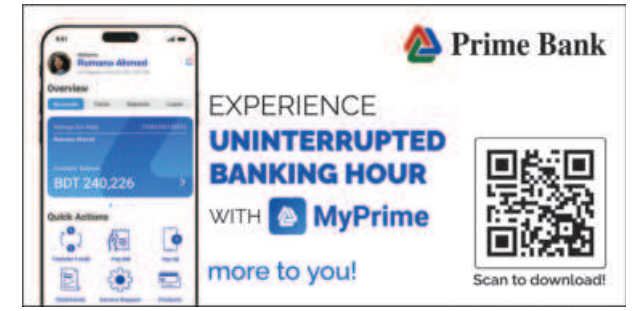


Star BUSINESS



Banks with lowest NPL

AHSAN HABIB

Thirteen banks – seven foreign and six local – are performing outstandingly at present with a non-performing loan (NPL) ratio of less than 3 per cent when the sectoral ratio goes past 8 per cent.

These 13 with their good corporate governance and due diligence in banking activities have played a vital role in keeping the sectoral ratio to below the level of 10 per cent.

The seven foreign banks are State Bank of India, Standard Chartered Bangladesh, HSBC, Citibank NA, Bank Alfalah Bangladesh, Woori Bank, Commercial Bank of Ceylon.

Here, State Bank of India has the lowest NPL ratio of 0.35 per cent.

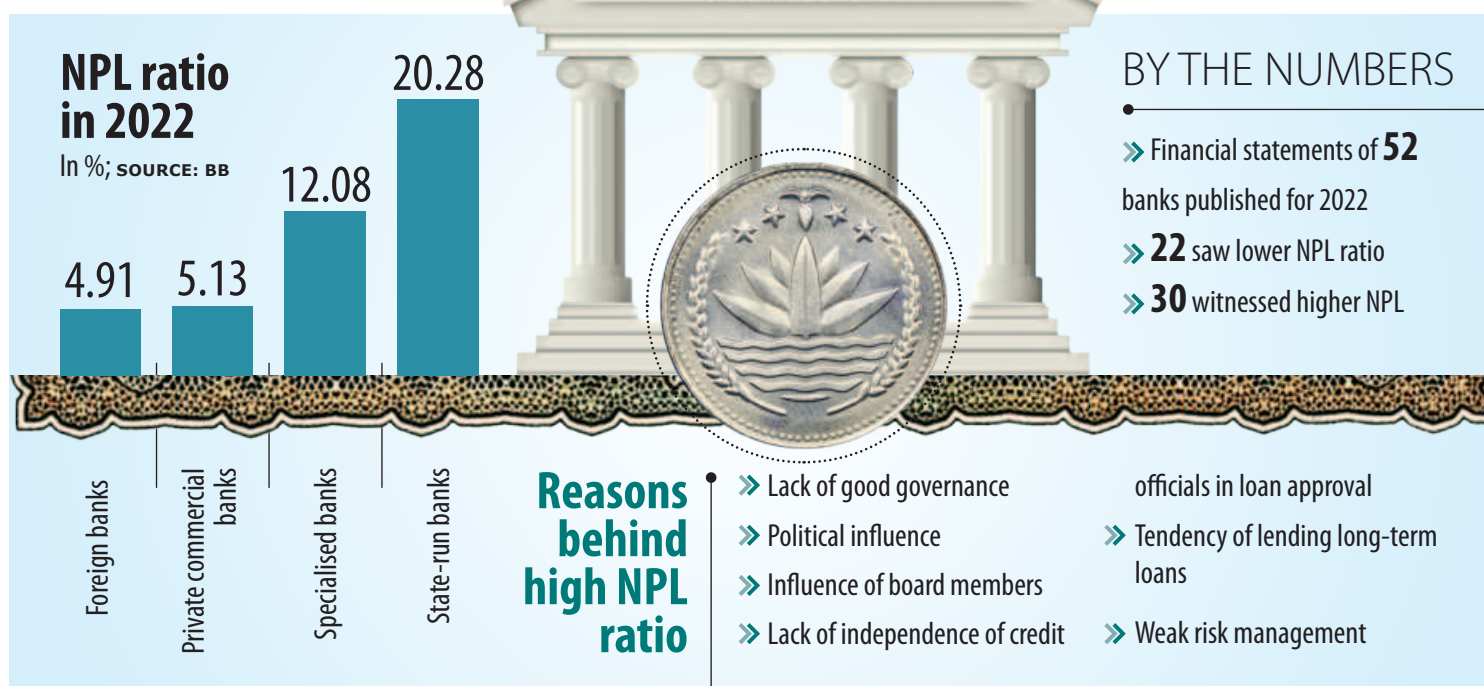
Two old private banks – Eastern Bank and Pubali Bank – are in the group with four new ones such as Midland Bank, Bengal Commercial Bank and Modhumoti Bank and Community Bank.

Eastern Bank was successful in keeping the NPL ratio to below 3 per cent as it follows some principles in the lending process, said Ali Reza Itekkhar, managing director and CEO of Eastern Bank.

The bank is very much choosy in case of the selection of the borrowers so that no wilful defaulter can take loan, he said.

EBL's NPL ratio is 2.78 per cent of its loans, which

READ MORE ON B3



How foreign banks keep NPL in check while locals struggle

AHSAN HABIB

At a time when almost all of the local banks in Bangladesh are grappling with higher non-performing loans (NPLs), most foreign lenders have been able to keep the default rate in check.

Due diligence, independence of the credit department and corporate governance have been behind their stellar success for their lower bad loan ratio.

The average NPL ratio of nine foreign banks was 4.91 per cent in 2022, according to the Bangladesh Bank data.

For the state-run banks, the average NPL ratio was 20.28 per cent and for the specialised banks, it was 12.8 per cent. The NPL averaged 5.13 per cent for the private commercial banks.



"The foreign banks are good at managing risks for which they have an excellent policy framework, supported by robust processes managed by an effective organisation structure," said Muhammad A (Rumee) Ali, a former deputy governor of the central bank.

"In short, the answer lies in good governance," said the

former chief executive officer of Standard Chartered Bangladesh and former chairman of Brac Bank.

