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WB to give \$300m for youth employment

STAR BUSINESS REPORT

Bangladesh and the World Bank yesterday signed a \$300 million financing agreement to equip about 900,000 economically disengaged rural youths with skills and alternative education needed employment entrepreneurship.

About 60 percent of them will be female.

Economic The Acceleration and Resilience for NEET (EARN) Project will help overcome barriers that prevent disadvantaged and vulnerable youths from gaining education and employment. It will provide skills training, alternative education, employment, entrepreneurial support to rural youth who are not in education, employment, or training (NEET), according to a press release of World Bank vesterday.

The project will establish vocational training centres

> The project will help overcome **barriers** that prevent disadvantaged and vulnerable youths from gaining education and employment.

to offer a range of skills development opportunities and provide online and offline training courses in market-driven and futuristic trades. They will be in locations convenient to rural youth, especially female.

It will also offer competitive financing and mentorship support for entrepreneurial activities. It will help secondary school dropouts, particularly students female complete vocational secondary education.

"The youth are the future of any country. Creating a well-equipped competitive workforce, where young person is excluded, is a critical development priority for Bangladesh," said Abdoulave Seck, World Bank country director for Bangladesh and Bhutan.

"The project will help develop a competitive workforce through skill development, continuity READ MORE ON B2

Claim settlement ratio of life insurance sector (In %) SOURCE: IDRA 85 67 2022 2021

DEFAULT LOANS IN BANKING SECTOR In crore taka; source: вв Apr-Jun '22 Apr-Jun'21 Jul-Sep'21 Oct-Dec'21

an-Mar '21

STOCK MARKET IN THE LAST ONE YEAR

	2021-22	2022-23
Average turnover Average turnover of the SME board	Tk 1,328cr Tk 4cr	Tk 792cr Tk 9cr
	Jul 1'22	Jun 30 '23
DSEX (Benchmark index)	6,376	6,344
DSES (Shariah Index)	1,386	1,377
DS-30 (Blue-chip index)	2,295	2,192

REASONS BEHIND CONFIDENCE CRISIS







banks, NBFIs, insurers punishment

Negligence

in reforms for

Confidence crisis in financial sector deepens

AHSAN HABIB

Bangladesh's financial sector is struggling to win back people's trust mainly due to the deterioration of some key indicators amid a lack of good governance, irregularities and lighter punishment for wrongdoers, according analysts.

Banks and non-banking financial institutions are facing mounting non-performing loans (NPLs), while the claim settlement ratio in the insurance sector is far below the global average.

Similarly, market capitalisation of the stock market remains at a low level as the number of listed companies is small and investors' participation is falling amid persisting uncertainty.

The financial sector has been in bad shape at a time when Bangladesh plans to become a developed nation by 2041. The situation has prompted analysts to recommend the government focus on putting the financial sector on the right track so that it can contribute properly to the country's development journey.

Zahid Hussain, a former lead economist of the World Bank's Dhaka office, thinks the confidence crisis is stemming mainly from a lack of corporate

regulatory governance and governance.

He said the lack of corporate governance is causing a drop in asset quality. For instance, related party loans among the directors of banks are rising day by day but those funds are not extended following due diligence.

financial sector keeps suffering from the confidence crisis, it might be a cause for a middleincome trap for Bangladesh."

With the healthy growth of the economy, people's income will rise, which will give them more scope to save.



"How can people trust that their funds are being utilised professionally and ethically when they see it?"

"Furthermore, when people see that regulators are allowing the non-compliance of financial institutions, the confidence crisis aggravates."

Hussain cited that the central bank recently deferred provision shortfalls worth about Tk 50,000 crore involving 16 banks for a period of up to nine years.

"It encouraged good lenders to

But Hussain thinks if savers do not keep the funds in banks, stock markets or insurance companies, how will investment be financed.

'So, the government should work on stopping the source of the confidence crisis-lack of governance-in order to help Bangladesh become a developed nation."

Faruq Ahmad Siddiqi, a former chairman of the Bangladesh Securities and Exchange Commission, echoed the same sentiment, saying the whole

get involved in bad practices. If the financial sector is suffering from a confidence crisis mainly due to the lack of good governance.

He thinks in the banking sector, the struggle sometimes comes from mismanagement, indiscipline, irregularities, rescheduling, and default loans.

"Some people have just eaten up the funds of banks so their NPLs rose."

The banking sector is burdened with a higher NPL, which stood at Tk 131,621 crore in March, up 16 per cent from a year earlier, data from the Bangladesh Bank showed.

The NPL accounted for 8.8 per cent of the banking sector's total outstanding loans of Tk 14,96,346 crore.

