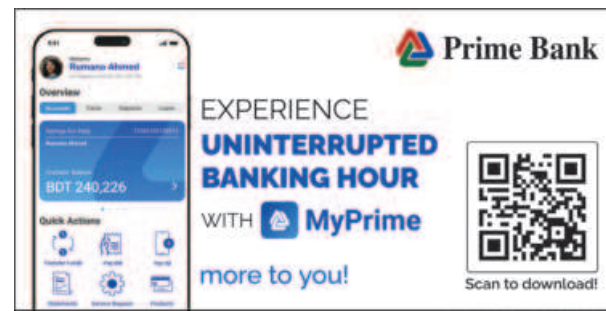




BUSINESS



BGMEA misses deadline to form election board

STAR BUSINESS REPORT

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has missed the deadline to form the election board to hold the polls in order to elect the leadership for 2023-25.

On April 13, the commerce ministry extended the tenure of the current board of the largest trade body of the country representing the apparel industry for six months to October 12.

As per the conditions attached to the extension, a three-member election board and an appeal board with an equal number of members would have to be formed 90 days before the extended term ends.

This means the election board had to be set up by July 10. But it has not been formed yet.

Speaking to The Daily Star, BGMEA President Faruque Hassan said the board of directors is working to set up the

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Big drop in Indian goods arrival by train

TUHIN SHUBHRA
ADHIKARY

Transportation of goods from India to Bangladesh via freight trains declined by a large extent last fiscal year, mainly due to a dollar crisis and non-availability of necessary locomotives and staff.

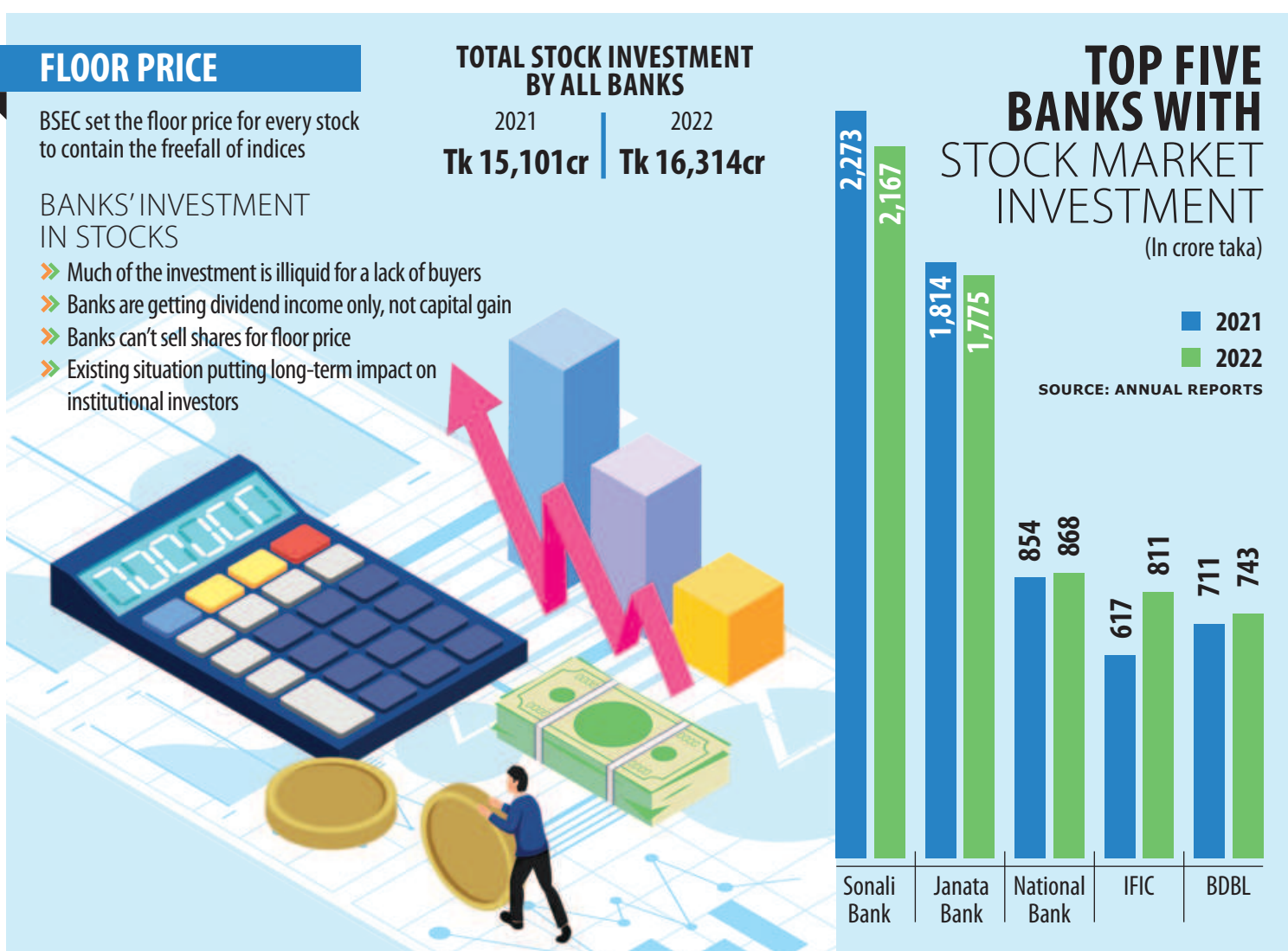
Bangladesh Railway (BR) transported 23.15 lakh tonnes of goods from the neighbouring country in fiscal year 2022-23, which is 52.74 percent less than in the previous year.