Anis A Khan, a former chairman of the Association of Bankers, Bangladesh Limited, a platform for the CEOs of lenders, echoed Ali, saying corporate governance is the main differentiator.

Khan has experience working at Standard Chartered and Grindlays Bank for 21 years at home and abroad.

He said state-run banks are influenced politically while private banks are influenced by board members.

He said officials of foreign banks enjoy full independence when it comes to approving loans.

"At local banks, the board approves loans and this system is flawed. The board should not be involved in the process in any way."

The former managing director of IDLC Finance and Mutual Trust Bank said at multinational banks, credit officials always keep their eyes on borrowers' business and monitor them.

READ MORE ON B3

CEPA WITH INDIA Commerce secretaries to meet next month

REFAYET ULLAH MIRDHA

A meeting between the commerce secretaries of Bangladesh and India is likely to be held in Dhaka next month to review the progress towards signing a comprehensive economic partnership agreement (Cepa) to increase bilateral trade and investment.

"The date has not been finalised yet. However, we are trying to hold the commerce secretary-level meeting on the Cepa issue in August in Dhaka," said Senior Commerce Secretary Tapan Kanti Ghosh over the phone yesterday.

Prime Minister Sheikh Hasina is scheduled to visit India in September this year to discuss bilateral issues, including the Cepa, with her Indian counterpart Narendra Modi.

The last commerce secretary-level meeting on the Cepa issue was held in New Delhi last year, said Ghosh, adding that both countries were also exchanging trade data for starting formal negotiation on the Cepa issue.

READ MORE ON B3

STOCKS	
DSEX ▼	CASPI ▼
0.21%	0.15%
6,325.20	18,703.19

COMMODITIES	
Gold ▲	Oil ▼
\$1,925.89	\$73.27
(per ounce)	(per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.09%	▼ 0.61%	▲ 0.31%	▲ 0.22%
65,344.17	32,189.73	3,149.32	3,203.70



A man is seen folding mosquito nets for display at a roadside store in Karwan Bazar, Dhaka. The demand for anti-mosquito products started soaring following the outbreak of dengue fever across Bangladesh. The picture was taken yesterday.

PHOTO: RASHED SHUMON

3 firms sell entire stake in Islami Bank

STAR BUSINESS REPORT

Three firms – Armada Spinning Mills Limited, Kingsway Endeavors Limited and Uniglobe Business Resources Limited – sold off their entire shareholdings of over 14 crore shares, or 9.07 per cent, at Islami Bank Bangladesh Ltd (IBBL).

In doing so, they left the board of directors of the largest private bank in terms of deposits and loans.

After the sell-off, the shareholding of sponsors or directors as per the shareholding report on June 30, 2023 has decreased from 50.97 per cent to 41.90 per cent from the previous month, the company said in a disclosure on the Dhaka Stock Exchange (DSE) website.

The company also informed that Ahsanul Alam, nominated by JMC Builders, was appointed as shareholder director and chairman of the bank.

Alam is son of S Alam Group's Chairman Mohammed Saiful Alam. In 2017, S Alam Group took over IBBL, the country's oldest shariah-based bank.

Stocks of shariah-based banks were traded significantly in the block market in the last few months.

The block market is a platform of an exchange, where a large number of stocks are traded in a single transaction at a negotiated price without affecting the index.

In the last two trading days, the stocks traded at Tk 145 crore in the block market.

Stock market analysts are saying the three corporates are controlled by a leading Chattogram-based group. Stocks of Islami Bank closed unchanged at Tk 32.60 on the DSE yesterday.

FEAR OF DENGUE FEVER Mosquito coils, sprays, nets see rising demand

SUKANTA HALDER

The demand for anti-mosquito products, such as coils, aerosol sprays, nets and rackets, has increased in Bangladesh as people are looking to avoid dengue fever amid the recent outbreak, according to businesspeople.

"Dengue has spread to 57 districts," Health Minister Zahid Maleque said on Sunday, when the country recorded this year's highest number of deaths and hospitalisations due to the mosquito-borne disease.

Three dengue patients died yesterday while 889 new patients were hospitalised, as per data of the Directorate General of Health Services.

Of all dengue cases, 60 per cent are in Dhaka.

The number of dengue cases is higher now compared to last year, but it is yet to hit its peak as August-September is the prime time for dengue outbreaks, Maleque added.

READ MORE ON B2

Mutual Trust Bank, GP sign partnership agreement

STAR BUSINESS DESK

Mutual Trust Bank Ltd and Grameenphone have signed a partnership agreement to introduce a touch-free automation system for mobile operator's distributors with a bid to align with "Smart Bangladesh" vision.

Yasir Azman, chief executive officer of GP, and Syed Mahbubur Rahman, managing director and CEO of the bank, inked the deal at GPHouse in Dhaka recently.

This innovative collaboration aims to streamline the product lifting process, eliminating manual intervention and ensuring fully automated operations.

The system intelligently generates auto purchase orders when stock levels are low, guaranteeing distributors never experience shortages.

Financial transactions are seamlessly completed by depositing funds directly into GP distributors' accounts from the distributors.

This unique partnership utilises distributors' profiles and pre-approved CC loans, allowing the bank to provide automatic financing when fund shortages occur. Cash transactions for product lifting become effortless and efficient.

Md Khalid Mahmood Khan, deputy managing director and CBO of the bank, Khalid Hossain, head of digital banking division, Mohammad Aulad Hossain, head of sales and customer management, commercial division, and Asif Naimur Rashid, chief business officer, were present.



Yasir Azman, chief executive officer of Grameenphone, and Syed Mahbubur Rahman, managing director of Mutual Trust Bank, attend the commercial launching of the touch free automobile system at GPHouse in Dhaka recently. PHOTO: MUTUAL TRUST BANK



Tanvir A Mishuk, managing director of Nagad, and cricketer Tamim Iqbal, brand ambassador of the MFS provider, cut a cake at its head office in Dhaka on Sunday celebrating Nagad's 8 crore customer milestone. PHOTO: NAGAD

Islami Bank gets new vice-chairman

STAR BUSINESS DESK

Tanveer Ahmad has been elected as the vice-chairman of Islami Bank Bangladesh Ltd.

