule?" Ahmed

He also urged for reducing the tax benefits extended to garment makers seeing as it is not sustainable for the government to provide such facilities for

Apurba Kanti Das, ex-member (income tax) of the NBR, said the government formulated the income tax bill in a way that should make it easily understandable

Md Humayun Kabir, former president of ICAB, MBM Lutful Hadee, council member, Md Farid Uddin, ex-member The government needs to take further (customs and VAT) of NBR, and Snehasish

# Grameenphone launches tourist SIM for first time in Bangladesh

STAR BUSINESS REPORT

Grameenphone has introduced "Tourist SIM" for foreigners, entrepreneurs, travelers, business owners, traders and others making a short trip to Bangladesh.

Shyam Sundar Sikder, chairman of the Bangladesh Telecommunication Regulatory Commission (BTRC), launched the service at Le Meridien Dhaka on Wednesday, said a press "To highlight our country on the world map,

we need improved mobile connectivity to research and exchange information, and this is where Grameenphone is providing solutions," said the BTRC Chairman. "Being at the forefront of bringing innovative products and services, we are thrilled to share this

milestone of introducing the Tourist SIM for the first time in Bangladesh," said Yasir Azman, chief executive officer of the mobile operation. The Tourist SIM enables short-term visitors to

enjoy seamless connectivity without having to pay excessive roaming and other charges, it said.

Interested users can purchase the SIMs using a valid passport and visa and enjoy the number 1 network of the country from any corner.

The SIM comes in three different validity options -- 7,15 and 30 days -- each offering suitable features and pricing.

# ECB hikes rates to 22-year high

The European Central Bank hiked interest rates to a 22-year high Thursday and said another increase in July was "very likely", as it pushed ahead with its fight against inflation despite a darkening eurozone economy.

The ECB's governing council increased rates by a further 25 basis points, taking the closelywatched deposit rate to 3.50 per cent -- its highest level since 2001.

"Inflation has been coming down but is projected to remain too high for too long," ECB president Christine Lagarde said.

The move comes a day after the US Federal Reserve held off from raising rates after 10 straight

"We're not thinking about pausing," Lagarde said, adding that the ECB still has "ground to cover" on rates after the Frankfurt institution lifted its inflation outlook for 2023-2025 in fresh forecasts on Thursday.

"Barring a material change to our baseline, it is very likely the case that we will continue to increase rates in July," she told reporters.

The ECB has lifted borrowing costs at the fastest rate ever to combat red-hot inflation after Russia's war in Ukraine sent food and energy prices points since July.

# Focus on making apparel

It was organised by Bangladesh Apparel Exchange in collaboration with Laudes Foundation and in partnership with P4G. The summit was powered by GIZ, Embassy of the Netherlands in Bangladesh and H&M

Among the speakers was AK Azad, chairman and chief executive officer of Ha-Meem Group, a leading garment exporter who launched a recycled materials production factory at Maona six months ago.

The demand for such items is on the rise as the EU retailers and brands have to follow the EU due diligence

"Currently, I have been producing 8 tonnes to 10 tonnes of yarn in a month at the factory from the recycled materials," Azad told The Daily Star over the phone.

"I have been setting up new machinery to take the production of such yarn to 50 tonnes per month within the next one year," he said.

Azad said he has been exporting garment items made from recycled materials to India. He also said the cost of production from recycled materials was relatively low as virgin cotton was not used here.

In the near future, Azad plans to produce denim items from recycled yarn and fabrics to meet the demand and grab a bigger market share.

### HC reconstitutes

The liquidation process began after the board of the PLFSL informed the BB in April 2019 about its inability to pay back depositors' money in spite of their deposits reaching maturity.

continuation procedures, the same HC bench in July 2021 threw a lifeline to the PLFSL through constituting its board of directs, thus saving it from potential liquidation and also issued several directives on the board, borrowers, and the Anti-Corruption Commission to smoothly run the company.

Mohammad president of Bangladesh Textile Mills Association, said currently the local textile factory owners and spinners can supply only 5 per cent of the demand for recycled materials to garment manufacturers.

