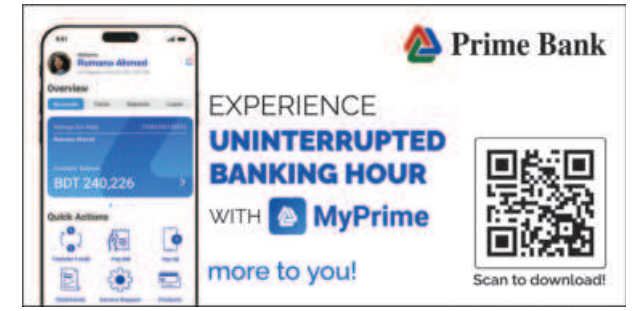


# Star BUSINESS



## SBAC Bank MD resigns

STAR BUSINESS REPORT

Habibur Rahman, managing director and CEO of South

Bangla Agriculture and Commerce (SBAC) Bank, has resigned from his post citing personal reasons.

A senior official of the fourth-generation bank confirmed the matter to The Daily Star seeking anonymity.

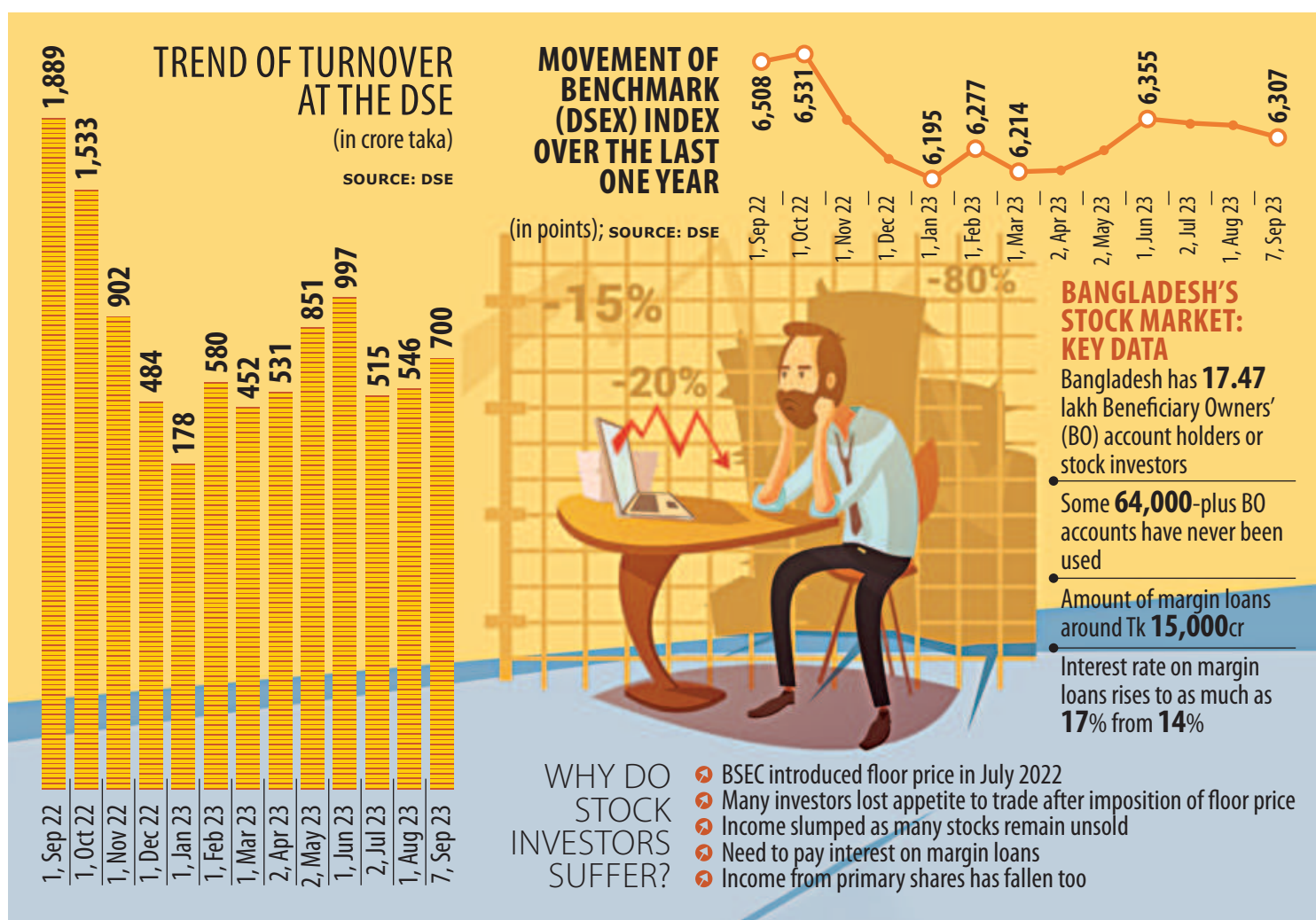
Rahman submitted the resignation letter to the chairman of the bank through Company Secretary Md Mokaddes Ali on September 7.