Ahmad earned his MBBS degree in 2009 from the University of Science and Technology Chittagong.

He obtained his doctor of medicine degree in cardiology in 2017 from Sir Salimullah Medical College under Bangabandhu Sheikh Mujib Medical University.

He joined United Hospital in 2017 in the post-doctoral fellowship programme in the department of cardiology and is currently working as a cardiologist in the same hospital, said a press release.

Ahmad is a life member of Bangladesh Cardiac Society, the Bangladesh Society of Cardiac Intervention and Bangladesh Echocardiographic Society.

He is also the joint secretary of the Bangladesh Heart Failure & Research Foundation and a board member of Interactive Professional Development Initiatives (IPDI) Foundation.

He represented Bangladesh in the emerging leaders' summit of the Asia Pacific Society of Cardiology.

Ahmad was awarded a scholarship for observer fellowship in the USA in 2023 under the PHA programme.



Rupee recovers, premiums inch up

REUTERS, Mumbai

The Indian rupee managed to recover on Monday and far forward premium rose, tracking a fall in near-maturity US yields after data showed US payrolls rose less than expected.

The rupee was at 82.6150 to the US dollar by 11:14 am IST, up from 82.74 in the previous session.

The USD/INR 1-year forward premium rose to 1.3050 rupee and the implied yield was up 2 basis points at 1.58 per cent.

The rupee came under significant pressure last week as premiums dropped to their lowest in over a decade on worries that US rates could rise more and remain high for longer.

UK job market cools again

REUTERS, London

Pay pressures in Britain's labour market cooled further in June, according to a survey of recruiters published on Monday that could help ease some of the Bank of England's (BoE) concerns about inflation pressure.

The Recruitment and Employment Confederation (REC) and accountants KPMG said increases in starting salaries for permanent and temporary staff were the weakest since April 2021.

The BoE, which has raised interest rates 13 times since late 2021 in an attempt to tame the highest inflation rate among the world's big rich economies, has said

it expects pay growth to weaken, easing price pressures.

The monthly REC survey showed the availability of staff rose for the fourth month in a row to 57.6 from 55.6 in May, the steepest month-on-month increase since November 2009 excluding the coronavirus pandemic period.

"This is likely driven by people reacting to high inflation by stepping up their job search, and by some firms reshaping their businesses in a period of low growth," Neil Carberry, REC's chief executive, said.

Claire Warnes, partner for skills and productivity at KPMG UK, said the sharp upturn in people looking for work

reflected a drop in recruitment and increasing redundancies.

REC said uncertainty over the economic outlook weighed on hiring decisions in June.

Its monthly permanent placements index came in at 46.4 last month, picking up from the near two-and-half year low of 43.8 in May but still below the 50.0 no change level.

Temporary hiring, which often rises when firms are uncertain about the economic outlook, increased moderately.

Vacancies ticked up further in June although the pace of growth was the weakest since records started in March 2021.

Why efficiency should have a starring role in energy transition



REUTERS

The Japanese business philosophy of "kaizen" – literally, change (kai) for the good (zen) – advocates for a slow but consistent approach to change. A modification here, an innovation there, and continuous improvements will be gradually achieved.

Every now and then, something comes along to upend this theory and release genuinely transformative change. For computer technology, it was the microchip. For telecoms, the satellite. For analytics, artificial intelligence.

In energy, clean electricity generated from renewable sources is touted as a means of weaning ourselves off fossil fuels and reducing the anthropogenic emissions that contribute to climate change.

Hence, the global race to accelerate investment in renewable energies with major policy measures such as China's latest five-year plan on renewables, the EU's REPowerEU plan (part of the Green Deal initiative), the Asia Energy Transition Initiative and, most recently, the United States' Inflation Reduction Act.

Yet even the most optimistic calculations point towards an incremental, kaizen-style transition rather than a wholesale shift. The electrification of Europe's economy is stuck at around 23 per cent, according to the electricity trade group Eurelectric.

Hitting agreed decarbonisation targets will require solar and wind energy to increase to 1,102 gigawatts (GW) by 2030, up from around 349 GW in 2021.

Short-term obstacles can often stand in the way. As highlighted by Eurelectric's most recent Power Barometer report, last year's severe drought, coupled with the shutdown of several nuclear reactors, created turmoil in the continent's electricity market.

Political will also has a habit of rising and falling. Nowhere is that clearer than in the UK, where according to the chair of the Climate Change Committee, Lord Deben, renewable capacity is not increasing fast enough, with the UK government "too keen to support new production of coal, oil and gas".

Given the patchy progress on electrification and renewables, the committee argues for greater attention to demand-side dynamics to decrease energy use, in particular to energy efficiency measures, which actually fell last year.

It's a view echoed by the International Energy Agency (IEA), which in its new Energy Efficiency 2022 study positions energy

efficiency as the "first fuel" of all energy transitions.

"Not since the founding of the IEA in 1974 has the need for a coordinated effort on energy efficiency to reduce wasteful and inefficient use of energy been so great," the independent expert group states.

"No other energy resource can compare with energy efficiency as a solution to the energy affordability, security of supply and climate change crises."

The timing is propitious. In the wake of Russia's invasion of Ukraine, global energy prices have risen sharply over the last 16 months. Average energy bills in the European Union are 39 per cent higher than this time last year, pushing one in four households into energy poverty, the IEA maintains.

High energy prices, coupled with energy security concerns, present the conditions for a potential demand-led transformation of the electricity market.

Mosquito coils, sprays, nets

FROM PAGE B1

During a visit to several markets in the capital's Mirpur, Farmgate and Kalabagan areas, it was found that sales of anti-mosquito products have more than doubled compared to normal times.

However, consumers allege that retailers are taking advantage of the increased demand by hiking the prices of coils, sprays, nets and rackets.

Ishrat Jahan, a resident of Mirpur, said they now keep mosquito coils burning day and night for fear of dengue.

She claimed that retailers are now charging Tk 10 to Tk 30 more for mosquito coils and sprays due to increased demand.