It will take a bit more time to go for recycled materials as the local millers are taking preparations in this regard. However, government support is very important to grab the markets of recycled garment items globally, he Faruque Hassan, president of the

Bangladesh Garment Manufacturers and Exporters Association (BGMEA). said the association has already started working on grabbing a bigger share of the global recycled markets.

Last month when the H&M Group CEO visited Dhaka, the BGMEA signed an agreement with the retailer to reduce carbon emissions by 30 per cent by 2030 and grab a bigger share of the market for recycled materials.

The H&M is the single largest company in terms of the sourcing of products from Bangladesh. Bangladesh is also the single largest sourcing destination for the H&M.

Annually, the H&M sources more than \$4 billion worth of garment items from Bangladesh.

"So, we have started working for grabbing recycled garment materials," said Hassan.

### BB hikes capital

The central bank also set a paid-up capital requirement of Tk 125 crore for digital banks.

The central bank board had approved guidelines for digital banks on June 14.

The Bangladesh Bank official said digital banks would not need huge infrastructures like traditional ones.

So, the amount of paid-up capital required by digital banks is lower than their traditional counterparts, he

# 11 banks facing

Default loans increased by Tk 10,964 crore in the first three months of 2023 to Tk 131.621 crore. The nonperforming loans (NPLs) in the banking sector increased by 9 per cent from three months ago and 16 per cent from a year earlier.

The ratio of NPLs stood at 8.8 per cent of the outstanding loans as March, up from 8.16 per cent in December and 8.53 per cent in the same month last year.

Banks have to set aside a large amount of provisioning against the defaulted loans, which ultimately hit their capital base.

"Both the government and the central bank should take concerted efforts to lower the capital shortfall," said Mansur, also a former official of the International Monetary Fund.

The government should inject capital into the state-run banks since it is the owner of them, he said.

"But such an injection has a negative impact as funds will come from the pockets of the common people. So, the central bank should sit with the private banks facing the capital shortfall to formulate a strategy to improve their situation."

"But no formula will work unless corporate governance is strengthened." The banks weighed down by the capital shortfall have played a major role in deteriorating the capital base in the entire banking sector.

The capital base eroded in March compared to December, so the capital adequacy ratio (CAR) shrank to 11.23 per cent in contrast to 11.82 per cent. The CAR, also known as the capital-

to-risk-weighted assets ratio, measures a bank's financial strength by using its capital and assets. It is used to protect epositors and promote the stability and efficiency of financial systems.

The capital base of the banking industry in Bangladesh is also weaker than its peers in South Asia, according to the Bangladesh Bank's Financial Stability Report. In 2021, banks in Pakistan

maintained a capital adequacy ratio of 18.7 per cent, while it was 16.5 per cent in Sri Lanka, and 16.6 per cent in India. "If a bank faces a capital shortfall,

its capacity to absorb shocks erodes," Mansur said.

Mustafizur Rahman, a distinguished fellow at the Centre for Policy Dialogue, says the capital shortfall reflects the weak health of the banks. "The central bank should specify

the banks whose financial health has deteriorated despite the injection of funds.'

He thinks there is a strong correlation between higher default loans and capital shortfall.

"So, ensuring corporate governance is important to improve the capital

Md Mehmood Husain, managing director of National Bank, said the private commercial lender had already taken a number of measures to reduce the capital shortfall.

The capital shortfall at National Bank stood at Tk 1,059 crore in March. "We have already taken permission from the central bank and the Bangladesh Securities and Exchange Commission to issue bonds to strengthen our capital base," said

Husain. "We are also working to find out foreign investors to sell shares so that the capital base is strengthened."

### Dollar hits Tk 109

FROM PAGE B1

But a chief executive said the depreciation of the taka is needed to encourage migrant workers and nonresident Bangladeshis to send their earnings through the banking channel.

This will improve foreign reserves and facilitate banks to clear payments in various areas such as transfer of profits by multinational companies to their shareholders abroad and payment to foreign airlines, he said.