Rahman joined the bank as the MD and CEO in December last year for a three-year term.

Rahman could not be reached for comments despite repeated attempts.

"I am yet to get the resignation letter from him (Rahman)," SBAC

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## Investors raise flags over business environment

STAR BUSINESS REPORT

Starting from difficulties in securing visa and work permits to opening and settling of letters of credit (LCs) and an unavailability of tax-related materials and booklets in English language, there are numerous hindrances that Chinese investors face in Bangladesh.

Such issues were brought up by Chinese investors to officials of the tax authority, the central bank, the Bangladesh Investment Development Authority (Bida) and other state agencies at a seminar at the Bangabandhu Bangladesh-China Friendship Exhibition Centre in Purbachal as they sought improved services alongside remedies to the numerous hurdles they confront.

Yally Jiang, an official of a Chinese company that operates in Bangladesh, said it was quite

**Bilateral trade between Bangladesh and China was \$1.4 billion in 2003. Today it is worth almost \$25 billion. Investment has also increased significantly over the past 10 years, from \$26 million in 2013 to over \$465 million in 2022.**

complicated and time-consuming to get a one-year visa and work permit in Bangladesh. She asked how Bida could simplify the visa policies and the approval and renewal process.

In response, Shah Mohammad Mahboob, director general at Bida, advised her to read Bida's guidelines on work permits, adding that they send it manually to the Ministry of Home Affairs for security clearance. It is sent manually from there to the special branch of police.

"So, it takes more time. But we have taken the initiative to send files digitally, which will take less time," he assured.

Another entrepreneur said that LC facilities were now being rejected by banks in other countries, including some in China, and asked if Bangladesh would introduce financial instruments to address this challenge.

In response, Abdullah Al Mamun, a joint director of the Foreign Exchange Investment Department of the Bangladesh Bank, said they were aware of the issue. "We will discuss the matter with banks. Hopefully, it will be resolved soon," he said.

A local entrepreneur also expressed his grievance during the seminar, titled "Chinese investors: challenges, expectations and prospects", organised by the Chinese embassy in Bangladesh and the Bangladesh China Chamber of Commerce and Industry (BCCCI).

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## WEEKLY INTERVIEW



Hafizur Rahman Khan

## Facilitate vision for motorcycle exports

Makers' assoc president urges govt

SUKANTA HALDER

The government should facilitate local motorcycle manufacturers in various ways to grab a share of the international export market, said Hafizur Rahman Khan, president of the Bangladesh Automobiles Assemblers and Manufacturers Association, yesterday.

The world market has an annual demand for over 6 crore motorcycles of

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# Margin loans hit pockets of investors

Their investments are stuck for floor price while cost of funds is rising

AHSAN HABIB

Tanvir Islam, a banker, has invested Tk 17 lakh in the stock market since he started trading on the Dhaka Stock Exchange (DSE) a decade ago.

Besides, he borrowed Tk 5 lakh from a merchant bank and invested the fund in four well-performing stocks.

But he has not been able to trade any of his securities due to a thin presence of investors in the last one year, largely driven by a floor price. This means he has not been able to make any profit from the investments.

The merchant bank, however, is charging him interest on the loan.

In another blow, investors like Islam will see the interest rate go up by 2 to 3 percentage points from this month amid the high-interest rate regime in the

banking sector after the central bank moved away from the 9 percent interest rate cap.

"I have to pay the additional interest from the pocket," Islam said.

Islam is one of thousands of stock investors who have injected funds into the market

months ago and it now stands at 15 to 17 percent. The rate is slightly lower for high-net-worth investors, according to a number of brokers and merchant bankers.