"I hadn't taken any precautions against mosquitoes before. But after realising the impact of dengue, I felt compelled to purchase coils and nets," said Abdullah Md Abbas, a resident of Dilu Road in the capital.

It is quite frustrating that prices of anti-mosquito equipment have increased slightly compared to what they were for the past few months, he added.

Nurul Alam Sikder, who operates

a retail outlet in Dhaka's Pallabi area, said sales of anti-mosquito products are faring better than they did before the dengue outbreak.

At present, 18 to 20 cans of mosquito spray are sold each week, up from six cans in normal times.

Besides, 12 packets of mosquito coils are sold every two days now while it previously took a week to sell the same amount, he added.

With more than 60 outlets, Shwapno, one of the largest grocery retail chains in Bangladesh, has experienced a significant surge in demand for anti-mosquito and insect products in recent weeks.

Sales of anti-mosquito and insect products have escalated by 40 per cent compared to the previous month, said an official of Shwapno.

Mohammad Rony, manager of Rafi Electronics at Karwan Bazar Super Market in Dhaka, said 10-12 mosquito rackets were sold daily during normal times while the number has reached 20-25 at present.

He informed that each mosquito racket is being sold at Tk 420 to Tk

450, and claimed that sales have increased but prices have not.

"Earlier, I used to sell Tk 2,000 to Tk 3,000 worth of products each day," said Mohammad Rasel Sheikh, who sells anti-mosquito nets in the same area.

He is currently selling mosquito nets worth Tk 7,000 to Tk 8,000 daily due to the increased demand.

Jesmin Zaman, head of marketing at Square Toiletries Limited, said the recent dengue outbreak has propelled sales by 5-7 per cent compared to normal times.

If someone used to buy one can of aerosol or repellent spray, they are now buying two cans while others are buying more than that, she added.

Touhiduzzaman, assistant general manager for public relations at Pran-RFL Group, said mosquito racket sales have increased nearly three times compared to before.

The device is priced between Tk 500 to Tk 520 per unit.

He also informed that the demand for mosquito coils has increased by about 10 per cent in village areas.



Offices in London's Canary Wharf are lit up behind an art installation called Floating Earth by Luke Jerram. PHOTO: REUTERS/FILE

Countries repatriating gold Yellen's China

FROM PAGE B4

One central bank, quoted anonymously, said: "We did have it (gold) held in London... but now we've transferred it back to own country to hold as a safe haven asset and to keep it safe."

Rod Ringrow, Invesco's head of official institutions, who oversaw the report, said that is a broadly held view. "If it's my gold then I want it in my country' (has) been the mantra we have seen in the last year or so," he said.

Geopolitical concerns, combined with opportunities in emerging markets, are also encouraging some central banks to diversify away from the dollar.

A growing 7 percent believe rising U.S. debt is also a negative for the greenback, although most still see no

alternative to it as the world's reserve currency. Those that see China's yuan as a potential contender fell to 18 percent, from 29 percent last year.

Nearly 80 percent of the 142 institutions surveyed see geopolitical tensions as the biggest risk over the next decade, while 83 percent cited inflation as a concern over the next 12 months.

Infrastructure is now seen as the most attractive asset class, particularly those projects involving renewable energy generation.

Concerns over China mean India remains one of the most attractive countries for investment for a second year running, while the "near-shoring" trend, where companies build factories closer to where they sell their products, is boosting the likes of Mexico, Indonesia and Brazil.

FROM PAGE B4

Among issues brought up by the Chinese side was President Joe Biden's consideration of a potential executive order to block billions of dollars in US investments into China related to sensitive technologies such as quantum computing and artificial intelligence.

Yellen said she told her Chinese counterparts that no decisions to proceed had been made, and any Treasury-administered investment curbs would be "highly targeted, and clearly directed, narrowly, at a few sectors where we have specific national security concerns."

Trade experts said after the meetings it was still difficult to see how Washington and Beijing would move towards compromise, but that it was better for the two sides to talk.

Dollar steadies, yuan down

REUTERS, Singapore/London

The dollar steadied on Monday, partly recovering from a knee-jerk reaction to Friday data showing US job gains were the smallest in 2-1/2 years, while disappointing inflation figures in China weighed on the yuan and proxies.

The dollar index, which tracks the US currency against a basket of major peers, was up 0.13 per cent at 102.4 having fallen 0.87 per cent on Friday after US nonfarm payrolls increased 209,000 in June, missing market expectations for the first time in 15 months.

While details in the employment report reflecting persistently strong wage growth underscored market pricing of a further rate hike later this month, the data helped reassure markets that an end to the Federal Reserve's programme of rate hikes is at least near, even if once-expected cuts later in 2023 now seem unlikely.

The dollar's Friday slide and Monday rebound were broadly based.

The dollar rose as much as 0.55 per cent against the Japanese yen and was last up 0.06 per cent at 142.31 having slid nearly 1.3 per cent on Friday, and the euro was last down 0.08 per cent at \$1.0953 after a 0.7 per cent Friday jump.

The dollar/yen pair is particularly sensitive to US bond yields, which paused their recent march higher after the data, as interest rates in Japan are anchored near zero.

"It's a bit of an unwind from the over-reaction that we saw on Friday. There was an over-reaction to the non-farm payrolls report, so it doesn't surprise me that the yen's weakening today," said Joseph Capurso, head of international and sustainable economics at Commonwealth Bank of Australia.

Sterling was a bigger mover, falling nearly 0.5 per cent on Monday to \$1.2780 having surged 0.79 per cent the previous session to a 15-month high of \$1.2850.



Workers are seen collecting pointed gourd, known as potol in Bangla, at a wholesale market in Sahapur Madhugram village in Dumuria upazila of Khulna. The summer vegetable is currently selling for between Tk 40 and Tk 60 per kilogramme at retail in Dhaka. PHOTO: HABIBUR RAHMAN

ICT trade bodies demand amendment to A2i bill

STAR BUSINESS REPORT

ICT trade bodies in Bangladesh yesterday urged the government to amend the recently approved Agency to Innovate (A2i) Bill 2023, scrapping the clause that empowers A2i to form companies.