"We are failing to clear payments timely and delaying for shortage of dollars," he said, adding that dollar scarcity is a major reason behind the recent downgrade of Bangladesh's long-term rating to B1 from Ba3 by Moody's Investors Service.

"The dollar rate should be near to the market reality as we will get more remittance for this. This will allow us to regularise payments too," said the CEO.

# HSBC, CCCI bring stakeholders working 'Together for Climate'

STAR BUSINESS DESK

The Hongkong and Shanghai Banking Corporation Limited (HSBC) and the Chittagong Chamber of Commerce & Industry (CCCI) jointly hosted "Together for Climate", an initiative dedicated to address the pressing challenges of climate change and fostering environmental sustainability, in

Chattogram on Wednesday. The British multinational bank aims to play a transformative role in creating a sustainable future for its customers, employees and the community it serves, said a press release.

The event brought together individuals, communities, organisations and governments

from all corners of the globe to work collectively towards a greener and more sustainable future for

generations to come. Md Shahab Uddin, minister for environment, forest and climate change, Mahbubul Alam, president of the CCCI, Yuji Ando, country representative of JETRO Bangladesh, Ian J Tandy, head of global trade and receivables finance for South and South East Asia at HSBC, Md Mahbub ur Rahman, chief executive officer of HSBC Bangladesh, Md Showkat Ali Chowdhury, chairman of ABC Group, Mohammad Zahirul Islam, director of PHP Group, and AKM Fazlullah, managing director of Chattogram WASA, were present.

# Govt forced to borrow

FROM PAGE B1

from the internal source and Tk 1,02,490 crore from the external sector in FY24.

"If the weakness in revenue collection is not overcome, the pressure of this debt will continue to increase," said M Abu Eusuf, a professor of the development studies department at the DU Although tax collection by the

National Board of Revenue shot up in May, powered by buoyancy in value-added tax collection from domestic economic activities and increased income tax receipts, the tax administration is set to miss its target for the entire financial year. If so, this would be the 11th consecutive year the NBR would fall short of the collection target.

Eusuf, also the director of the Centre on Budget and Policy, said the main challenge in the budget will be

to rein in inflation. We will have to move forward carefully by combining the monetary

policy and the fiscal policy. He said if the allocation for any sector increases in the budget, the spending has to be ensured.

"At the same time, attention should be given to ensure that there is no corruption and irregularities in the implementation."

He said more allocations are needed for the social safety net sector to help the fixed-income groups and the poor cope with rising inflation, which stood at 8.95 per cent on average in May, way above the target

of 7.5 per cent for FY23. "In particular, food assistance need programmes

strengthened. Prof Md Akhtaruzzaman, vicechancellor of the DU, said education and employment can't exist without each other.

"Therefore, the government has to pay more attention to this issue while allocating the budget.'

Rashed Al Mahmud Titumir, chairman of the development studies department, said if the value of the dollar increases further, the suffering for most of the people in the country will be exacerbated.

"So, the government will have to do what it needs to do.'

# BUSINESS

# **HC** reconstitutes board of People's Leasing

ASHUTOSH SARKAR

The High Court has reconstituted the board of directors of the People's Leasing and Financial Services Ltd (PLFSL), a troubled non-bank financial institution, to run it "effectively for the greater interest of depositors and stakeholders".

Releasing the full text of the order recently, the bench of Justice Muhammad Khurshid Alam Sarkar rebuilt the six-member board.

Specifically, Kazi Anowarul Hoque. a former additional secretary to the government, and Supreme Court lawyer Reshad Imam has replaced members Mohammad Mainuddin Hassan Chowdhury and Anwarul Islam Sikder.

The bench had passed an order on this issue on May 16 following an application filed by the PLFSL seeking reconstitution of its board of directors, which was appointed by the court in

During hearing of the application, the company's lawyer Mejbahur Rahman informed that Mohammad Hassan Chowdhury

> The bench had passed an order on this issue on May 16 following an application filed by the PLFSL seeking reconstitution of its board of directors

submitted his resignation to its chairman on May 5 this year showing personal reasons.

Besides, Anwarul Islam Sikder has failed to attend board meetings due to his ailing health, for which the quorum was not being met and the board was facing a lot of difficulties in taking decisions, he said.