The insurance sector is not faring well as its settlement ratio against claims has been far below the expected level while the return on investment has been

"This is evidenced from the low stock price of the listed firms." said Siddiqi.

The claim settlement in the life insurance sector stood at 67 percent in 2022, meaning 33 percent of claims remained unsettled, according to the data of the Insurance Development & Regulatory Authority.

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POST-LDC ERA Apparel's duty benefit in Canada to remain intact

REFAYET ULLAH MIRDHA

Bangladesh's garment exports to Canada may continue to enjoy duty-free trade benefits after the graduation of the country to a developing nation, said a top businessman.

This will make Canada the third country after the United Kingdom and Australia where Bangladesh is set to retain the preferential trade treatment after it graduates from the group of the least-developed countries (LDCs) in 2026.

It comes as the Canadian government is going to extend duty-free market access to developing countries under the General Preferential Tariff (GPT) Plus scheme, also known as GPT Plus.

The current scheme is going to expire at the end of 2024 and Canada is expected to come up with a GPT Plus scheme from January 1, 2025.

Bangladesh has been enjoying duty-free and quota-free access in Canada since 2003 under the Least-Developed Country Tariff (LDCT) scheme.

> This will make Canada the third country after the UK and Australia where Bangladesh is set to retain the preferential trade treatment after LDC graduation

But following the LDC graduation, the trade benefit is set to be eliminated.

However, with the adoption of the new trade scheme by Canada, Bangladesh will continue to enjoy the duty benefit until the end of the new scheme in 2034, said Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

Canada is one of the major markets for Bangladesh's apparel manufacturers.

In the fiscal year of 2022-23, garment exports to the country reached \$1.55 billion, registering a 16.55 percent year-on-year growth compared to 2021-22, data from the Export Promotion Bureau showed.

Apparel items account for more than 95 percent of Bangladesh's exports to the North American

The share of Canada's imports from Bangladesh remains at 13.95 percent, meaning that the South Asian country has a potential to expand the market penetration further, according to the BGMEA.

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	COMMODI	TIES AS OF FRIDAY	
OIL S	Gold 🔻	Oil 📥	
	\$1,914.89	\$80.02	
	(per ounce)	(per barrel)	

	ASIAN MARKETS			CLOSINGS
	MUMBAI	токуо	SINGAPORE	SHANGHAI
	0.56% 64,886.51	2.05% 31,624.28	0.29% 3,189.88	0.59% 3,064.07



Boats are seen docked along a canal in the Atghar area of Pirojpur. These vessels are used to ferry people to and from the nearby floating guava markets, which turn into a tourist attraction during the ongoing harvesting period each year. Travellers are charged about Tk 300 per hour for hiring the boats.

BB instructs non-banks to reduce bad loans

STAR BUSINESS REPORT

Bangladesh Bank has instructed non-bank financial institutions (NBFIs) to reduce the amount of nonperforming loans (NPLs) they have to resolve the sector's

The country's 35 NBFIs had NPLs amounting to Tk 17,855 crore at the end of March, which is 25 percent of the loans they had disbursed, as per the central bank's

The instruction came at a meeting between the central bank and the Bangladesh Leasing and Finance Companies Association (BLFCA), a forum of chief executives of the NBFIs, at the BB headquarters yesterday. Presiding over the meeting, Bangladesh Bank Governor

Abdur Rouf Talukder specifically asked the NBFIs to regain customer confidence through improvements of their financial health, said a senior BB official who was present at the meeting.

The BB will closely monitor the situation, with the governor meeting the chief executives every three months from now on, said the BB official.

"The central bank chief asked the NBFIs to file cases against defaulters and closely monitor bad loans to boost chances of recovery," Md Mezbaul Haque, Bangladesh Bank executive director and spokesperson, told The Daily Star.

The NBFIs have been instructed to pay back depositors' money to restore the sector's image, he said, adding that a few companies have been struggling to do so.

BGMEA plans big to cut carbon emission

STAR BUSINESS REPORT

The Bangladesh Garment Manufacturers Exporters Association (BGMEA) targets reducing carbon emission by 30 percent, using sustainable raw materials in 50 percent of the cases and bringing down the use of groundwater by 50 percent within 2030. The Bangladeshi

garment makers also target using 100 percent zero discharge of hazardous chemicals under sustainability vision by 2030, BGMEA President Faruque Hassan said yesterday.

Under the sustainability vision, the BGMEA also has the target to reduce energy consumption by 30 percent, use of 20 percent renewable energy and deforestation by 30 percent by the stipulated timeframe of 2030. Hassan said.

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