"The current clause within the A2i bill grants the agency authority to establish any type of company and provide any service, which directly contradicts the interests of the industry," said Russell T Ahmed, president of the Bangladesh Association of Software and Information Services (BASIS).

The bill was passed in parliament on July 5. "In light of this conflict, I hereby request the complete revocation of the power granted to A2i to form companies as described in Section 21 of the recently passed A2i bill," he said.

"Furthermore, I urge for reprinting of the bill with necessary amendments to resolve conflicts that exist in other clauses," Ahmed added.

He was speaking at a press conference on the bill jointly organised by five leading ICT trade associations at the BASIS auditorium in Kawran Bazar, Dhaka.

The current clause within the A2i bill grants the agency authority to establish any type of company and provide any service, which directly contradicts the interests of the industry.

Russell T Ahmed
BASIS president

The organisations are: BASIS, Bangladesh Computer Samity, Bangladesh Association of Contact Center & Outsourcing (BACCO), Internet Service Provider Association of Bangladesh (ISPAB), and E-Commerce Association of Bangladesh (e-CAB).

He urged the Prime Minister to consider their demand for the sake of the development of the industry.

In a written statement, the trade bodies said before passing the bill, the 12th meeting of the Parliamentary Standing Committee

on Ministry of Posts, Telecommunications & Information Technology was held on 18 June.

Members of the committee, posts and telecommunications minister, state minister for ICT, relevant officials from the ICT Divisions, participated in the meeting.

Besides, presidents of the five trade associations within the IT sector were also in attendance.

Along with some of the trade bodies' demands, it was unanimously agreed that A2i shall not be authorised to form any company.

However, A2i was empowered to form companies in the bill that was later passed in parliament.

Wahid Sharif, president of BACCO, said it is imperative that the existing clause be repealed through an amendment to the law in order to foster progress towards becoming "Smart Bangladesh".

"The significance of amending this bill cannot be overstated as it holds the key to expediting the growth of this industry," he added.

ISPAB President Md Imdadul Hoque and e-CAB General Secretary Md Abdul Wahed Tomal also spoke.

FBCCI's 'Smart Bangladesh' confce on July 15

STAR BUSINESS REPORT

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) is going to organise a conference focusing on the private sector's role in building "Smart Bangladesh", said the apex trade body yesterday.

The event, titled "Business Conference on Building Smart Bangladesh", will take place at Bangabandhu International Conference Center (BICC) on July 15. Prime Minister Sheikh Hasina is expected to attend the program as chief guest, it said.

The trade body made the disclosure after a preparatory meeting joined by the chiefs of chambers and associations affiliated with the FBCCI.

The private sector accounts for 82 per cent of the country's businesses, said FBCCI President Md Jashim Uddin at the meeting.

He said they would hand over a book capturing the achievements of Bangladesh Business Summit 2023 which was organised this year to showcase Bangladesh's trade and investment potential to the world.

The publication will contain opinions of experts who participated in the summit as well as recommendations and policies discussed during the event, said the trade body.

China urges 'practical' US action on sanctions after Yellen talks

REUTERS, Beijing

China on Monday called on the US to take "practical action" in response to its "major concerns" about sanctions on Chinese firms, after US Treasury Secretary Janet Yellen wrapped up more than 10 hours of meetings with senior officials in Beijing.

Yellen came to Beijing seeking to ease tensions between the world's two superpowers, and while there was no breakthrough, both sides described their talks as "productive" and agreed to keep channels open "at all levels" for talks on the economy.

The visit boosts chances for a meeting between US President Joe Biden and China's President Xi Jinping later this year, possibly at the Asia-Pacific Economic Cooperation Summit in San Francisco in November.

Before departing on Sunday, Yellen told reporters that she and her Chinese counterparts had "aired significant disagreements" in their meetings, a sentiment reflected in a readout from China's finance ministry on Monday morning.

China "requires" the US to "cease the suppression of Chinese enterprises, lift bans on Xinjiang-related products, and take concrete steps to respond to China's major concerns in economic relations between the two countries," the ministry wrote.

The United States has imposed sanctions on some companies for using forced labour in the far-western region of Xinjiang.

Commerce secretaries to meet next month

FROM PAGE B1

However, the formal or final negotiation for signing the agreement will begin after the completion of negotiations at other levels, he said.

India has been taking time to start the formal negotiation as the country deems it necessary to conduct further studies on it.

The bilateral trade will increase if the rupee is used and a debit card is launched for Bangladeshis visiting India, said Ghosh.

Nearly 25 lakh Bangladeshis annually visit India, mainly for medical treatment.

If they are allowed to use a dual currency debit card, meaning that of the rupee and taka, Bangladesh will be able to save a lot of dollars.

Bangladesh's exports to Indian markets have also been increasing over the last couple of years because of a rising demand for locally-made items, especially garments, said Ghosh.

Last fiscal year, \$2.2 billion-worth merchandise was shipped from Bangladesh to India, including over \$1 billion-worth garment items, he said.

Garment export from Bangladesh to India has been rising for the opening of retail outlets by Western retailers and brands in the Indian markets.

The commerce ministry has already formed two separate committees to start negotiations with India over signing the proposed Cepa to boost bilateral trade and investment in the post-LDC period.

In September last year, both Prime Minister Sheikh Hasina of Bangladesh and Prime Minister Narendra Modi of India in a joint statement welcomed the finalisation of a joint feasibility study which recommended that a Cepa would be beneficial for both countries.

They directed trade officials on

both sides to start negotiations within 2022 and to complete those at the earliest and in time for Bangladesh's final graduation from the least developed country (LDC) status, said the joint statement.

Annually, Bangladesh imports nearly \$15 billion worth of goods like textiles and fabrics, industrial raw materials and intermediate goods, food items, cotton and chemicals for industrial use.

On the other hand, as an LDC, Bangladesh has been enjoying duty-free benefits on export to India under South Asian Free Trade Area (Safta), a free trade arrangement of the South Asian Association for Regional Cooperation (Saarc).

In August last year, the joint study said Bangladesh might not make a large gain from a Cepa. This was due to the fact that Bangladesh would lose duty-free market access provided for it being an LDC.