The BR transported 35.35 lakh tonnes in 2021-22, shows BR data.

With the decline in goods transportation, the BR's income from cross-border trade also saw a sharp fall last year.

The BR earned Tk 117.63 crore from transporting goods from India last fiscal year, which was Tk 174.33 crore in fiscal year 2021-22, meaning its income had slumped by 48.20 percent, shows the data.

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IMPACT OF STOCK MARKET FLOOR PRICE

Banks' Tk 16,000cr investments remain stuck for one year

AHSAN HABIB and
MIR RASHIDA SULTANA

Banks' investments of more than Tk 16,000 crore have remained almost stuck in the stock market for the last one year owing to a thin presence of buyers amid the floor price, which has hit lenders' bottom line and brought down their liquid assets.

The Bangladesh Securities and Exchange Commission (BSEC) set the floor price of every stock to halt their free fall amid global economic uncertainties brought on by the dragging coronavirus pandemic in 2021.

The floor price, the lowest price at which a share can be sold, was lifted for 169 companies in December before being reintroduced again in March this year as economic uncertainty deepened.

Fifty-three banks invested Tk 16,314 crore in the stock market in 2022, up from Tk 15,101 crore in the previous year, according to their financial statements.

But the investments yielded

almost no capital gains, which stem from the rise in the value of securities, last year as stocks were not tradable in the absence of buyers. Their only consolation came from dividends, which were largely flat in 2022 compared to a year ago.

Bankers describe the floor price-induced situation as unique for them, saying banks don't prefer to invest in stocks that are not liquid.

"The floor price has put us in a tight spot," said a banker.

Muhammad A (Rumee) Ali, a former deputy governor of the central bank, said globally banks

don't invest in stock markets, but in Bangladesh, they are encouraged to invest in the stock market.

"But since a stock market investment carries risks, there should have a proper guideline."

The noted banker thinks banks should not invest in the stock market. Rather, they should lend to entrepreneurs.

All local private commercial banks have investments in the stock market but the proportion is higher among state-run banks.

Six state-run lenders collectively invested Tk 5,904 crore last year in the stock

market, representing 36 percent of the total investment of the banking industry.

Sonali Bank invested Tk 2,167 crore in 2022, the highest among the lenders. The second highest investment came from Janata Bank and it stood at Tk 1,775 crore.

National Bank's investment was Tk 868 crore, the third highest.

"There was no scope to rebalance the portfolio and make capital gains in 2022 as stocks were depressed," said Md Moniruzzaman, managing director of Prime Bank Securities.

He said banks earned money in the form of dividend gains last year on their investments.

A top official of a merchant bank says if banks see that their stock market investment may become illiquid, they will not make further investment in the market.

"It may impact the market negatively in the long run."

Investment income from the

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200MW solar power plant opens

STAR BUSINESS REPORT

Prime Minister Sheikh Hasina yesterday inaugurated a 200-megawatt (MW) solar power plant, the highest renewable resource-focused power generation capacity of a single facility in the country, built by Beximco Power Ltd.

Some \$300 million was invested to set up the plant, named Teesta Solar Ltd, on 650 acres of a landmass formed through sedimentation in Sundarganj upazila of the northwestern district of Gaibandha, said a press statement.

The plant is expected to provide 200MW of electricity to the national grid daily, said the statement issued by Public Relations Officer Shafiqul Islam of the office of the adviser to the prime minister on private industries and investment.

