

Flower prices have fallen in Jhenaidah, the second biggest producing district after Jashore, amid recurring strikes and blockades

Story on B4



Disbursements of foreign loan decline 17%

STAR BUSINESS REPORT

Although the country saw a huge year-on-year rise in the amount of foreign loans pledged from abroad in the first four months of the current fiscal year, their disbursements have dropped around 17 percent, showed government data.

Meanwhile, repayment increased by 52 percent.

Around \$162.6 crore of foreign loans was disbursed the July-October period of fiscal year 2023-24, according to data published by Economic Relations Division (ERD) recently.

As for the commitments, it was for \$362.8 crore, massive which is a 776.85 of increase Simultaneously, percent. Bangladesh paid back \$110.1 crore to development partners in this period.

Of the commitments, \$338.53 crore were to come in the form of loans and the remaining \$24.32 crore in the form of grants.

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BGMEA seeks Chinese investment

STAR BUSINESS REPORT

The Bangladesh Garment Manufacturers Exporters Association has (BGMEA) sought fresh investment from China in high valueadded apparel items, but urged not to relocate old factories to Bangladesh as old machineries consume high energy and harm the environment.

President **BGMEA** Faruque Hassan made the call yesterday during his ongoing weeklong visit to China.

He is visiting Chinese garment factories to attract investment and do marketing for Bangladesh international communities, retailers and brands.

Chinese garment manufacturers are eager to invest in sports and athleisure apparel items in Bangladesh as the latter is still lagging behind in production of such items of high demand, Hassan said.

The relocation old Chinese garment factories will not be good for Bangladesh because old machineries have low production capacity but consume high energy, he READ MORE ON B3

PRI OBSERVATIONS

Growth projection at 7.5% for FY24 highly ambitious

Difficult to control average inflation rate at **6**% in FY24

Gross foreign exchange reserve

Fiscal effects will face headwinds

Labour issues emerged as an important factor

RECOMMENDATIONS

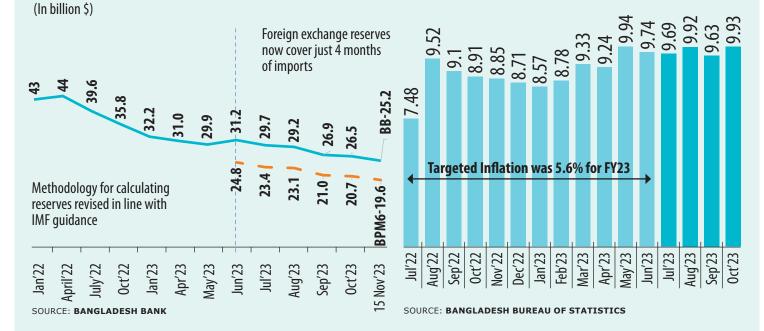
Raise tax revenue from personal income tax

Tighten monetary policy and implement it properly

Reduce indiscriminate tax exemptions

Ensure implementation of unified and market driven exchange rate

Monthly inflation rate



Bad loans rise in private banks

Fall in state-run lenders for rescheduling

MD MEHEDI HASAN

Non-performing loans (NPLs) have increased in private commercial banks but dropped in state-run banks for a portion being regularised through rescheduling.

the last During September period, the default loans in private banks rose by Tk 7,902 crore but decreased by Tk 8.657 crore in state-run banks, as per the central bank's latest data.

Overall, the NPLs in Bangladesh's banking sector have slightly decreased, mainly due to the regularisation of some of Janata Bank's loans through rescheduling.

At the end of September, the sector's NPLs stood at Tk 155,397 crore, down by only Tk 642 crore from that in June.

However, when compared year-on-year, the bad loans have gone up by Tk 21,001 crore.

The NPLs of September account for 9.93 percent of the total loan disbursement of Tk 1,565,195 crore. In reality, default loans have

not gone down, rather it increased for some banks in the quarter, said a senior central bank official.

Overall, the default loans have

fallen slightly because staterun Janata Bank rescheduled defaulted loans of Beximco and S Alam, two of the country's biggest business groups, during the July-September period, he

A lack of good governance, relaxation of policies pursued by the central bank, political interference and irregularities have largely been responsible for the upward trend of NPLs, as per industry insiders.



As a result, default loans in Janata Bank dropped by Tk 11,500 crore, which had a positive impact on the overall sector, said Janata Bank officials.

At the end of September, bad Tk 65,797 crore whereas it was Tk 81,537 crore in private banks.

In case of foreign banks, it was specialised banks it ranged from excuse. Tk 4,753 crore to Tk 4,777 crore.

Bad loans had hit an all-time high of Tk 156,039 crore at the end of June and continued to rise amidst the withdrawal of central bank relaxation policies on loan classification which loans of state-run banks stood at were introduced during the pandemic.

On the other hand, bankers say borrowers were simply not up from Tk 3,196 crore at the interested in repaying bank loans end of June to Tk 3,286 crore at and were using the ongoing the end of September whereas in economic slowdowns as an

There is pressure on the

economy and the ongoing political turmoil adversely businesses impacted and repayment capacities, Selim Hussain, chairman of Association of Bankers Bangladesh (ABB), told The Daily Star yesterday.

The current forex crisis also slowed down repayments, said Hussain, also managing director of BRAC Bank.

Moinul Islam, a former professor of economics at the University of Chattogram, thinks this was not the actual figure of bad loans because it does not include a huge volume of credit stuck in money loan courts.