Comparatively, India will make a larger gain from the trade deal primarily through the removal of high tariff rates it currently faces in Bangladesh, said the study.

Bangladesh Foreign Trade Institute (BFTI) and the Centre for Regional Trade (CRT) of India jointly conducted the study based on trade data between 2015 and 2020.

If signed, the Cepa will be the first free trade agreement of its kind as Bangladesh has till date signed only a preferential trade agreement with Bhutan in December 2020.

The proposed deal, which calls for a withdrawal of duties, is expected to boost Bangladesh's exports by 190.15 per cent and more if transaction costs are also reduced through improved connectivity, according to the study.

India's exports to Bangladesh are expected to increase by 188 per cent. The Cepa will increase Bangladesh's GDP by 1.72 per cent and India's by 0.03 per cent, the study found.

Banks with lowest NPL

FROM PAGE B1

is one of the lowest in private commercial banks in Bangladesh.

In the loan approval process, it gives a loan after analysing the potential and challenges of the businesses of the borrowers rigorously, Itekar said.

BANKS WITH LOWEST NPL RATIO (In %)

BANKS	I 2021	I 2022
Bengal Commercial Bank*	0	0
Community Bank*	0.04	0.15
SBI	0.35	0.35
Citi	1.37	1.17
Ceylon	0.47	1.22
Modhumoti Bank*	2.84	1.7
Woori	1.26	1.79
SCB	3.15	2.35
Pubali Bank	3.05	2.62
HSBC	1.85	2.63
Bank Alfalah	1.47	2.69
EBL	3.7	2.78
Midland Bank*	3.17	2.78

* New generation banks

"The bank has a huge specialised manpower to monitor the customers' factory, business, financial reports etc, so we get the signals very early."

If any loan becomes classified, EBL then emphasises on the recovery process, said Itekar, who is also the former chairman of the Association of Bankers, Bangladesh.

"Any entrepreneur can fall into losses. We normally stand beside them. Sometimes refinance and do the debt management on behalf of the clients and give them time to repay loans so that they can rebuild their business."

However, making a loss in the business is certainly not the reason of creating an NPL all the time, he added.

How foreign banks keep NPL in check

FROM PAGE B1

"Some local banks are following good corporate governance and their NPL ratio is much lower than others."

In 2022, nine banks had an NPL ratio that was lower than 3 per cent. They are Standard Chartered, HSBC, Citibank, Bank Alfalah, Woori Bank, State Bank of India, Commercial Bank of Ceylon, Eastern Bank, and Pubali Bank.

New banks were not taken into account.

Shah Md Ahsan Habib, a professor at the Bangladesh Institute of Bank Management, says foreign banks' main focus is financing international trade, which involves mainly working capital where the chance of loans becoming classified is low.

Still, local banks see higher NPL in trade finance because of their risk management practices that deviate from standard norms, he said.

"Foreign banks strictly focus on risk management that ultimately pays them dividends by the way of a lower NPL ratio."

Multinational banks' NPL ratio ranges from 0.35 per cent to 2.63 per cent, except for two Pakistani banks: National Bank of Pakistan and Habib Bank.

Habib Bank's NPL ratio was 9.24 per cent.

National Bank of Pakistan struggled with an NPL ratio of 97 per cent, which highlighted almost all borrowers' reluctance to repay loans.

Top officials of the two banks alleged that the Bangladeshi borrowers did not want to repay the loans since the banks are Pakistani.

State-run banks witnessed the highest NPL ratio in the banking sector in Bangladesh, ranging from 14 per cent to 36 per cent.

Prof Habib points out that sometimes, state-run banks carry out some non-profitable activities considering the national interest. For example, the banks provided loans to SMEs during the coronavirus pandemic.

Since the state-owned lenders work as both commercial and specialised banks, their NPL is often higher, he said.

ICB Islamic Bank had the second-highest NPL ratio of 84 per cent in 2022, followed by BASIS Bank's 57 per cent and Bangladesh Development Bank's 36.3 per cent.

Currently, Bangladesh's banking sector has the second-highest NPL ratio in South Asia, with Sri Lanka topping the list.

NPLs include substandard, doubtful and bad loans or default loans.

In 2022, defaulted loans in Bangladesh increased 16.8 per cent year-on-year to Tk 1,20,656 crore, according to central bank data. The ratio accounted for 8.16 per cent of the outstanding loans, up from 7.93 per cent a year ago.

Among the 52 banks whose financial reports for the year have been published, 22 saw a lower NPL ratio last year compared to 2021, while the rest witnessed a higher NPL ratio.

The NPL ratio is also higher among the new-generation banks. For instance, Meghna Bank's NPL ratio was 6.73 per cent while it was 5.18 per cent for South Bangla Agricultural Bank, 4.48 per cent for Global Islami Bank and 3.53 per cent for Union Bank.

The NPL ratio was 2.78 per cent at Midland Bank and 1.7 per cent at Modhumoti Bank.

Among the first-generation banks, the ratio was 2.62 per cent for Pubali Bank and 3.9 per cent for City Bank.

Muhammad A (Rumee) Ali thinks NPLs will maintain their growth path simply because of the deeply flawed governance structure in the financial sector of Bangladesh.

Anis A Khan recommends raising the skills of local bankers so that they are well-equipped to deal with bad loans. Bankers at foreign lenders have to complete several courses to level up their skills.

Prof Habib said the government has brought about some changes to the Bank Company Act, giving the definition of willful defaulters for the first time.

"If the provisions of the law are implemented properly, the NPL in the banking sector may decline."

Preparations underway

FROM PAGE B4

told The Daily Star over the phone.

There are mainly three kinds of documents, including a Bangladesh Bank certification that the candidate is not a bank defaulter and a National Board of Revenue (NBR) certification that the candidate is not a tax defaulter.

The last is a police clearance based on the candidate's permanent address.

It confirms that the candidate has not been convicted in any criminal or corruption case or case involving moral turpitude as of the date of submission of nomination papers for the post of director, according to an election notice.

Anyone disqualified can appeal with the board providing proper documents, said Shamsul Alam, one of the election board members.