The prime minister inaugurated the plant, which started trial operations from December last year, from a gathering on Rangpur Zilla School premises.

"We think this renewable energy sector will be very important for the future," said Shayan F Rahman, chairman of Beximco Power Limited.

He further said they launched the first sukuk bond of the private sector in the country to finance this project.

A sukuk is an Islamic financial certificate, similar to a treasury bond and structured to generate returns in compliance with Islamic finance principles.

"In the future we are thinking of setting up more solar power plants as per government plans," he noted.

Thumbprints now mandatory for taking loans

STAR BUSINESS REPORT

In the wake of some borrowers and guarantors denying having been provided loans, Bangladesh Bank (BB) yesterday made it compulsory for banks to take thumbprints to ensure proper recovery of depositors' money, which was welcomed by bankers.

The central bank, citing High Court observations, said some writs have been filed in the recent period where borrowers and guarantors denied having signed loan and guarantee-related documents.

"As a result, it has become difficult to confirm the correctness of borrowers and guarantors and it is creating impediments to realising loans," said the BB.

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STOCKS	
DSEX ▲	CASPI ▲
0.06%	0.05%
6,342.99	18,721.17

COMMODITIES	
Gold ▼	Oil ▼
\$1,948.88	\$81.88
(per ounce)	(per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 1.02%	▼ 2.30%	▼ 1.45%	▼ 0.89%
65,782.78	32,707.69	3,325.02	3,261.69

By the numbers: CARDS AND TRANSACTIONS

NUMBER OF DEBIT CARD
31,718,430

NUMBER OF CREDIT CARD
2,216,484

NUMBER OF PREPAID CARD
4,037,398
(Till May)

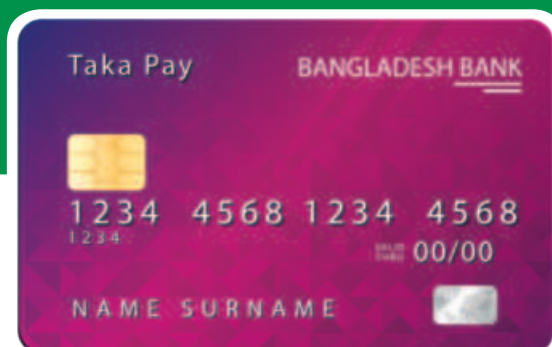
SOURCE: BB

TRANSACTIONS (IN MAY)

Debit card
Tk 39,014cr

Credit card
Tk 2,592cr

Prepaid card
Tk 353cr



TAKA PAY TAKEAWAYS



Eight commercial banks to issue Taka Pay on a pilot basis



France-based consultancy firm Fime appointed to develop the card



The card transaction will be through NPSB



The card will be ready within December

BB gets down to rolling out Taka Pay card

MEHEDI HASAN

The Bangladesh Bank has stepped up efforts to roll out a national card this year in order to cut the country's reliance on international cards and save foreign currencies.

Two committees of the central bank recently started working to introduce the "Taka Pay" card after Bangladesh Bank Governor Abdur Rouf Talukder hinted about the initiative for the first time on June 18.

Initially, the plan was to introduce the card by September. Later, the governor said it would be issued in December.

The steering committee is led by BB Deputy Governor Kazi Sayedur Rahman and the working committee is headed by Md Motasem Billah, director of the central bank's payment systems department.

The committees comprise representatives from eight local banks – Brac Bank, United Commercial Bank, City Bank, Sonali Bank, Eastern Bank, Islami Bank, Dutch-Bangla Bank and Mutual Trust Bank – that have a major share in the card business.

Paris-based consultancy Fime has been appointed to develop the card.

Also, the central bank arranged a three-day workshop at its headquarters last month with the presence of representatives from Fime and the eight banks to advance the idea to fruition.

The eight banks will issue the national card on a pilot basis, said a steering committee member, adding that other banks will also be able to issue the card as well.

Primarily, the central bank will roll out a card for domestic use and later, a taka-rupee card will be made available, said the member.

Initially, the plan was to introduce the card by September. Later, the governor said it would be issued in December

BB Assistant Spokesperson Md Sarwar Hossain said the issue of formulating the card is at the primary stage.

"The main factor is that it will be our own card and it will be controlled by the central bank."

Transactions of the card will go through the National Payment Switch Bangladesh operated by the BB.

In Bangladesh, foreign currency expenditures of banks and other financial institutions are on the rise keeping pace

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