

## Think tank launched to promote tourism

STAR BUSINESS REPORT

A non-profit think tank has recently been launched to promote tourism and harness its development opportunities at home and abroad with stakeholders including public and private entities, researchers, professionals and journalists.

"Global Sustainable Tourism Network Bangladesh" was launched on Monday through the nomination of its chairman and executive director, Md Abdus Samad and Abu Sufian respectively, for a five-year tenure, says a press release.

Mustafa Osman Turan, foreign relations advisor to the mayor of Istanbul and the immediate past Turkish ambassador to Bangladesh, was also nominated as its adviser.

The platform also has 14 founding executive board members, two of whom are also university chapter heads.

## Rupee weakens

REUTERS, Mumbai

The Indian rupee fell on Tuesday as elevated US Treasury yields and broad strength in the greenback weighed on Asian currencies.

However, likely intervention by the Reserve Bank of India (RBI) helped the local unit stay away from lifetime lows.

The rupee was at 83.20 against the US dollar as of 11:15 am IST compared with a close of 83.04 in the previous session.

The RBI likely sold dollars in the non-deliverable forwards market, before the spot market opened, five traders said.

"They (RBI) are likely to keep supplying dollars to limit moves to 83.24-83.25 levels," a foreign exchange trader at a private bank said.



The demand for milk to be used in producing sweets is considerably higher in urban areas such as Dhaka. And as most milk is produced in rural areas, boats are often seen collecting the raw material in pails before carrying them via waterways to different markets. The picture was taken from Sandhya river in Pirojpur recently.

PHOTO: TITU DAS

## Use of bandwidth to shoot up by 600% in 7 years

Telecom minister Mustafa Jabbar says

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The use of internet bandwidth will shoot up by 600 percent in seven years to 30,000Gbps as people ramp up internet use, said telecom minister Mustafa Jabbar.

"Currently, around 13 crore people are using around 5,000 Gbps internet. 30,000 Gbps internet will be used in the country in 2030. In 2008, the cost of internet per Mbps was Tk 27,000 but now it has been reduced to only Tk 60 under the 'One Country One Rate' initiative," he said.

He was speaking at the opening session of the three-day "24th South Asian Telecommunication Regulators Council (SATRC 24) Meeting" at Le Meridien Dhaka.

Approximately 100 delegates, including the heads of telecommunication and information technology regulatory bodies of nine member countries in South Asia, telecom operators, telecom and information technology experts and officials from public and private organisations will participate.

The council was organised by the Bangladesh Telecommunication Regulatory Commission (BTRC) and Asia-Pacific Telecommunity (APT) under the supervision of Posts and Telecommunications Division,

Ministry of Posts, Telecommunications and Information Technology.

Jabbar said 4G network coverage had reached 98 percent of the country.

"Fiber optics have reached every union. Smart Bangladesh will be developed in 2041 on the strong foundation of digital connectivity," he added.

**Currently, around 13 crore people are using around 5,000 Gbps internet and 30,000 Gbps will be used in the country in 2030, the minister said**

Abu Hena Morshed Zaman, secretary of the posts and telecommunications division, chairman of BTRC Shyam Sunder Sikder and Secretary General of ATP Masanori Kondo also spoke.

Shirin Sharmin Chaudhury, speaker of the parliament, was present at the inaugural session as chief guest.

Chaudhury said that since its establishment in 1997, SATRC has been playing an important role in various fields, including knowledge exchange among member

countries, technological development and implementation of digital infrastructure as well as setting action plans, regulation and development and adoption of policies in the telecommunications sector.

She said Bangladesh has undertaken activities to ensure high-speed broadband connectivity in marginal areas while providing technical training to the youth.

She also expressed hope that the action plan adopted in the three-day conference would contribute to the technological development of the emerging economies of South Asia.

SATRC was established with the combination of telecommunication regulatory bodies of South Asia. This forum sets policies on spectrum coordination, standardisation, regulatory trends, telecommunication development strategies, regional cooperation and international issues in the field of telecommunications.

A total number of nine sessions alongside two roundtable meetings, titled "Regulators' Roundtable: Regulatory Interventions" and "Innovations for Sustainable Digital Future" are scheduled for the three-day long conference. Two dialogues, titled "Regulator-Industry Dialogue: Spectrum for Future" are also scheduled.