The final list of candidates after appeals will be published on July 15 and the last date for withdrawals is July 19. The election will take place at Bangabandhu International Conference Centre, he said.

As per the FBCCI charter, 46 directors (23 from association group and 23 from chamber group) will be elected while 34 (17 from chamber and 17 from association group) nominated.

These 80 directors will then elect one president, one senior vice-president and six vice-presidents.

There are 2,500 voters this year, said Chowdhury.

Preparations underway for FBCCI polls on July 31

REFAYET ULLAH MIRDHA

Preparations are underway by a board which would hold an election in Dhaka on July 31 to form the top management of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) for the 2023-25 term.

Last night the board was scheduled to make public a preliminary list of candidates who submitted documents validating their candidature.

The names had not been published as of filing of this report at around 7:30pm yesterday.

The documents have already been collected and the board sat in a meeting last night to scrutinise those, said A Matin Chowdhury, chairman of the board.

The names might be published after 10:00pm as it will take a bit of time, he said.

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Shah Alam, a farmer of Jungardi village Nagarkanda upazila of Faridpur, is seen stacking freshly cut stalks of jute onto a van before taking them away to nearby waterbodies for retting. Jute is currently selling for Tk 3,000 per maund (37 kilogrammes) in local markets.

PHOTO: SUZIT KUMAR DAS

Jute acreage sees growth

STAR BUSINESS REPORT

Jute acreage in Bangladesh has increased this season as growers expanded cultivation, encouraged by better prices after last year's harvest, according to the Department of Agricultural Extension (DAE).

Preliminary estimates by the DAE show that jute cultivation edged up 2 per cent to 7.45 lakh hectares in the current season, up from 7.29 lakh hectares previously.

"Interest among our field-level officials to grow the natural fibre increased after the government declared jute as the agricultural product of the year," said a senior official of the DAE, adding that farmers are trained to grow the required seeds.

Another reason for the higher interest in farming jute could be that prices were higher last year.

However, the overall acreage and yield may drop in the final count as many growers sow jute only to sell its leaves as vegetables, the DAE official said.

Khondkar Alamgir Kabir, a leading raw jute exporter, differed with the estimate of increased acreage.

"Cultivation has declined in the southwest and western districts as many farmers switched to maize and other crops because of scanty rainfall last season," he said.

However, acreage has not dropped in central districts, namely Faridpur and the north-eastern division of Mymensingh.

"So, the yield may be good in these regions but overall production may fall," Kabir added.

Mojibor Rahman, a farmer in Faridpur, a major jute producing district, said the heatwave affected the crop as plants only grew well in fields where they could irrigate.

Rahman got around Tk 3,500 per maund (37 kilogrammes) of top-grade jute during the initial months after harvest but the price fell later.

Now, the best quality jute is being sold at Tk 2,800 to Tk 2,900 per maund, said the grower who cultivated jute on 7 bighas of land this year.

Farmers grow jute, termed as golden fibre in the country, as a cash crop to cater to jute traders and jute millers, who mainly sell to international markets.

Growers bagged 84 lakh bales (one bale equals 180 kilogrammes) of jute in fiscal year 2022-23, up 0.3 per cent year-on-year, according to the Bangladesh Bureau of Statistics.

Of the amount, over 10 lakh bales of jute were exported, which is higher than the shipment volume of the previous year. Of the rest, most were processed in local mills to make jute goods, such as sacks.

Arzu Rahman Bhuiyan, senior vice-chairman of the Bangladesh Jute Association, said the volume of raw jute exports grew despite the decline in total earnings from exports.

Bangladesh's earnings from jute and jute goods dropped 19 per cent to \$912 million in the last financial year from \$1,127 million the year prior, according to data from the Export Promotion Bureau.

India inflation likely rose to 4.58% in June: poll

REUTERS, Bengaluru

India's inflation likely snapped a four-month decline in June as food prices surged, a Reuters poll of economists found, making a cut in interest rates unlikely any time soon, while the Reserve Bank of India is also expected to resist pressure to raise rates.

"We believe the RBI will tolerate a supply-side driven rise in food inflation as long as core price pressures continue to ebb within the bank's tolerance band," said Alexandra Hermann, senior economist at Oxford Economics.

Uneven monsoon rains have damaged crops of some perishable foods and hindered the movement of goods, resulting in shortages of basic ingredients for Indian cooking, such as tomatoes, chillies and onions.

The pressure on food prices is likely to persist over the coming months, making it less likely that inflation would return to the central bank's 4 per cent target in the near term.

The July 3-10 Reuters poll of 55 economists predicted consumer price index (CPI) inflation rose at an annual pace of 4.58 per cent in June, slightly faster than the 4.25 per cent recorded in May.

China's deflation pressure builds as consumer prices falter

REUTERS, Beijing

China's producer prices fell at their fastest pace in over seven years in June, while consumer prices teetered on the edge of deflation, adding to the case for policymakers to use more stimulus to revive sluggish demand.

The worsening factory-gate price deflation and the move by consumer prices towards deflation for the first time since February 2021 bode ill for China's economic growth.

Momentum in China's post-pandemic recovery has slowed from a brisk pickup seen in the first quarter with demand for industrial and consumer products weakening, raising concerns about the health of the world's second-largest economy.

"We think the more challenging deflation environment and sharp slowdown in growth momentum support our view that the PBOC has entered a rate-cutting cycle," said economists at Barclays in a research note.

The producer price index (PPI) fell for a ninth consecutive month in June, down 5.4 percent from a year earlier, the National Bureau of Statistics (NBS) said on Monday, the steepest decline since December 2015. That compared with a 4.6 percent drop in the previous month and a 5.0 percent fall tipped in a Reuters poll of analysts.

The consumer price index (CPI) was unchanged year-on-year, compared with the 0.2 percent gain seen in May, driven by a faster fall in pork prices. That dashed expectation for a 0.2 percent rise and was the slowest pace since February 2021.

Nomura expects consumer prices to fall 0.5 percent year-on-year in July, even taking into account a potential rise in service inflation as a result of the summer holiday season.

The weaker-than-expected inflation readings knocked financial markets with the yuan falling and Asian stocks also dipping into the red.