In the full text of order, the HC bench said, "It appears to this court that for the greater interest of the depositors and other stakeholders, the present board of directors of the PLFSL should be reconstituted for the purpose of effectively running the company".

According to the HC order, Hasan Shaheed Ferdous, a retired senior district and sessions judge, was to be the chairman of the PLFSL

Its board members would be Kazi Anowarul Hoque, Brig Gen (retired) Kazi Taufiqul Islam, Reshad Imam, Mohammad Azizul Islam Rana, FCA, and Md Atiqur Rahman, representative of the depositors of the company.

PLFSL's lawyer Mejbahur Rahman told The Daily Star yesterday that the PLFSL, which was very much an ailing nonbanking company, would gain momentum in its activities following the board's reconstitution.

The PLFSL, which commenced its operations in 1996, has reportedly faced a wide range of financial scams from 2004, which forced the central

bank to appoint an observer in 2015. In addition, the central bank removed five directors of the NBFI in 2015 for their alleged involvement in the embezzlement of Tk 358 crore.

Despite that, the central bank failed to restore corporate governance in the PLFSL. In the meantime, the financial health of the NBFI continued to worsen. READ MORE ON B3



PHOTO: MINTU DESHWARA

Jackfruits are seen arranged in piles for sale at Brahmanbazar, a wholesale market in Kulaura upazila of Moulvibazar. With the harvesting season now in full swing, markets like these are buzzing with the sound of haggling between buyers and sellers.

# Jackfruit trade in full swing as demand surges

MINTU DESHWARA

It is the peak harvesting season for jackfruit in Bangladesh. As such, Brahmanbazar, a wholesale market in Kulaura upazila of Moulvibazar, is abuzz with the presence of farmers and traders looking to profit off the tropical fruit.

Not only is the market the largest wholesale hub for jackfruit in the entire region, locals believe it to be nearly 200 years old.

For people like Koisor Ahmed, a wholesaler who has been sending jackfruit to Sylhet and Sunamganj for about 30 years, it is a good time for business as demand for the fruit has surged.

He buys jackfruit from farmers in Moulvibazar for between Tk 100 and Tk 250 depending on size before sending them to buyers in other districts.

Similarly, Sajidur Rahman is also engaged in the trade.

regularly bought by wholesalers from different the country, including Sherpur, Sylhet, Brahmanbaria, Sunamganj and Cumilla," he said while trading at the weekly bazaar last Monday.

When this correspondent visited Brahmanbazar, it was found that numerous small and big jackfruits were arranged in rows before the exceedingly high number of

"Sometimes traders come directly to buy but most insignificant.



send their employers. Here, farmers from different places, including hilly areas, bring their jackfruit. About 400 to 500 farmers come to the market every bazar day," Rahman added.

While traders and growers in the region are serving the opportunities to change the demand among consumers in fortunes of many buyers, the region, the tropical fruit is sellers and farmers every year. "Small hilly jackfruits trading in other parts of the country, including Dhaka and other major cities, thanks to its popularity.

However, there are varying estimates by production two government agencies the Department of Agricultural Extension (DAE) and Bangladesh Bureau of

Statistics (BBS). The DAE estimates that Bangladesh grew nearly 19 lakh tonnes of jackfruit in fiscal year 2021-22 and most of the fruit was consumed locally with exports being

The nutritious fruit is grown in almost every region of the country, but Dhaka produces the highest amount followed by Chattogram, according to

Traders at Brahmanbazar say the market brings

DAE data.

Amuli village Kulaura upazila, told this correspondent that he sold 600 small size hilly jackfruit for a total of Tk 8,000 and now only needs to worry about paying the rent for his spot in the market.

Sajjad Mia, a jackfruit grower in the Kamalganj hilly area, said they get the highest price for jackfruit during this season. Besides, jackfruit cultivation is a lowcost initiative as the trees do not need artificial irrigation, application of insecticides, tonnes, he added.

fungicides, dung or fertilisers. Dr Nurul Haque, civil surgeon of Habiganj, said jackfruit is rich in vitamins A

carbohydrates, proteins and "Apart from the fruit,

and C while its seeds contain

jackfruit seeds are a very tasty food," he added.