## Pain deepens

middle-income groups with fixed incomes are reeling under the price pressure as they have to spend the lion's share of their income to afford it."

"It's unprecedented that food inflation has stayed at an elevated level for a long time."

The central bank has adopted a contractionary monetary policy stance and raised the policy rate half a dozen times since the war broke out to bring down inflation. However, monetary policy transmission was impaired by caps on lending interest rates, the World Bank said.

On September 14, the government fixed prices of three food items, namely eggs, onions and potatoes. It has capped the price of sugar and liquified petroleum gas as well.

"The price cap is not working. A chaotic situation exists in the market," said Prof Raihan, adding that the monetary policy is not working right now.

"It is clear that the government's initiatives have been of no use."

He said the government could have reduced import duties on food items to cool down the market. "But there is no such initiative."

Prof Mustafizur said owing to the higher inflation, the purchasing power of common people is continuously eroding and making a living has become tougher for them.

"There is poor market management, monitoring, and a lack of proper information-based policy when it comes to fighting higher inflation. There is a big implementation failure here on the part of the government."

Gulam Rahman, president of the Consumers Association of Bangladesh, said the latest inflation data pointed out that there is no respite from persisting price pressures.

"The spiralling inflation has had negative impacts on the lives of people. And there is no sign that prices will fall soon."

"Not only the poor but also the

Prof Raihan warns that inflation may jump further due to a lack of priorities from the government in the coming months as political issues will receive utmost importance in the coming quarter instead of economic matters owing to the impending election.

Both he and Prof Mustafizur urged the government to give priority to reining in inflation using institutions like the BB, the National Board of Revenue, the Directorate of National Consumer Rights Protection, the Bangladesh Competition Commission and the commerce ministry and sell more items among the poor and the low-income groups through the Trading Corporation of Bangladesh at subsidised rates.

The World Bank also said absent policy tightening, inflation is likely to remain elevated in the near term and gradually subside if import prices stabilise in the medium term.

"In the near term, monetary and exchange rate policy changes are needed to reverse the decline of reserves and contain inflationary pressure."

The tolerance of all airlines is not the same and it might have been too tough for Etihad to tolerate further, the official said.

Aviation expert Kazi Wahidul Alim believes the failure of remitting money back home might have been one of the major reasons for Etihad to take such a decision.

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that the share of bad/loss category of NPLs has been increasing since 2012.

The bad/loss loans constituted 88.7 percent of total NPLs in 2022.

"This indicates that the majority of NPLs have remained non-performing for a long period of time," said the WB in its Bangladesh Development Update released yesterday at its office in Dhaka.

"Banking sector vulnerabilities deepened, with a rise in stressed assets," it added.

The latest BB data showed that the gross NPL ratio increased to 10.11 percent of total outstanding loans from 8.8 percent in March 2023. The proportion of NPLs was 8.96 percent a year ago.

The WB said loan-loss provisioning deteriorated, covering only 58 percent of NPLs at the end of March 2023.

It said the capital adequacy ratio declined to 11.2 percent in March 2023 from 11.4 percent the previous year.

"However, these financial soundness indicators understate banking sector vulnerabilities due to lax regulatory definitions, reporting

standards, forbearance measures, and weak regulatory enforcement," the WB said.

The international financial agency said profitability indicators of banks and financial institutions were enhanced by loan rescheduling.

In 2022, profits after provision and tax increased by 183.3 percent to Tk 14,230 crore from Tk 5,020 crore last year, it said.

"Loan rescheduling enabled banks to avoid recognising impaired assets, artificially boosting profitability," the WB said.

The multilateral agency said addressing financial sector vulnerabilities is fundamental to supporting economic growth.

"Increased stressed assets in the banking system and existence of chronic under-capitalised banks necessitate immediate measures to strengthen weak bank management and financial sector safety nets, including deposit insurance and other crisis preparedness measures."

It said in addition to recognising NPLs in line with international standards, a viable NPL resolution mechanism, improvement of corporate governance and

modernisation and restructuring of state-owned banks remain critical.

The international financial organisation said addressing longstanding structural reforms could accelerate the pace of the recovery and strengthen resilience to future shocks.

"Bold steps are needed," said Abdoulaye Seck, its country director for Bangladesh and Bhutan, at the launch of the report.