"If the entire amount of the loans involved in the court cases and the written-off loans are taken into consideration, the total bad loans in the banking sector will be Tk 450,000 crore, he said recently.

He said the bad loans would not come down unless strict punitive measures were taken against the top defaulters.

Distressed assets in the banking industry amounted to Tk 377,922 crore in 2022, according to the BB's Financial Stability Report 2022.

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Political crisis to significantly affect economy: PRI

Labour, human rights issues may also have an impact

STAR BUSINESS REPORT

The ongoing political crisis, foreign powers' interest in the upcoming national election, and labour and human rights issues are deepening the economic uncertainty in the country, the Policy Research Institute (PRI) of Bangladesh said vesterday.

Apart from economic challenges, there are noneconomic challenges for the government. These may significantly impact the economic outcomes," PRI Executive Director Ahsan H Mansur said in a press briefing at the PRI office in Dhaka.

PRI Research Director MA Razzaque said the macroeconomic situation had become unstable after a period of stability.

"For the first time, political uncertainty has been added to macroeconomic instability," he said.

Mansur added that foreign powers did not show interest in Bangladesh's elections in the past. "But this year, this [foreign interest in Bangladesh's elections] is present at different levels. This has to be tackled. Otherwise, it would not be right to expect that we will be at peace," he said.

Mansur also opined that the government should not have neglected to resolve the labour issues. "Labour issues have become important this time. It can hurt our export, especially garment export," he said. "Now it has become an issue.'

There have also been various discussions on human rights issues which the country must respond to, he added.

"Our record is not good in these areas. It is also not like we are on a path to improvement," said Mansur, citing the fact that opposition leaders were in jail.

"So, we have a number of non-economic challenges apart from economic challenges."

The private non-profit research organisation arranged the briefing to share its observations on Bangladesh's performance against the targets set by the International Monetary Fund (IMF) as part of the \$4.7-billion loan it gave to the nation earlier this year.

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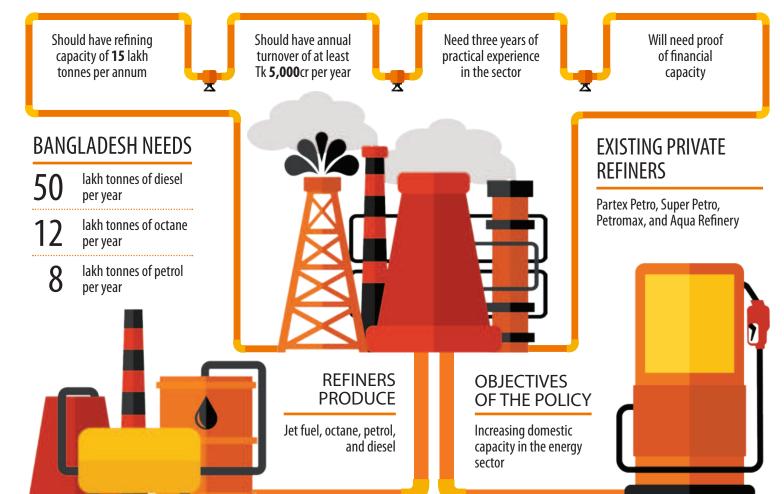




	COMMODITIES		
AOIL A	Gold 📤	Oil 🔻	
	\$1,989.12 (per ounce)	\$77.34 (per barrel)	
	,	,	

	ASIAN MARKETS			
	MUMBAI	токуо	SINGAPORE	SHANGHAI
	0.42% 65,930.77	0.20% 33,354.14	0.49% 3,096.34	0.01% 3,067.93

CONDITIONS FOR SETTING UP REFINERIES



Oil refiners concerned over new policy

Decry mandatory production targets

JAGARAN CHAKMA

The policy for setting up and operating private refineries will pose difficulties for existing refiners as a provision makes it mandatory to build up capacity for production of petroleum products to 15 lakh tonnes per annum, according to industry insiders.

In order to meet growing demand for fossil fuels in the country, the government formulated a policy allowing the private sector to set up refineries to process crude oil and market products for the first time.

The Ministry of Power, Energy and Mineral Resources issued a gazette notification on the "Establishment of Refineries at Private Level, Storage, Processing, Transportation and Marketing of Crude Oil Imported Policy-2023" on November 20.

This policy will be applicable for the setting up and processing of refineries in the private sector, and marketing of related products.

 $It\,aims\,to\,increase\,\bar{d}omestic\,capacity\,in\,the\,energy\,sector$

using modern technology and generate employment. However, industry insiders said financial pressure would be exerted on existing private refiners as the policy made it mandatory to build up their production capacity to 15 lakh tonnes per year.

According to statistics on petroleum product sales in Bangladesh, since FY18 to FY22, sales of jet fuel grew READ MORE ON B3

Square Pharma to open subsidiary in **Philippines**

STAR BUSINESS REPORT Square Pharmaceuticals

PLC, the country's largest drug maker, has decided to go to the Philippines by opening a subsidiary there, according to a decision taken by its board on November 20.

The board of the pharmaceutical company approved an equity participation of \$1 million in Samson Pharma Inc, Philippines.

The company will be engaged in marketing and distribution pharmaceuticals products, incorporated in the Philippines, out of its initial investment of \$2.5 million, Square Pharma said in a disclosure.

Square Pharmaceutical said the approved debtequity ratio would be 60:40. The business of Samson Pharma Inc is expected to start by April 2024, said the drug maker.

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