Golam Ferdous Chowdhury, senior scientific officer of the Post-Harvest Technology Division of the Bangladesh Agricultural Research Institute (BARI), said Bangladesh is one of the top countries in jackfruit production.

About 37 lakhs tonnes of jackfruit are produced across the globe each year with most of the fruit being grown in India (18 lakhs tonnes) while Bangladesh (10 lakhs tonnes) is the second largest producer.

Jackfruit is in the country and in an effort to properly utilise its Ramiz Mia, a farmer demand, BARI has so far developed three varieties of the fruit -- Bari Kathal-1, Bari Kathal-2, and Bari Kathal-3 - that provide yields within 12 months, he added.

Until June 15 of the current fiscal year, Bangladesh exported 469 tonnes of jackfruit and shipments are expected to grow in the coming days, said Md Rezaul Karim, director of the Plant Quarantine Wing under the

Last year, total exports of the fruit amounted to 1300

# Jerks at Work: **Know Your** Colleagues (KYC)

MAHTAB UDDIN AHMED

An organisation is like a tree full of monkeys on different limbs at different levels. The monkeys on top look down and see a tree full of smiling faces. The monkeys at the bottom look up and see nothing but clowns. The monkeys they see on the same level remind them of their own ugly faces!

The corporate culture is no different.

Such jerks at work are like a wolf in sheep's clothing, appearing friendly and approachable at first glance and exposing a flipside all too soon. They would subtly undermine the contributions of others and are quick to take credit for their colleague's achievements, spreading rumours at the same time. Their toxic behaviour permeates the workplace, making the atmosphere dense with mistrust and hindering collaboration and productivity.

Sounds familiar? Or should we rather keep our opinions to ourselves, just as many of us hesitate to give mixed peer feedback and end up giving compliments for shoddy work instead, letting honesty and constructive feedback fly out the window?

In a work environment with a 360-degree feedback culture, we often provide positive feedback only to get the same from our peers. There are many exceptions. As a result, companies are still performing.

The book, "Jerks at Work: Toxic Coworkers and What to Do About Them" by Tessa West outlines the various types

of difficult personalities that one is likely to encounter at the office. Though each "jerk" differs in behaviour patterns, they all have one core psychological trait: They threaten your sense of certainty and control at

Gaslighters are adept social perceivers who believe that lower-status people can be used as a means to an end. They spend a lot of time selecting

victims and have an astute ability to spot red flags that suggest a would-be victim is suspicious of their behaviour. If a Gaslighter targets you, they will start with small lies and work their way up to the big

Then there are the Kiss-Up/Kick-Down characters who are great at identifying powerhouses in the company, appearing agile and impressive to people above them, comparing themselves to everyone, and mistreating peers through subtle acts of sabotage. This group is determined to climb at any cost.

We are all familiar with the Credit Stealers, the clever opportunists. They are persuasive, very eloquent and appear trustworthy in large groups. They somehow manage never to get caught in a fast paced environment.

There are the Bulldozers, the seasoned, wellconnected jerks who have a talent for getting power players to question "what went down in that meeting." Questioning the process instead of the outcome is their trick to move the needle on group decisions they don't like. It also buys them time to go behind the

scenes and bully people into siding with them.

There are others like the micro-manager, with the I-know-it-all air, often backstabbing, and the first to shout, "It's not my fault!"

Dealing with such jerks can be challenging. But adopting the right strategies may save you from getting your fingers burnt.

Firstly, maintain your composure: by remaining calm and composed, you can maintain your own peace of mind while denying them the satisfaction they seek from your discomposure.

Secondly, set boundaries defining them clearly to the jerks. Thirdly, it always helps build a support network: having people on your side can help boost your confidence, providing valuable insights on dealing with jerks. Finally, uphold the importance of documenting incidents. If need be, seek help from HR or the line manager and, more importantly, strengthen your resilience.

And when dealing with jerks, remember the power of kindness. It disarms them, confuses them, and ultimately frustrates them.