"We expect headline inflation to rise to around 1 percent by the end of this year. But this would still be soft and won't constrain the PBOC's ability to loosen policy further," said economists at Capital Economics.

BSCIC suffers Tk 25cr losses for dues

CAG audit finds

REJAUUL KARIM BYRON and SUKANTA HALDER

The BSCIC suffered a loss of Tk 25.32 crore in 2018-2019 and 2019-2020 as it did not realise dues related to service charges and lease money from a number of plot owners in several industrial estates, according to an audit report.

The Office of the Comptroller and Auditor General of Bangladesh (CAG) found 12 counts of financial irregularities and violations of rules during the audit at various industrial estates owned by the Bangladesh Small and Cottage Industries Corporation (BSCIC) during the two years.

The report showed the agency incurred a loss of Tk 9.50 crore as it did not collect service charges from several plot owners in the API Industrial Park in Munshiganj and the Savar Tannery Industrial Estate. In its response, the BSCIC said that the owners of the industrial units applied to the industries minister, seeking a waiver of service charge amounting to Tk 7.08 crore.

The application is currently under process. Steps will be taken to collect the service charges after getting instructions from the ministry, the agency told the auditors.

The report, however, describes the response from the BSCIC as "not being helpful" for resolving the objections since the service charge has remained unpaid for a long time.

Set up in 1960, the corporation works to develop industrial plots equipped with utility connections and connectivity to spur

industrialisation.

Currently, about 4,570 factories are in operation in more than 80 estates across the country with total investments amounting to Tk 63,318 crore.

The audit report said the BSCIC witnessed a loss of Tk 1.11 crore in the two fiscal years as a number of plots at the Savar Tannery Industrial Estate were left unused by the companies that got the allotment for a long time in violation of rules.

The Office of the Comptroller and Auditor General of Bangladesh found 12 counts of financial irregularities and violations of rules during the audit at various industrial estates owned by BSCIC

It lost Tk 8.73 crore in FY20 due to the non-payment of lease money by several plot owners in Naogaon, Panchagarh, Lalmonirhat and Pabna, all under the control of the BSCIC's Rajshahi office.

No steps have been taken to collect the dues or cancel the ownership of the plots, the report said.

As a result, the agency incurred financial losses and the responsibility for these irregularities falls on the officials concerned, the report said.

The BSCIC told the auditors that the lease money would be recovered.

Similarly, the BSCIC suffered a loss of Tk 4.30 crore in FY20 as the service charge was not realised from a number of plot owners in the estates in Panchagarh, Lalmonirhat, Pabna, and Rajshahi.

A financial loss of Tk 23 lakh took place in FY19 and FY20 at the Narsingdi industrial estate expansion project under the head office of the BSCIC as it received less land than it should have despite making full payments for the property.

In Panchagarh, the agency suffered a financial loss of Tk 26 lakh in FY20 as it did not realise lease money and service charge from Bablu Specialised Cold Storage, which was awarded 12 plots.

The plot owner set up a cold storage on seven plots without an approved plan, the report added.

In Pabna, the agency lost Tk 87 lakh in FY20 as allotments of six plots were not cancelled despite unpaid installments of lease money and service charges, it added.

Md Sabdhan Ali, chief audit officer of the BSCIC, said of the 12 audit objections, one was related to a case of fund misappropriation while the rest are related linked to service charges and lease money arrears and the violation of plot allotment rules.

BSCIC's main purpose is to support entrepreneurs. Service charges and lease money are not cleared when entrepreneurs are in trouble in conducting businesses, he said.

However, the dues are later recovered along with the interests, Ali added.

Countries repatriating gold in wake of sanctions against Russia

REUTERS, London

An increasing number of countries are repatriating gold reserves as protection against the sort of sanctions imposed by the West on Russia, according to an Invesco survey of central bank and sovereign wealth funds published on Monday.

The financial market rout last year caused widespread losses for sovereign money managers who are "fundamentally" rethinking their strategies on the belief that higher inflation and geopolitical tensions are here to stay.

Over 85 percent of the 85 sovereign wealth funds and 57 central banks that took part in the annual Invesco Global Sovereign Asset Management Study believe that inflation will now be higher in the coming decade than in the last.

Gold and emerging market bonds are seen as good bets in that environment, but last year's freezing of almost half of Russia's \$640 billion of gold and forex reserves by the West in response to the invasion of Ukraine also appears to have triggered a shift.

The survey showed a "substantial share" of central banks were concerned by the precedent that had been set. Almost 60 percent of respondents said it had made gold more attractive, while 68 percent were keeping reserves at home compared to 50 percent in 2020.

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Yellen's China trip yields long meetings, 'cordial' tone, but no consensus

REUTERS, Washington

US Treasury Secretary Janet Yellen went to Beijing with no expectations that meetings with China's new top economic officials would immediately ease tensions between the world's two largest economies.

There was no breakthrough. And it's far from clear whether the 10 hours of meetings, covering issues ranging from US technology export controls to China's new "anti-espionage" law and other punitive actions against US firms, will do anything to change the relationship's trajectory.

But Yellen met her objective of opening communications with her new Chinese counterpart, Vice Premier He Lifeng, and explaining US intentions on a broad range of policies.

"The accomplishment of the meeting was the meeting itself, not specific issues," said Scott Kennedy, a China economics expert at the Center for Strategic and International Studies in Washington. "We're starting from a point in which the two sides have barely spoken to each other in three and a half years and the level of mistrust and

cynicism has been layered on so thick."

But he said it was significant that Yellen, He and other Chinese officials could hold civil, substantive discussions about policy differences after years of acrimony over the COVID-19 pandemic, tariffs, national security, trade restrictions and increasing difficulties

for US firms in China.

China's state-run Global Times newspaper described the tone of Yellen's visit as "pragmatic" and "rational," but the "positive" expectations it generated are like "a candle in the wind, weak and uncertain."

"People are more inclined to believe



US Treasury Secretary Janet Yellen (L) attends a meeting with Chinese Vice Premier He Lifeng at the Diaoyutai State Guesthouse in Beijing on July 8.

PHOTO: REUTERS

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