He said the risk of a financial crisis should not be underestimated and added that financial sector reform is most important.

## Private credit

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Banks' lending capacity has continued to decline due to record high non-performing loans (NPLs), said a private commercial bank's chief executive officer (CEO) on seeking anonymity.

At the end of June this year, the NPLs stood at Tk 156,039 crore or 10.11 percent of the total disbursed loans, as per the latest data available with Bangladesh Bank.

A good number of banks, including some Islamic ones, are now facing a liquidity shortage and are running their banking activities taking liquidity support from the call money market and the central bank, said the CEO.

Six banks and one non-bank financial institution took Tk 3,507 crore under a seven-day repurchase agreement (repo) facility from the central bank last Monday.

Business is on the wane, so businesspeople are not interested in securing fresh bank loans, said Md Shahidullah Azim, vice-president of the Bangladesh Garment Manufacturers and Exporters Association.

"Export orders have fallen due to the volatility in the global economy," he said.

## Homeland CEO removed by Idra

SUKANTA HALDER

Homeland Life Insurance Company Ltd's chief executive officer (CEO) Biswajit Kumar Mondal was removed from his post after failing to provide necessary information to an audit firm appointed by the Insurance Development and Regulatory Authority (Idra).

In August this year, Idra sought clarification about why the company did not provide adequate information and why its CEO should not be removed.

A letter signed by Idra Executive Director (Life) Nazneen Kawshar Chowdhury and sent to the company on September 21 stated that the CEO was removed under the Insurance Act 2010.

The letter states that the interests of the company and policyholders have been affected because the audit could not be completed properly.

Idra appointed chartered accountant's firm Hussain Farhad & Co in September 2022 to audit the insurer's financials for the 2018-2020 period.

The audit firm then said in a letter to Idra in June 2023 that despite repeated demands, they did not receive adequate documents from Homeland Life Insurance.

Therefore, it is not possible for them to conduct special audit activities properly, the letter said.

The letter also states that many policyholders have complained to Idra regarding non-payment of insurance claims. Some filed cases in various police stations and courts.

Apart from this, allegations of misappropriation of company money have also been raised at different times, the letter said.

It further states that Biswajit Kumar Mandal was not CEO during the period that is under audit.

But as he did not provide the necessary documents and information to the auditing firm, a complete picture of the company's financial affairs, such as premium income, expenses and payment of insurance claims, was not obtained.

By not providing those documents, he was hiding the irregularities of his predecessors, Idra stated in the letter.

More than 37,000 clients of Homeland Life Insurance Company Ltd were facing uncertainty about whether they will get their insured amount owing to a lack of liquidity at the insurer caused by alleged irregularities, according to a report by The Daily Star which was published in July this year.

The company is not settling claims of around Tk 79 crore, it said.

This prompted 6,820 policyholders to lodge complaints with the regulator over the past year as claims were not settled despite reaching maturity, the report added.

Idra estimated that Tk 198 crore has been embezzled from the company, the report also added.

According to Idra, the ratio of the company's policies that lapsed in the second year stood at 68 percent, 62 percent and 66 percent in 2019, 2020 and 2021, respectively.

Some 72 percent of the policies lapsed in their third year in 2019 and it was 80 per cent in 2020, it said, adding that only a small number of policies reached maturity.

Of the 2,980 agents of the company, the licences of 2,903 expired.

globally in terms of blocking funds of different foreign airlines operating in the country.

The top five countries account for 68 percent of blocked funds.

These comprise: Nigeria [\$812.2 million], Bangladesh [\$214.1 million], Algeria [\$196.3 million], Pakistan [\$188.2 million] and Lebanon [\$141.2 million].

The IATA said the industry's blocked funds have increased by 47 percent to \$2.27 billion in April 2023 from \$1.55 billion in April 2022.

IATA is the trade association for the world's airlines, representing some 300 airlines, or 83 percent, of total air traffic.

However, Etihad has said it will

## Etihad to cease Dhaka operations

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Because of the blocked funds, Etihad could not remit a large part of its earnings to the UAE in the last two years, the official said preferring anonymity.

The tolerance of all airlines is not the same and it might have been too tough for Etihad to tolerate further, the official said.

Aviation expert Kazi Wahidul Alim believes the failure of remitting money back home might have been one of the major reasons for Etihad to take such a decision.

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