The author is founder and managing director of BuildCon Consultancies Ltd

# Sri Lanka's economy shrinks 11.5% in Q1

REUTERS, Colombo

Sri Lanka's economy shrank 11.5 per cent in the first three months of 2023, official data showed on Thursday, as the country remained in the grip of its worst financial crisis The downturn was driven by high inflation and high interest

rates, the rising cost of components, as well as restrictions on imports and lower earnings from apparel exports, Census and Statistics Department said in a statement. The agriculture sector grew 0.8 per cent from a year

earlier, while output from industries contracted 23.4 per cent and services dropped 5 per cent, the department said. Sri Lanka's central bank projects that GDP will shrink

by 2 per cent this year while the International Monetary

Fund (IMF) estimates a contraction of 3 per cent. This is a slightly bigger contraction (in the first quarter) than our expectations of 9-10 per cent. But we project growth to turn back to positive in the second half of the year," said Shehan Cooray, head of research at Acuity Stockbrokers.

The central bank slashed interest rates by 250 basis points earlier this month, the first reduction in three

years, as it shifts focus towards stimulating the economy. "A pickup in private sector credit will be a growth positive and credit growth will increase over the next six to nine months," Cooray added.

Sri Lanka's economy contracted by a record 7.8 per cent last year after its foreign exchange reserves hit record lows, plunging the island into the worst financial crisis since it gained Independence from the British in 1948.

The country started to see signs of an economic recovery after it secured a \$2.9 billion bailout from the IMF in March, and on improved dollar inflows and somewhat reduced inflation. But Sri Lanka still needs to complete debt restructuring talks by September in time for the first IMF review.

# Tumbling exports feed worker unrest in China

Strikes at Chinese factories have surged to a seven-year high and are expected to become more frequent as weak global demand forces exporters to cut workers' pay and shut down plants, one rights group and economists say.

Exports and factory output in the world's second-largest economy tumbled in May, as looming downturns force the United States and Europe to pare back orders for goods made in

Some factories closed or are struggling to pay wages or severance for laid-off workers as a result, according to Chinese labour researchers. That has led to a spike in labour disputes that hurts consumer and business confidence just as it was recovering from three years of COVID-19 curbs, they said.

"We believe that the drop in manufacturing orders and that factory closures will continue," said Aidan Chau, researcher at Hong Kong-based rights group China Labour Bulletin

"Bosses want to cut costs by simply dumping workers." CLB recorded over 140 strikes at factories across the country in the first five months of this year, the highest since the 313 recorded during the same period in 2016.

The rights group's data is mostly

media, some of which CLB has been including from garment, shoe and able to verify through contact with unions or the factories, although not all reports are verified.

in China's manufacturing heartland of

based on protests reported on social River Delta, and involve exporters, printed circuit board factories, CLB

Many of the strikes are concentrated mapped log of nationwide strikes, money" dozens of female workers at Zhong Min Guangdong province and the Yangtze Sportswear Goods Shenzhen Ltd. Co.



An employee is working at a textile factory in Qingdao, in China's eastern Shandong province. Exports and factory output in the world's second-largest economy tumbled in May, as looming downturns force the United States and **Europe to pare back orders for goods made in China.** 

The video was published on May 24 on Douyin, China's version of TikTok, and captioned "this boss paid off law In one video referenced in CLB's enforcement and is cheating workers'

Another video posted by the same user shows a factory manager reading a document denying workers compensation, while workers demand that an independent third party intervene.

In another video published on May 26, a handful of workers stand on the roof of Shenzhen cable factory Xin Dian Cable Ltd. Co., holding a banner that says "the boss owes us wages". Another video published last week shows the company's workers debating compensation with a company lawyer.

"You need to collect workers' grievances and pass them on," one female worker says

Reuters verified the location of the videos and photos through matching the signage and building features with street view data, but could not confirm the timing of the protests. Calls to Xin Dian went unanswered. A person picking up the phone at Zhong Min said she could not comment.

The Douyin users did not respond to messages from Reuters. Participants in protests are often monitored by security forces.