"Most of the market intermediaries and investors who are not involved in any price manipulation are now

margin loans are generally used to buy sound stocks but most of the good securities are stuck at the floor price.

"Under the circumstances, the rising interest rate will add to investors' woes," he said, adding that intermediaries normally cut interest rates during challenging times in a bid to give relief to investors.

Prof Al-Amin said he does not support any artificial mechanism and urged the regulator to lift the floor price gradually.

Though good companies are struggling to attract buyers, low-paid-up capital-based firms and junk stocks are witnessing an increased level of trading activity.

"The BSEC should eliminate price manipulation so that people's confidence in the market gets a boost," Prof Al-Amin said.

The current situation is hurting brokerage firms and merchant banks as well.

"Banks are not interested in extending any funds to brokerage firms or merchant banks that could be used as margin loans even if the rate is higher," said Md Sayedur Rahman, president of the Bangladesh Merchant Bankers Association.

"As banks have increased the interest rate, intermediaries have had no other way but to raise the interest rate on margin loans."

He suggested investors not invest by taking margin loans as it is an equity market.



by borrowing funds and they are now in troubled waters as they are being forced to pay interest from their pockets since their investment is bringing about little yields.

The Bangladesh Securities and Exchange Commission (BSEC) introduced the floor price in July last year to halt the freefall of the indexes amid global economic uncertainties brought on by the war between Russia and Ukraine.

The exact volume of margin loans in the stock market is hard to come by. A number of officials of the DSE and the BSEC put the figure at Tk 15,000 crore.

The interest rate on margin loans was 12 to 14 percent a couple

in a painful situation as their investments have remained stuck," said Md Moniruzzaman, managing director of Prime Bank Securities.

"The investors who have taken margin loans are facing serious problems since their debt is rising whereas they are not being able to generate any income."

He requested the BSEC to lift the floor price gradually so that the market could absorb the shock that may stem from the withdrawal of the artificial support measure rarely seen in other markets.

Al-Amin, an associate professor of the accounting and information systems department at the University of Dhaka, said

## Summit Group to invest \$3b in clean-energy push

REUTERS

Bangladesh's Summit Group plans to invest \$3 billion in solar, wind and hydroelectricity generation projects in South Asia as part of its clean energy push and efforts to diversify its fossil fuel-based business, its chairman said on Friday.

Summit Power International, the Singapore-based holding company for all power generation assets of the group in which Japanese utility Jera holds a 22 percent stake, will build 1,000 megawatts of solar and wind energy projects with battery storage in India, group Chairman Aziz Khan told Reuters.

"We have signed memorandums of understanding with large Indian companies. This will be the cheapest form of electricity for Bangladesh, cheaper than even natural gas-based power," Khan said in an interview at his office.

Summit, which operates over a dozen fossil fuel-based power generation units and owns one of the country's two floating storage and regasification unit (FSRU) to handle imports of liquefied natural gas (LNG), also plans to build 700 megawatts of hydro power plants

in Bhutan and Nepal.

Khan said the current global LNG prices were still high and continuing to destroy demand in key sectors in Bangladesh, impacting economic growth and leading to frequent power outages.

LNG had been central to Bangladesh's economic growth in the last decade, as millions gained access to the electricity grid for the first time. The super-chilled fuel, along with rapidly dwindling local gas reserves, generated about two-thirds of its electricity over the second half of the last decade.

However, high global LNG prices after Russia's invasion of Ukraine, difficulty paying for fuel imports amid declining forex reserves and value of its currency and unexpected spikes in demand due to erratic weather resulted in the south Asian nation facing its worst power crisis in a decade this year.

Khan expects LNG prices to trend downwards as new supply comes on board, adding that he expects Summit's second FSRU to start operations in April 2026.

"I personally feel that after this winter, gas prices will come down," Khan said.

## Rough sea delays Pangaon Express's rescue

DWAIPAYAN BARUA, Chattogram

Two months have passed, but the Pangaon-bound container vessel Pangaon Express that sank in the bay near Noakhali's Bhasanchar on July 6 with 72 import-laden containers is yet to be rescued.

Officials of the private firm that operates the ship and the rescue firm it engaged blamed persistent adverse weather and turbulent sea for the delay in rescuing the ship and its cargo.

Upon request from importers, the Chittagong Port Authority (CPA) last week sat in a meeting with the ship's operating and

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